Industrial Relations Scoping Study:
Decent work in the garment sector supply chains in Asia

Based on research carried out by Professor Michele Ford (University of Sydney) and Dr Michael Gillan (University of Western Australia)

For the International Labour Organisation

Final report 2 October 2017

This report is part of a regional scoping analysis of decent work in the garment sector supply chains in Asia, conducted by the ILO in partnership with The Swedish International Development Cooperation Agency (Sida).
Background

In early 2017, the International Labour Organization (ILO) reached agreement with the Swedish International Development Cooperation Agency (Sida) to carry out a scoping exercise in the garment industry in Asia in order document the context, potential partners, challenges and opportunities for a regional programme focusing on industrial relations and decent work in the garment sector. This report is the final in a series of reports on industrial relations carried out by Professor Michele Ford and Dr Michael Gillan, two Australian academics with expertise in Asian industrial relations, as part of this scoping exercise. The first of these was a desk study of eight garment-producing countries based on academic sources, the ‘grey’ literature produced by the global unions and the brands, available reports by international organizations, including those produced by the ILO, and the prior knowledge of the consultants. The second and third of the reports were country studies of Indonesia and Viet Nam, based on semi-structured, in-depth interviews with key stakeholders and focus group discussions with plant-level management, trade unionists and workers. This final report summarizes the information collected and analyzed in the desk review and diagnostic missions and proposes recommendations for mechanisms on how the ILO could engage and leverage public, private and non-profit partnerships through a possible regional programme. It is intended to provide a snapshot of the industrial relations situation in selected countries in Asia, to stimulate discussion at the ILO Sida Meeting on Promoting Decent Work in the Garment Supply Chain held on 10-11 October 2017 in Bangkok. It does not attempt to be a comprehensive overview of these issues.

This report identifies the following common challenges in the garment industry across the region:

- Variation in wages, working conditions, compliance and enforcement;
- Freedom of association and effective worker representation;
- Collective Bargaining;
- Disputes and Dispute Resolution;
- Gender and industrial relations practices and institutions;

The report concludes with recommendations concerning the development of specific measures to strengthen industrial relations institutions and improve practices across a number of geographic levels. It then identifies a number of options and suggestions for how this could be achieved.

Substantial contributions to this report were made by Christopher Land-Kazlauskas and Susan Hayter (INWORK) and John Ritchotte (ILO BANGKOK).
# Table of Contents

1. Introduction .................................................................................................................. 1  
2. Methodology ................................................................................................................ 1  
3. Asia’s Garment Industry .............................................................................................. 3  
   3.1 The Garment Industry as a Source of Employment ............................................ 4  
   3.2 Quality of Employment - Key Decent Work Deficits ......................................... 5  
   3.3 Industrial Relations Systems in Asia’s Garment-producing Countries ............ 8  
4. Global and Regional Mechanisms, Processes and Actors ........................................ 35  
   4.1 Current Initiatives .................................................................................................. 35  
5. Main Conclusions and Recommendations ................................................................. 41  
   5.1 Measures Required to Address Common Industrial Relations Issues ............ 42  
   5.2 Ways to Support Existing Initiatives .................................................................. 50  
   5.3 Possible New Initiatives ....................................................................................... 51  
6. Bibliography ................................................................................................................. 53
1. Introduction

Asia is a key region for production of the world’s garments. It is also home to several countries – Bangladesh, Cambodia, China, India, Indonesia, Myanmar, Sri Lanka, Viet Nam – which are highly integrated into global supply chains within the garment sector. While influenced by the normative frameworks of international actors, each of these countries has developed industrial relations institutions that are particular to the country context. These systems nevertheless share many characteristics including their relatively limited reach, which is explained in part by the presence of a large informal sector but is also a consequence of non-compliance and weak capacity for enforcement of prevailing laws within the formal sector. International brands and initiatives have stepped into that regulatory space to establish norms to guide labour practices in export producing enterprises. This raises questions as to the sustainability of improvements in working conditions and the degree to which such improvements represent no more than islands of good practice, or can contribute to inclusive development.

Based on a desk study of industrial relations in all eight countries and country missions to Indonesia and Viet Nam, this report provides an overview of the garment industry, the industrial relations systems that govern it and the industrial relations problems that confront it in each of these eight countries. It then engages in a brief discussion and evaluation of the many global and regional mechanisms and processes that seek to improve working conditions in the industry. The report concludes by outlining the measures required to address common and specific industrial relations challenges in Asia’s garment industry and proposing a number of ways to support existing initiatives, and indeed establish new ones, at the regional level that may assist in this endeavour.

2. Methodology

This report is a synthesis of several reports commissioned by the ILO and carried out by Professor Michele Ford and Dr Michael Gillan, two Australian academics with expertise in Asian industrial relations.

The first of these reports was a desk study of eight garment-producing countries based on available secondary sources, including those produced by the ILO, ‘grey’ literature, including reports produced by trade union organizations, NGOs and brands, and the prior knowledge of the consultants and contributors. These sources were complemented by news articles, which provided context- and issue-specific information. This desk study attempted to capture and distil the complexities of the industrial relations systems in each of the eight Asian garment-producing countries into a brief and systematic overview. It then positioned this analysis within its regional and international context in order to explore the possibilities offered by a regional approach in attempting to address decent work deficits that emerge within those particular national contexts. The second and third of the reports were country studies of Indonesia and Viet Nam, based on short country missions. The methodology used for these country reports was designed to supplement the quantitative insights from the audits undertaken by Better Work in Indonesia and Viet Nam, paying particular attention to (a) the ways in which management, trade union officials and workers understand their
plant-level industrial relations practices, and (b) variations between experiences of industrial relations in different segments of the garment industry in the two countries.

In Indonesia, in-depth, semi-structured group and individual interviews of between one and two hours in duration were conducted with a total of 25 national stakeholders, including 11 government officials; eight employer association representatives; four representatives of the three national trade union federations with the largest footprint in the garment industry; and three representatives of a major European brand. These interviews were used to gain national-level perspectives on the challenges facing the government, employers, trade unions and workers in the garment industry. These interviews were complemented by Focus Group Discussions (FGDs) targeting a total of 60 plant-level informants (15 managers, 15 plant-level trade unionists and 30 workers) from a minimum of 15 companies across three industry segments (local producers, exporters associated with Better Work Indonesia, and exporters not associated with Better Work Indonesia). The aim of these FGDs was to ascertain awareness or organizational and collective bargaining rights; examine the ways in which these are exercised; and assess the knowledge of industrial relations processes at the workplace.

In the course of the mission, the methodology was adjusted because the ILO country office, which had been tasked with identifying participants in the FGDs with assistance from BWI, in advance of the mission had encountered a number of difficulties in this process, with the result that managers from just six factories (four export and two local) were identified. Measures were taken by the mission to identify further informants with the assistance of the national garment federations, the Indonesian Textile Association and a national consultant who had been commissioned to assist with the worker FGDs. Ultimately, only one of the targeted cohorts was not represented in the FGDs, with a total of 55 persons participating. The information collected was analyzed thematically to gain a more nuanced and holistic picture of plant-level industrial relations in different segments of Indonesia’s garment industry.

In Viet Nam, interviews of approximately two hours in duration were conducted with participants from provincial level Federations of Labour (FoL) and industrial zone and garment sector unions; national and provincial employer organisations; officers based in the provincial or city level offices of the Department of Labour, War-Invalids and Social Affairs (DOLISA); and representatives from four global brands contracting from Viet Nam). Interviews were conducted in Ho Chi Minh City, where there is a significant clustering of garment manufacturing factories, as well as in two contiguous provinces (Binh Duong and Dong Nai) which have a concentration of industrial zones which include garment manufacturing plants. In total, 26 individuals participated in these interview sessions. Where necessary this report also drew on published materials, inclusive of the Better Work Vietnam 8th Compliance Synthesis Report, to complement and assist with the interpretation of the qualitative data generated by research fieldwork.

To gather data on industrial relations at factory level, FGDs were held with managers (compliance officers, senior managers and Human Resource Management personnel) and trade union representatives and workers. The FGDs lasted for approximately 2 hours and there were two sessions with managers (in total 30 individual management participants across both sessions drawn from different enterprises, with near one-third of these
participants based in Better Work Vietnam factories) and three FGDs with workers/union representatives (30 individual participants spread across the sessions). The FGD data has been analyzed - and is most useful given its enterprise level focus – with reference to the extent to which it confirms or adds interpretative nuance to the perspectives on industrial relations which emerged from the institutional and industry stakeholder interviews.

This report summarizes the information collected and analyzed in the desk review and country missions and proposes recommendations for mechanisms for the ILO to engage and leverage partnerships (public, private and non-profit) for the regional programme. It incorporates elements of the initial regional and country-level reports for Indonesia and Viet Nam, the latter as illustrations of key issues.¹

3. Asia’s Garment Industry

In 2015, the eight countries covered in this report produced over half the world’s garments for export, up from less than a quarter in 1995 (UNCTAD, 2017). This increase has been driven primarily by China, which accounted for 37 percent of world garment exports in that year. Export production has also risen in Bangladesh, Viet Nam and India, which are the second, third and fourth largest garment exporters in the region. These are followed by Indonesia, which has maintained a relatively steady market share over the last two decades (ibid).

In 2015, garment exports from Bangladesh were worth USD 28.5 billion (ibid), accounting for around 80 percent of Bangladesh’s manufacturing exports (Hossain and Akter, 2015: 4). Cambodia’s garment industry was worth USD 6.2 billion in 2015 (UNCTAD 2017), having grown strongly since the mid-1990s, after the introduction of the Multi-Fibre Arrangement (MFA) in 1995, and subsequently the US-Cambodia Textile and Apparel Trade Agreement, which was signed in 1999. The industry continued to grow until the 2008 financial crisis, which saw exports plunge (Arnold, 2014; Kärnstrand, 2015). It has since recovered but remains vulnerable to a lack of innovation and competition from neighbouring countries.

China’s apparel exports were worth USD 174.7 billion in 2015 (UNCTAD, 2017). The industry grew as the country initiated market-oriented economic reforms and opened up to private investment from the late 1970s (Van Klaveren, 2016: 35), but garment exports are now declining as a share of China’s total merchandise exports (Huynh, 2015: 6). The garment industry in India began to export to global markets in the 1980s and has become increasingly export-oriented since the push for trade liberalization in the 1990s, although a large amount of production is still for the domestic market (Delaney and Connor, 2016; Fair Wear Foundation, 2016b). In 2015, its garment exports were worth USD 18.2 billion (UNCTAD, 2017).

¹ The authors would like to thank Vivian Honan (Research Assistant, University of Sydney) for assisting with the development of the regional mapping report and acknowledge the support provided by Dr Edlira Xhafa (Indonesia) and John Ritchotte (Viet Nam) who participated in the country missions as representatives of ILO Bangkok. Ms Endang Rokhani, (Indonesia) and Ms Pham Thu Lan (Viet Nam) also assisted with the FGDs. Significant support was also provided by staff of Better Work Indonesia and Better Work Vietnam, as well as the ILO Country offices in Jakarta and Hanoi.
The garment and textile sector is a significant contributor to Indonesia’s economy. In 2015, it accounted for 6.65 percent of Indonesia’s GDP excluding oil and gas (Ministry of Industry, 2016: 61) and contributed USD 7.6 billion to global exports (UNCTAD, 2017). In Myanmar, the garment industry has experienced rapid growth since the EU and the US lifted economic sanctions, resulting in an influx of foreign investment. While only around 130 garment factories operated during the sanctions period, the number of factories has now grown to over 400 (Theuws and Overeem, 2017: 57). In 2015, garment exports were worth USD 0.5 billion (UNCTAD, 2017).

Sri Lanka’s export-oriented garment industry began to expand following economic liberalization reforms in 1977–79 (Athukorala and Ekanayake, 2017). It shifted to higher value-added production when the MFA ended in 2005 (Ruwanpura, 2016). The industry faced difficulties in 2010, when the EU discontinued the extension of its Generalized Scheme of Preferences (GSP) scheme because of alleged human rights violations, but exports continued to grow (Ranaraja, 2013). In 2015, its garment exports were worth USD 4.8 billion (UNCTAD, 2017). Viet Nam’s garment industry only developed into a major export industry with the introduction of the open-door (doi moi) policy in 1986. The industry was further integrated into global production networks with the lifting of the US trade embargo in 1995; the 2001 US-Viet Nam Bilateral Trade Agreement, and Viet Nam’s accession to the World Trade Organization in 2006. In 2015, its garment exports were worth USD 21.9 billion (UNCTAD, 2017).

3.1 The Garment Industry as a Source of Employment

In all of these countries, the garment industry provides significant employment opportunities (Table 1). Proportionally, it is most important in India, Bangladesh, Cambodia and Viet Nam.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population, Millions (Year)</th>
<th>Employment, Millions (Year)</th>
<th>% Women in the Garment Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Employees</td>
<td>Garment Sector</td>
<td>% Employees in Garments</td>
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<tr>
<td>Bangladesh</td>
<td>164.67</td>
<td>3.14 (2016)</td>
<td>18%</td>
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<td>Cambodia</td>
<td>16.01</td>
<td>0.61 (2016)</td>
<td>15%</td>
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<tr>
<td>China</td>
<td>1,409.52</td>
<td>4.50 (2013)</td>
<td>1%</td>
</tr>
<tr>
<td>India**</td>
<td>1,339.18</td>
<td>51.00 (2016)</td>
<td>50%</td>
</tr>
<tr>
<td>Indonesia</td>
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<td>3.80 (2015)</td>
<td>8%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>53.37</td>
<td>0.35 (2016)</td>
<td>3%</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>20.88</td>
<td>0.27 (2012)</td>
<td>6%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>95.54</td>
<td>2.50 (2015)</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Ford and Gillan (in press); ILO (2016d) and UNDP (2017).

* Employee figures are taken from ILO modelled estimates.

** Garment sector employment figure for India includes garment and textile workers.
As Table 1 shows, in all countries except India and Bangladesh, women constitute the majority of garment workers. In Cambodia, Myanmar and Viet Nam, women account for between 80% and 90% of workers employed in the industry.

### 3.2 Quality of Employment - Key Decent Work Deficits

The garment, textile and footwear sector provides important opportunities for employment in many countries in Asia, including for workers who had difficulty accessing wage employment or formal jobs, such as woman and migrant workers. The sector currently employs more than 40 million workers, with women accounting for the majority (ILO, 2015b). These job opportunities have raised incomes and contributed to the reduction of poverty. At the same time, concerns remain in respect of the quality of such employment. While this report does not focus on working conditions, it is nevertheless important to summarise the decent work deficits that exist in the garment producing industry in Asia, before considering the agency and capacity of the social partners, and the role that sound industrial relations systems can play in achieving decent work.

One of these deficits concerns the degree of job security. Informality, non-standard forms of employment and the use of intermediaries are common in this sector. For example, while most workers in the garment industry are directly employed in China, there is also resort to agency work (Lerche et al., 2017: 20). A study for Shanghai found most workers were on fixed-term contracts of only one or two years’ duration, meaning they did not enjoy a high degree of job security (Lerche et al., 2017: 18). In Sri Lanka there has been a notable shift towards irregular employment through employment agencies, and casual and fixed-term subcontracted labour, and permanent employment has decreased (Crabbé, 2012: 30; Van Klaveren, 2016). Non-standard employment arrangements are reportedly being used to avoid payment of social protection and other benefits required for permanent employees (Crabbé, 2012).

In Pakistan, between 2014 and 2015, nearly 84 per cent of the garment and textile industry workforce were employed in firms with less than six workers. Conversely, enterprises with staff of 20 or more employed less than 5 per cent of all workers in this sector. Unsurprisingly, a vast majority of these small firms are in the informal economy, operated by an individual owner and not registered as a private limited company (ILO, 2017a). In Myanmar, the garment textile and footwear industry represents 31.2 per cent of all manufacturing jobs, and employs more than half of all women working in manufacturing. Nonetheless, employment remains mostly in the informal sector (69.5 per cent), with three in five workers in the industry based in small firms that employ less than ten women or men (ILO, 2016a). In Cambodia, both the number of registered exporting factories and employment in those enterprises declined in 2016, despite the growth of exports. Analysis suggests that this divergence (between exports on the one hand and employment and registered factory figures on the other) may be due to an increase in subcontracting to informal enterprises. The consequences of this trend for workers deserve further analysis (ILO, 2017b).

Low wages and the non-payment or underpayment of wages in the garment and textile industry is another cause of concern. For example, in Pakistan, the share of employees earning low pay (or two-thirds of estimated median hourly earnings) in 2014/15 was 19.9
per cent, a slight increase from 19.5 per cent in 2012/13 (ILO, 2017a). Women represent a large share of the workforce in the garment and textile sector in Asia, yet they are disproportionately represented in low-wage jobs in the lower tiers of the supply chain and consistently lag behind men in terms of pay. The male-female difference in garment sector earnings is the highest in Pakistan (64.5 per cent), followed by India (34.6 per cent). In comparison, the unadjusted pay gap ranges from around 17–25 per cent in the Philippines, Thailand and Viet Nam. Some of the pay gap can be attributed to differences in factors such as age and education, but discrimination also appears to be a contributing determinant (ILO, 2016b).

Although large garment producers generally comply with minimum wage legislation, statutory minimum wages may be so low in supplying countries that they do not fulfil the needs of workers and their families. This contributes to excessive overtime work, which in turn raises concerns about occupational safety and health and work–life balance. For example, Sri Lanka has among the lowest minimum wage for garment workers in Asia (Huynh, 2015: 12). Sri Lankan law allows for 60 hours of overtime a month but some workers have reported working more than 100 hours of overtime a month in order to maintain incomes (Barria, 2014). A large proportion of workers in the garment sector in a number of countries in Asia are paid below the minimum wage. Non-compliance rates range from 6.6% of workers in Viet Nam to 53.3% in the Philippines (ILO, 2016c). Nevertheless, where wage policies and pay systems allowed for skills and productivity gains to be shared with workers, skills upgrading and on-the-job training has led to higher wages.

Excessively long working hours is a key concern for garment workers. In Myanmar for example, workers usually work an average of 51.6 hours per week, roughly the same as in Cambodia, Lao People’s Democratic Republic, Pakistan and Viet Nam (ILO, 2016a). Most garment exporters in Asia have limits on normal working hours, overtime work, and penalty rates for overtime, as well as different annual leave and public holidays (ILO, 2016d). However, these are not always complied with. In Viet Nam, Better Work found an almost 90 percent non-compliance rate with regard to overtime regulations. Workers are doing more than the legal limit of 200 overtime hours per year and/or are not being provided with four rest days per month (ILO and IFC, 2015: 5). During the peak seasons in China, average daily work hours for garment workers reach 12 to 15 hours per day and workers are often not given a day off (Fair Wear Foundation, 2015: 29). In a survey of Shanghai garment workers, similar overtime hours were reported, and only 16 percent of the surveyed workers were paid overtime rates (Lerche et al., 2017: 19). In Cambodia, a 2015 Human Rights Watch report found that most workers were performing overtime that far exceeded the twelve hours per week permitted legally, and had been threatened with dismissal if they sought an exemption (HRW, 2015b: 7).

In some countries, garment workers also struggle to access leave entitlements. In Viet Nam, Better Work has identified high rates of non-compliance in respect to paid leave, with more than 80 percent of assessed factories not paying the leave correctly and/or on-time (ILO and IFC, 2015: 5). In Myanmar, under the law, workers are entitled to 30 days of sick leave with full pay if six months of service has been completed. In one survey, most of the workers reported that they were unable to access the leave or had restrictions on leave they took (ALR, 2016). Another study reported that 18 percent of garment workers reported time
limits on toilet breaks, workers requiring permission, monitoring of toilets by male security guards, and high production targets that meant that workers did not have time to use the toilet (Gardener and Burnley, 2015: 14).

This extends to maternity leave for women workers. In India, the law mandates paid maternity leave for 12 weeks and a medical bonus. However, a recent survey carried out by the Garment Sector Roundtable (GSR), with the support of the ILO, concluded that only 9% of workers made use of maternity benefits. (ILO, 2015: 20). The law also requires factories to provide a crèche, but unions claim that in practice this requirement is not met (ibid). Denial of maternity leave, or limitations to the entitlement were reported in Bangladesh (HRW, 2015a), Cambodia (HRW, 2015b), and Indonesia (Fair Wear Foundation, 2016c; AFWA, 2014). This has extended to include difficulties for women to access breastfeeding or childcare facilities, and menstrual leave in Indonesia. Workers surveyed in Myanmar were unaware of their maternity leave entitlements (ALR, 2016). Women in the Sri Lankan garment industry are rarely able to breastfeed their babies despite legislation calling for childcare facilities and breastfeeding breaks in companies of a certain size (Barria, 2014).

Health and safety is another cause for concern in some countries. In one survey in Myanmar, two thirds of the garment workers reported temperatures that were uncomfortably hot (ALR, 2016; 28). In another study, 43 percent of respondents reported feeling unsafe at work, because safety exits are often blocked and there is lack of safety training for employees to prepare them for a fire (Gardener and Burnley, 2015: 18). In Vietnam, occupational safety and health also has high non-compliance rates (Chi, 2017).

Another decent work deficit concerns limited access to social protection. In India, although frequently mandated by law, many workers – and particularly contract workers – often do not receive social security benefits or leave entitlements (ILO, 2017d). For example, in China, one report finds that workers are not being enrolled in the social security system by employers, in order to avoid paying benefits (Fair Wear Foundation, 2015). The provision of pension, injury, unemployment, medical and maternity insurance is also very low in the garment industry. More than 60 percent of factory workers in Shanghai and Pinghu and garment workers in Hangzhou do not have social insurance (Lulu, 2015: 50).

Harassment, verbal and physical abuse have also been associated with working in the sector. As Better Work points out, “[a]busive treatment such as verbal abuse or sexual harassment are not only morally deplorable but also associated with poor business performance” (ILO, 2016a: 51). In Bangladesh, while an anti-harassment committee was in place at 50% of Fair Wear Foundation audited factories, few workers were aware of their existence (Fair Wear Foundation, 2016a). Human Rights Watch also found that many women experience verbal and physical abuse which is often of a sexual nature (HRW 2015a). A survey published by CARE found that nearly one in three garment workers in Cambodia had experienced sexual harassment over the previous 12 months (CARE International, 2017: 5-6). Under the 2013 Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, Internal Complaints Committees (ICCs) are mandated in Indian factories with more than 10 employees. Unions and NGOs claim that these have been ineffective and most cases of sexual harassment go unreported (Fair Wear Foundation, 2016b).
In Indonesia, sexual harassment and even sexual violence towards female factory workers have been reported (Komnas Perempuan, 2011: 17). 31 percent of Myanmar workers in an Oxfam survey said they had experienced verbal or other abuse by supervisors or management (Gardener and Burnley, 2015: 18), and excessive overtime means that women often have to travel by public bus late at night, which many women feel unsafe doing (Gardener and Burnley, 2015; Progressive Voice, 2016). Approximately 30 percent of women garment workers surveyed in the Sri Lankan EPZs had experienced verbal abuse (Hancock et al., 2015). A 2015 ActionAid study reported that 47.9 percent of female factory workers surveyed in Viet Nam had experienced sexual harassment between two and five times in their lives (Chi, 2016: 21).

In addition, child and bonded labour is a significant, and gendered, issue in some regions of India. In Tamil Nadu, girls as young as twelve are recruited to work in garment factories under a three-year apprenticeship scheme, commonly called ‘Sumangali’. Under this scheme, workers are usually housed in company-controlled hostels where their freedom of movement is severely restricted. They are often forced to do extra work and cases of sexual abuse are common (Delaney and Connor, 2016).

The causes of these persistent deficits deserve more attention; they include low levels of economic development, low skills and productivity, as well as important legal and governance gaps. Recent research highlights the role of buying practices and contractual arrangements in exacerbating these deficits. For example, wages and working time are affected by the terms of purchasing between the buyer and its suppliers, which often reflect the asymmetrical bargaining position of the two partners and the power of the buyers to switch suppliers. Negotiated prices between the buyer and suppliers may not always cover costs. In these conditions, wages become the adjustment variable at the end of the supply chain, with competitive pressures leading to lower wages and longer working hours (ILO, 2016d; Vaughan Whitehead and Piñedo Caro, 2017).

There is also an increasing body of evidence that shorter lead times owing to the use of just-in-time or lean production systems, seasonal demand and volatile sourcing contracts are among the key factors driving excessive and often inadequately compensated overtime in global supply chains (ILO, 2016d; Vaughan Whitehead and Piñedo Caro, 2017). From this point of view, it is critical to understand the manner in which markets, as an institution and ‘system’ operate and either ameliorate or perpetuate these deficits. This is the subject of a separate report for this meeting.

From the perspective of social justice, markets and market systems are embedded in a range of institutions that seek to promote decent work. These include laws and labour market institutions; the strategies that the actors in industrial relations, governments, employers and their organizations, and workers’ organizations pursue; and the different processes of social dialogue. It is thus critical to better understand the extent to which social dialogue and sound industrial relations contributes to decent work. This is the subject that this report intends to address.

3.3 Industrial Relations Systems in Asia’s Garment-producing Countries

The industrial relations systems of Asia’s garment-producing countries fall into three main groups: those shaped by communist structures of government (China and Viet Nam); those
influenced by British colonial legal systems (Bangladesh, India and Sri Lanka); and those whose industrial relations systems have been strongly influenced by the ILO following a change in regime (Cambodia, Indonesia and Myanmar). Countries in the latter two categories have industrial relations systems, institutions and mechanisms that conform broadly to international tripartite models. In all eight, however, there is a significant gap between legally mandated processes and the actual practice of industrial relations. This gap has implications for all sectors of the economy, but in particular in labour-intensive manufacturing industries like garments, where workers’ bargaining power is often weak.

Overview

The principles underpinning sound industrial relations, including freedom of association and the effective recognition of the right to collective bargaining, are core values of the International Labour Organization. They have been enshrined in the ILO Constitution, the Declaration of Philadelphia, as well as the 1998 Declaration on Fundamental Principles and Rights at Work. A number of ILO Conventions and Recommendations provide important, and detailed guidance in the area of industrial relations. For the purposes of this paper, we have limited our analysis mainly to the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). However several other Conventions, and their associated Recommendations, provide additional important guidance on industrial relations, such as the Workers’ Representatives Convention, 1971 (No. 135) and the Collective Bargaining Convention, 1981 (No. 154).

As the ILO Director-General has noted, “[t]he anchoring point for policies ensuring well-adapted and effective labour market institutions is ratification and implementation of international labour standards” (ILO, 2016: 29). Ratification of ILO Conventions demonstrates a commitment by a Government to align national laws with the terms of the convention, as well as ensuring that the protections, rights and obligations contained therein are applied in practice. Once ratification has taken place, a country also commits to the ILO’s supervisory system, which ensures that the convention is applied. The 1998 Declaration on Fundamental Principles and Rights at Work recognized that the ILO’s member States “even if they have not ratified the Conventions in question, have an obligation, arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions”. These include freedom of association and the effective recognition of the right to collective bargaining.

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As of September 2017 the ILO has registered 1,371 ratifications of the fundamental Conventions globally. Conventions Nos. 87 and 98 are the least ratified fundamental Conventions, with a recent ILO report noting that, “approximately half of the world’s population live in countries that have still not ratified one or both of these Conventions.” (ILO, 2017c: 22) Moreover, with the exception of the Arab States, the Asia-Pacific Region lags considerably behind all others in ratifications of these two Conventions. As noted in the report to the 16th Asia and the Pacific Regional Meeting, “Asia and the Pacific contain 20 of the 23 countries which have not ratified Convention No. 87, and 26 of the 34 countries which have not ratified Convention No. 98.” (ILO, 2016e: 29)

Of the countries considered in the present study, four (Bangladesh, Cambodia, Indonesia and Sri Lanka) have ratified both Conventions 87 and 98, one (Myanmar) has ratified only Convention 87, and three countries have ratified neither fundamental Convention.

This situation contributed to the inclusion in the first operative paragraph of the Bali Declaration3 of the following language:

“realizing fundamental principles and rights at work and increasing the ratification rate as well as the application of fundamental labour standards, particularly the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), including a policy environment that enables the realization of these rights;”

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3 Adopted at the 16th Asia and the Pacific Regional Meeting in Bali, Indonesia, on 9 December 2016. APRM.16/D.6

Table 2: Ratifications of C. 87 and C. 98

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<tr>
<th></th>
<th>C. 87</th>
<th>C. 98</th>
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<td>Bangladesh</td>
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Source: NORMLEX

Table 2: Ratifications of C. 87 and C. 98
While ratification of these Conventions represents an important step in building a sound industrial relations framework, based on a level playing field and a commitment to fair globalization, the ILO supervisory system also provides important support and guidance to ensuring that these objectives are met. This report briefly considers both the regular supervisory system, through the Committee of Experts for the Application of Conventions and Recommendations (CEACR) and the Conference Committee on the Application of Standards (CAS), as well as the specific procedure to address alleged violations of freedom of association and collective bargaining rights through the Committee on Freedom of Association (CFA). The challenges facing the countries covered herein, are elucidated through the reports of the various supervisory processes. These are touched on in the later sections of this report. The table above summarizes the current status of each country with respect to the regular supervisory system as well as the CFA mechanism. It is worth noting that the majority (8 of 13) of cases currently under consideration (Active and Follow-up) by the CFA in these countries take place in the garment sector.

Legal and regulatory framework

The public authorities, through legislation and regulation, create the policy environment within which labour market actors engage. These laws and regulations are intended to provide a framework for collective labour relations, establishing institutions and setting the rules that govern processes through which the social partners can regulate employment and working conditions. This section briefly reviews the legal and regulatory frameworks existing in the countries under consideration. Across the countries, we see a variety of laws and regulations aimed at promoting constructive and sound industrial relations, including numerous ongoing, and recently completed efforts to introduce new, or amend existing laws, often with technical assistance from the ILO.

In Bangladesh, industrial relations are regulated mainly through the Bangladesh Labour Act (BLA) and the Bangladesh Labour Rules (BLR). The former was amended in 2013, and the latter introduced in 2015, in the context of increasing national and international pressure for the Government of Bangladesh to address concerns around freedom of association and collective bargaining rights. The ILO supervisory system has noted a number of problems with the BLA and BLR, related to, inter alia trade union registration; minimum (30%) membership requirements; the ability of unions to organize, elect officers and carry out activities freely; the ability of workers to elect representatives of their choice free from interference; adequate protection against acts of interference by employers or employers’
organizations, and providing a stronger legal basis for the promotion of collective bargaining.\(^4\)

A second key issue in Bangladesh is that the BLA and BLR do not currently cover workers in Export Processing Zones (EPZs). Under the EPZ Workers’ Association and Industrial Relations Act of 2010, workers in the zones are allowed to form associations but this requires a complicated referendum process which is difficult to implement (Al Faruque, 2009; Hossain and Akter, 2015). As a consequence, the CEACR, as well as the CAS, have continued to raise concerns on the need for further reform to labour regulation in Bangladesh to ensure that workers in EPZs – as well as workers more generally – are able to exercise rights of freedom of association and collective bargaining.\(^5\) The CAS was also informed that the April 2016 High-level Tripartite Mission to Bangladesh expressed concerns over the draft EPZ Labour Act in relation to the freedom of association of employers as well, as it required investor-employers to form central investors’ associations, rather than organizations of their own choosing.\(^6\)

In 1997, a new labour law was drafted and enacted in Cambodia which provided the legal framework for the resolution of labour disputes, workers’ right to form and be part of unions, enabled collective bargaining, and provided protection of the right to strike (Adler and Woolcock, 2009). The new Law on Trade Unions was promulgated on 17 May 2016, following a drafting period that spanned some eight years. The Government has noted that, despite its best efforts, the new law did not fully satisfy either of the social partners, with employers expressing disappointment with the minimum threshold for establishment of a trade union.\(^7\) Trade unions raised issues related to scope of the new law, new registration requirements, and restrictions on access to the Arbitration Council, among other concerns.

The ILO supervisory system has also raised concerns with sections of the law, including: the right to draw up constitutions and rules without interference from the public authorities; the right to elect representatives freely (for both trade unions and employers’ associations); eligibility to vote and stand as a candidate (age and literacy requirements); dissolution of representative organizations; strike restrictions and the impact of new language related to recognition of trade unions for the purposes of collective bargaining.\(^8\) These concerns were also reflected in the CAS in 2017, which urged the Government to, “keep under review the Trade Union Law, closely consulting employers and workers organizations, with a view to finding solutions that are compatible with Convention No. 87” and “to ensure that workers are able to register trade unions through a simple, objective and transparent process”.\(^9\)


\(^5\) Ibid.


\(^7\) CEACR, Observation, Convention 87, Cambodia, published in 2017.


In China, the legal framework first took shape in the 1990s, with laws and regulations governing the labour markets at both the central and regional levels. Recent reforms have focused mainly on labour contracts, employment, unfair labour practices and dispute settlement. The role of unions is outlined in the Trade Union Law (1992, last amended 2001) as well as various other laws and regulations. The Labour Dispute Mediation and Arbitration Law (2007), complemented by a variety of regulations related to mediation and arbitration, reflect a renewed attention to an increase in industrial disputes (Fang Lee, 2014).

In a case (No. 3184) currently before the CFA, the Committee pointed out that, “while noting the Government’s statement that freedom of association is guaranteed through the explicit provisions in its Constitution, the Labour Law and the Trade Union Law, the Committee refers to its earlier conclusions in respect of certain significant legislative obstacles to the full guarantee of freedom of association in the country [… that] many provisions of the Trade Union Law were contrary to the fundamental principles of freedom of association and had requested the Government to take the necessary steps to ensure that they were modified. The Committee further recalls that it had previously stressed the importance of the development of free and independent organizations and negotiation with all those involved in social dialogue.”

The Constitution of India (article 19) ensures all citizens the right “to form associations or unions”. Some of the most important labour laws in India originate in the colonial era, including the Industrial Disputes Act, 1947 (amended in 2010) and the Trade Unions Act, 1926 (amended in 2001), both of which afford powers to the state to regulate trade unions and intervene in industrial disputes (Mitchell, Mahy, and Gahan, 2014: 421-422). Some trade union confederations have pointed to lacunae in certain provisions of these laws, including, inter alia, in respect of administrative approval for establishing a union, minimum membership requirements, notice periods preceding strikes and determination of essential services (ITUC, 2010). Some of these issues are also reflected in an active CFA case (No. 3125) in the following section.

From 2000 to 2004, a series of fundamental reforms were made to the legal framework governing industrial relations in Indonesia. The key pieces of legislation currently in force are Law No. 21/2000 on Trade Unions; Law No. 13/2003 on Manpower; and Law No. 2/2004 on Industrial Disputes Settlement (Ford and Sirait, 2016). Law No.21/2000 significantly increased workers’ access to freedom of association, leading to a rapid increase in the number of unions registered at the national level (Ford, 2009). Law No. 13/2003 encourages, although does not oblige, employers and unions in unionized firms to negotiate a collective labour agreement. It also stipulates that there shall only one collective agreement per enterprise the company level, with a maximum duration of two years.

The CEACR has noted shortcomings with respect to the manner of determining failure of negotiations, issuance of back-to-work orders and the time period afforded for mediation and conciliation procedures. Additionally, it has raised issue with the possible dissolution or suspension of a trade union “could be invoked due simply to a failure to inform a change in a statute or the receipt of overseas financial assistance.” This was also reflected by the

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10 CFA, 380th Report, Case No. 3184 (China), para. 233.
CAS, which urged the Government to, “amend or repeal the relevant sections of the Penal Code to avoid the arbitrary arrest and detention of trade unionists [...] and ensure that if a trade union is suspended or dissolved this decision may be appealed to an independent judicial body, and the order suspended until appeals are exhausted.” Other concerns with existing legislation include: ensuring protection against anti-union discrimination; effective procedures and sufficiently dissuasive sanctions; protection against acts of undue interference from the employer, in particular during voting procedures to determine union representation; restricting the use of compulsory arbitration so as to promote voluntary collective bargaining; recognition of unions representing less than 50% of the workforce for the purposes of collective bargaining; levels at which bargaining takes place, and the practice of collective bargaining in EPZs.

Industrial relations in Myanmar have undergone significant reform following changes in the political system from 2011. The four prevailing laws that determine the legal framework for industrial relations are the Factories Act (1951, amended in 2016); the Labour Organization Law (2011); the Settlement of Labour Disputes Law (2012, amended in 2014); and the Minimum Wage Law (2013, latest notification in 2015). Following legal reform in recent years, workers are now able to exercise their right to freedom of association, though not without difficulties. For example, the bottom up, sector-specific structures mandated by the law could serve to limit effective organizing. Basic labour organizations (workplace unions), can be formed with a minimum of 30 employees, or 10 percent of workers in the case of workplaces with less than 30 employees. However, these efforts may be hampered by the additional requirement that the union collect signatures from 10 percent of the workforce, particularly in larger workplaces. Township labour organizations can be established with a membership of 10 percent of all workplace unions in the same trade or activity. Regional or state level labour organizations need a minimum of 10 percent of all township labour organizations, and labour federations 10 percent of all regional or state labour organizations. A confederation can be formed if recommended by at least 20 percent of all labour federations (Gillan and Thein, 2016: 278).

For a number of years, the ILO supervisory bodies – in particular the CEACR – have been following developments in Myanmar closely. Recent comments from the CEACR focus on: The requirement that 10 per cent of the workers in the trade or activity wish to establish a basic labour organization; the requirement that unions organize along sectoral (“trade or activity”) lines, the structures and minimum membership requirements at each level; dispute settlement and labour inspection in SEZs; excessive requirements for strike ballots; restrictions in industrial action (actions in protest of the economic and social policy of the Government, sympathy action, and that the 500-yard picketing restriction), and the requirement that labour federations approve strikes by affiliates. While the Settlement of Labour Disputes Law was amended in late 2014 in order to increase the penalties for non-compliance with Arbitration Council decisions (of particular importance in respect of anti-
union dismissals, and subsequent orders of reinstatement) from 30,000 MMK (about $22.00) to 1,000,000 MMK (approximately $734.00) there are mounting questions as to whether the penalty is sufficiently dissuasive. (Ediger and Fletcher, 2017) Efforts are currently underway by the tripartite partners, through the National Tripartite Dialogue Forum and with support from the ILO, to review and revise the Labour Organization Law and Settlement of Labour Disputes Law.

Like Bangladesh and India, Sri Lanka inherited much of the structure of its industrial relations from the British colonial period. Unions have the right to recognition and to enter into collective bargaining with the employer if they represent 40 percent or more of the workforce (Crabbé, 2012). The majority of garment production for export occurs in factories within Export Processing Zones (EPZs) (Ibid: 7). While originally conceived as areas which would be exempt from the labour laws in force elsewhere in the country, the policy was subject to a Constitutional Court challenge and was subsequently discontinued. Despite the absence of a direct exemption of EPZs for the application of labour laws, a recent report notes that “the existence of anti-union discrimination in practice has been a longstanding issue.” (Richardson et al, 2017) To date, 35 enterprises (out of a total of 271 enterprises) have recognized trade unions in EPZs, seven of which had signed collective agreements (ILO, n.d.).

The CEACR raised similar concerns regarding the conformity of practices in EPZs with Convention 98. It noted “difficulties with regard to the exercise of workers’ rights to organize and collective bargaining in EPZs […]” and requested that the Government provide updated numbers of collective agreements concluded in EPZs and the number of workers covered, the numbers of trade unions and employees’ councils in EPZs, and measures to ensure that employees’ councils do not undermine the position of trade unions. More generally, the CEACR urged the Government to ensure that: victims of anti-union discrimination are able to directly bring a complaint before the judicial courts; trade unions have the right to bring anti-union discrimination cases directly before the courts; trade unions that had not reached the 40 percent threshold for exclusive bargaining rights (and where no other union has achieved the required percentage) they may either form a grouping with other unions to reach 40 percent, or negotiate on behalf of their own members.

The laws regulating trade unions and industrial relations in Viet Nam have undergone some changes in the last two decades. In 1994, the Labour Law accepted a tripartite structure for industrial relations and for the first time granted workers the right to strike. In 2013, the Labour Code and Trade Union Law were again revised, further strengthening workers’ legal rights, for example requiring employers to meet with elected worker and trade union representatives at least once every three months (Anner, 2017; Cox, 2015). Further efforts are underway between the Government and social partners, supported by the ILO, to reform the relevant laws underpinning industrial relations.

16 Ibid.
Administration and compliance, including dispute settlement.

With the legal and regulatory framework in place, the public authorities set out to ensure that the rights and obligations enshrined therein are realized in practice, in particular to promote and realize the principles concerning the fundamental rights of freedom of association and the effective recognition of the right to collective bargaining. This involves the registration and free establishment and functioning of workers’ and employers’ organizations; the institutions and processes of collective bargaining; procedures and mechanisms for resolving labour disputes; and rules governing industrial disputes, including both strikes and lockouts. This section provides a brief overview of the administration of industrial relations systems.

In Bangladesh, when a collective bargaining agreement is in place it is possible for a union to raise a dispute on behalf of workers. If the parties fail to reach settlement, either can refer the dispute to a conciliator. Parties may refer the dispute to an arbitrator for settlement or they may take the case to the Labour Court (Al Faruque, 2009). Unions may issue a strike notice if conciliation fails and 75 percent of members agree to strike action through a secret ballot (Ibid), unless the enterprise is located in an EPZ, where strikes are restricted. In these cases, the parties should proceed to an EPZ Tribunal to settle the dispute, but, in practice, no EPZ Tribunal has been established. The dispute can also be taken to the labour courts but again procedural delays serve as a disincentive to do so (Hossain and Akter, 2015).

Serious difficulties have also been identified in the registration of trade unions, with the CEACR requesting the Government to “ensure that the registration process is a simple formality, which should not restrict the right of workers to establish organizations without previous authorization.” [emphasis in original]. A case under consideration by the CFA (No. 3203) also concerns “allegations of systematic violation of freedom of association rights, including through repeated acts of anti-union retaliation, arbitrary denial of union registration and union-busting activities, as well as lack of law enforcement and the Government’s public hostility towards trade unions” which the CFA considered, in its interim report, “raises serious concerns as to the environment for free exercise of trade union rights.”

The ILO project on Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry (supported by the governments of Denmark and Sweden) has been working together with the government on the development of separate Standard Operating Procedures (SOP) for both trade union registration and the handling of unfair labour practices. On union registration, the SOPs provide a uniform set of actions, to be followed by the Department of Labour for the registration of unions. These have been modified by the Ministry of Labour and Employment, and subsequently approved. Similarly, SOPs for unfair labour practices provide for consistent procedures to be followed by the Department of Labour to investigate and address allegations of unfair labour practices. These procedures have been adopted by the Ministry of Labour and Employment, following amendments.

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18 CFA, 382nd Report, Case No. 3203 (Bangladesh), paras. 169, 171.
Occupational Safety and Health is a major concern in the apparel industry in Bangladesh. Following the Rana Plaza collapse, an Accord on Fire and Building Safety in Bangladesh was signed by brands, unions and NGOs, while other companies established the Bangladesh Worker Safety Initiative. As a result of these initiatives, 3780 factories had been inspected by December 2015. Of these, 39 were closed for presenting immediate damage, and 42 were partially closed (ILO, 2016f: 9). In addition to safety violations, inspections by the Department of Inspection for Factories and Establishments (DIFE) have found a high number of violations relating to terms and conditions of employment (DIFE, 2015).

In Cambodia, if collective labour disputes cannot be resolved through workplace negotiation they may proceed to conciliation, and if unsuccessful, then to the Arbitration Council. The Arbitration Council is an independent, tripartite body that is considered by employers, unions and brands, as well as the international community generally, to be efficient, non-corrupt and impartial, but it is non-binding and non-enforceable unless parties choose to be bound by its decisions (Ward and Mouyly, 2016). The judiciary is constrained in its ability to resolve labour cases because of limited expertise in this domain and a perceived lack of judicial neutrality, and labour court has not yet been established. Implementation of the labour law has been seen as a major obstacle to sound industrial relations. Thousands of inspections were conducted between January 2009 and December 2013, yet only 10 fines were imposed on factories violating labour regulations despite high levels of violations. In 2013 alone, the ministry found at least 295 factories had violated the labour law (HRW, 2015b). The Better Factories Cambodia (BFC) program helps fill a monitoring gap in the export-oriented factories, but this is mostly limited to the larger factories, only extending to sub-contractors upon request, even though poor working conditions are most likely to be found in smaller sub-contractors (Ibid).

In addition, the CFA has recently considered a case (No. 3121) alleging refusal to register a trade union; acts of anti-union discrimination; the use of military force on striking workers, and excessive requirements for union leaders in a garment factory. The Committee requested the Government “to ensure the swift registration of the factory trade union”, to review the relevant provisions of the law “to ensure the law does not infringe workers’ right to elect their officers freely,” and “take the necessary measures to ensure that trade union members and leaders are not subjected to anti-union discrimination, including dismissal, transfers and other acts prejudicial to the workers, or to false criminal charges based on their trade union membership or activities, and that any complaints of anti-union discrimination are examined by prompt and impartial procedures.”

In cases of labour disputes in China, if agreement cannot be reached between the two parties, the case can be taken to mediation and then arbitration and, if still unresolved, to the civil courts. However, the Labour Dispute Arbitration Committees (LDACs) and civil courts often urge the parties to agree to a mediated settlement rather than issuing a formal ruling, which can result in workers settling for less than their legal entitlements. Court processes are expensive and, if workers win, often the amount awarded is less than their costs in legal fees. Furthermore, the LDACs and courts encourage cases to be brought by

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19 CFA, 380th Report, Case No. 3121 (Cambodia), paras. 137, 140, 142.
individuals rather than collectively, therefore collective disputes are rarely resolved in the official dispute resolution system (China Labour Bulletin, 2014).

The right to strike was removed from the Constitution in 1982. With no explicit rules governing the right to strike in either the Constitution or the Trade Union Act, the situation for workers wishing to engage in industrial disputes becomes unclear. This has led to situations where labour activists may be subject to detention and criminal charges, as noted in a recent complaint (No. 3184) to the CFA. As in other countries in the region, inspection departments lack the resources to effectively carry-out monitoring of labour conditions. Under-staffing means they rarely monitor the conditions in the large garment factories, which are believed to be better managed, or the small garment workshops which are often not registered with the government (Lulu, 2015: 52).

The national legal framework underpinning labour dispute resolution in India, the Industrial Disputes Act, 1947 sets out, among other matters, the procedures for taking industrial action and resolving disputes through conciliation, adjudication and arbitration. Under the law, employers with at least 20 employees must provide a Grievance Settlement Authority to settle industrial disputes. In practice, few factories have such a mechanism (Fair Wear Foundation, 2016b). When disputes cannot be settled at the factory level, the Department of Labour can become involved to facilitate an agreement, or provide mediation. If this fails, an inspection can be ordered or the dispute can be referred to the labour courts (Ibid). Doing so, typically, involves lengthy delays and procedural complexity, all of which works against the effective and efficient consideration and resolution of the grievances raised in the dispute (Joseph, 2014).

In a case before the CFA (No. 3125), the Committee observed that, “all dismissals, resignations and transfers of trade union leaders and members, as described by the complainant, were coupled with harassment, intimidation and threats, in that workers were called by the management, surrounded by a group of people, including security forces, told to provide fingerprints, threatened with accusations of criminal charges, forced to sign resignation letters and bribed.” The Committee has requested the Government to ensure an independent enquiry is carried out, that the registration application is re-considered, and that it be kept informed of developments.20 There is an enforcement gap with regard to the limited effect and reach of laws and regulations in most industries, including garment manufacturing (Gillan, 2016). Workers often may not receive written employment contracts, and non-compliance with minimum wage can be over 50% (ILO, 2016c).

Bipartite negotiations take place at the firm level over local grievances in Indonesia. Parties may access the industrial court after thirty days if bipartite processes have failed. If they are dissatisfied with the court ruling, appeals against rights and termination disputes can be brought to the Supreme Court (Fair Wear Foundation, 2016c). The industrial courts are presided over by a panel of 3 judges, two of whom are ad hoc judges nominated by unions and employers. The ad hoc judges receive different compensation packages, with judges nominated by APINDO receiving “lucrative additional compensation” compared to the other judges (Sitalaksmi, 2017). The court process can be lengthy, taking an average 100 days to settle. There is also a tendency for the courts to rule against workers, the process can be

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20 CFA, 380th Report, Case No. 3125 (India), paras. 557, 561.
expensive and complex, and in some regions, the courts are located a considerable distance from the industrial areas where the disputes have occurred (Ford and Sirait, 2016; Fair Wear Foundation, 2016c).

The right to strike is guaranteed under Law No. 13/2003. Seven days’ notice must be provided of the intention to strike, and employers can also delay the process by refusing to sign the required statement that signal negotiations have failed. In addition, the 2012 Ministerial Decision on National Vital Objects in Industry restricts strike action beyond the factory level within industrial areas that are classified as National Vital Objects (Fair Wear Foundation, 2016c).

The government is in the process of developing a new program which aims to reduce the work load and shortages of labour inspectors (ILO and KEMNAKER, 2016). There were 1,923 labour inspectors nationwide at the end of 2016. Particular issues include enforcement of minimum wages and legal restrictions on the use of contract employment and outsourcing. Similar difficulties plague the disputes resolution mechanisms, with unions and employer associations both reporting that they were inefficient, unreliable and expensive.

In the garment industry, underpayment of the minimum wage is a serious issue. Although large garment producers generally comply with minimum wage legislation, many medium enterprises and almost all small enterprises do not (Fair Wear Foundation, 2016c). In July 2017 a Decree on labour intensive wages was published by the Governor of West Java, covering four districts in West Java (Depok Kota, Pruwakarta Kabupaten, Bogor Kabupaten, Bekasi Kota) The Decree provides for the payment of minimum wages ranging from 300,000 IDR (US $22.30) and 600,000 IDR (US $44.60) per month less than the legally prescribed minimum, if specific criteria are met.

In Myanmar, The Settlement of Labour Disputes Law, which came into effect in 2012, gave workers the legal right to take industrial action (Theuws and Overeem 2017, 50). However, legal industrial action may only be undertaken after a process of negotiation, conciliation and arbitration. Disputes are taken to the Workplace Coordinating Committee, which by law
should be composed of two employer representatives, nominated by the employer, and two worker representatives nominated either by the trade union (where one exists in the workplace) or by the workers. The dispute can then be sent to the Township Conciliation Body, and if still unresolved, collective disputes are passed to the State/Division Arbitration Body (AB). If unsatisfied with the result, workers may then take industrial action over interest disputes, having provided 14 days’ notice and details of the planned action, including the date, place and number of participants (Theuws and Overeem, 2017). Due to the long and difficult dispute resolution process, most strikes do not follow this legal procedure.

In the case of rights disputes, the decision of the Arbitration Body may be appealed to the national-level Arbitration Council. Disputes brought to the Arbitration Council are largely concentrated in the garment sector, with the number21 of disputes in the sector exceeding those of the sector with the second highest number of disputes (metals) by a factor of nearly four. However, compliance with Arbitration Council decisions is problematic. A recent study by Business for Social Responsibility notes that “many stakeholders feel that the minimum fine is relatively low and insufficient to act as a deterrent. They believe that some employers view paying the fine as a low-cost way to avoid reinstating a “troublemaker,” although technically the requirement is to pay the fine and reinstate the worker.” (Ediger and Fletcher, 2017) Given that some 60 percent of disputes relate to dismissals, and in particular allegations of anti-union dismissals22 the lack of a dissuasive penalty could have important implications for industrial relations in Myanmar.

Enforcement of labour law remains an obstacle to sound industrial relations in Myanmar as elsewhere in the region. In 2016, the country had only 122 labour inspectors (Bernhardt et al., 2016: 10). Penalties may not act as sufficient deterrents. For example, in 2014, 50 factories were cautioned over illegal overtime following factory inspections. Of these, 20 (mostly garment factories) were prosecuted for continuing the illegal practice. Punishment was a small fine of around US $50 (ALR, 2016: 12). Enforcement of regulations pertaining to contracts is also problematic. Under the 2013 Employment and Skill Development Law all employees must be employed under a contract with a start and end date (Theuws and Overeem, 2017). Surveys reveal that many workers in the garment factories have not signed contracts, and of those workers that have signed contracts, many have not received copies (ALR, 2016; Theuws and Overeem, 2017).

When disputes between employers and workers arise in Sri Lanka, the settlement process begins with conciliation. If this fails, the case can go to arbitration or the industrial court. During this process, no strikes are allowed (Amerasinghe, 2009). Trade unions are permitted to operate in EPZs but unions and NGOs complain that worker organizing has been actively discouraged and union substitution prevails (Gunawardana, 2007). As noted by the ILO Committee of Experts in 2017, unions continue to claim that genuine processes of labour inspection are either non-existent or pre-announced within the zones, although this is

Based on publicly available data from 2014-16.

“Yangon AB members reported that employers often did not follow proper procedures for termination of workers, and that in 2016 in particular, many AB cases dealt with union worker dismissals. In addition, other stakeholders reported that firing labor organization leaders and members became increasingly common in 2016, with an increase in disputes and the blacklisting of union members.” (BSR, 2017, 16)
vociferously denied by the Government and employer associations which argue that labour inspections occur on both a routine basis and in response to specific complaints.²³

In Viet Nam, all enterprises that have a trade union are required to have a conciliation council staffed by an equal number of representatives of management and employees, which is the first step in an industrial dispute (Pringle and Clarke, 2011). If agreement is not achieved, or if there is no conciliation council in the workplace, collective disputes are referred to through the District Labour Mediators, and, if mediation is unsuccessful, through the Labour Arbitration Council. If the trade union is not satisfied with the result, it can refer the case to court or call a strike, on the condition that it has the support of the majority of the workforce, and must secure agreement from heads of production units and give notice to employers and the government (ILO, 2016g; Clarke, Lee, and Chi, 2007). While the right to strike exists in law, the procedures for a lawful strike are long and cumbersome, and the formal dispute resolution procedures rarely used. For example, Labour Arbitration Councils settled only two cases in Hanoi and a single case in Ho Chi Minh City in the decade to 2007 (Schweisshelm 2014).

The challenges faced in ensuring industrial relations systems which promote full respect for the principles of freedom of association and the effective recognition of the right to collective bargaining are by no means unique to any one country in the region. Nor is it specific to the Asia-Pacific region, though there would appear to be a high incidence of issues requiring attention. However the common issues related to the practical implementation of these rights – from effective labour inspection regimes to registration procedures, dispute settlement and provision of sufficiently dissuasive sanctions – as highlighted in the above analysis, could benefit from further exchanges, dialogue and technical assistance using relevant comparative industrial relations practices, at a regional level.

**Industrial relations actors**

While the public authorities establish the legal and regulatory framework, and support the parties through the effective administration of industrial relations systems, in the garment sector it is largely the trade unions, employers and their organizations who engage as the key industrial relations “actors”²⁴.

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²⁴ This is by no means intended to imply that there are no other institutions, organizations or other actors who support, or in some ways influence industrial relations systems. For example in all countries reviewed, there are numerous key stakeholders who seek to engage in the industrial relations arena, or in the garment sector more broadly, from international development partners, NGOs, think tanks, trade union solidarity support organizations, and labour activist groups (which may or may not be associated to formal trade union organizations or political parties). However given the breadth of the study, it was impossible to exhaustively highlight every actor with an interest in industrial relations.
Trade unions

In general, and as outlined in the earlier sections, trade unions across the region face challenges in organizing workers, and effectively influencing their terms and conditions through collective bargaining. Reliable data on trade union membership and collective bargaining coverage in the region is scarce, including in the countries covered by this report. Where reliable data are available, they show union membership ranging between less than one half of one percent in Myanmar (where trade unions have only been able to legally organize workers since 2012) to 7% in Indonesia, nearly 21% in India and just under 43% in China.

Low membership levels have been attributed to a number of possible causes, including such things as the focus of collective labour relations at enterprise level, the level of government control, and the prevalence of the informal economy where workers are often not covered by labour laws, including the right to form and join unions. (Benson et. al, 2017) Trade unions in many countries across the region are hampered by limited resources, fragmentation and competition between unions, and affiliation with political parties. These latter points were brought out in interviews held with employer representatives in the preparation of this paper, as outlined below. This, in turn places “little worker pressure on firms and hence little need for employers’ associations to be too highly focused on industrial relations matters”. (Ibid).

Trade unions in Bangladesh’s garment industry are numerous but are generally weak in their effect and presence at the workplace level and often divided by political affiliation. It has been estimated that less than five percent of garment workers belong to a trade union (Fair Wear Foundation, 2016a). Contract workers employed by agencies are excluded from the scope of Labour Act. Despite the high number of female workers, the leadership structures of most unions in the garment industry are dominated by men (Van Klaveren, 2016: 20).

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade Union Density&lt;sup&gt;25&lt;/sup&gt; - Latest Available Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>20.6 (2013)</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1.4 (2009)</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>8.3 (2014)</td>
</tr>
<tr>
<td>China</td>
<td>42.6 (2013)</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>25.3 (2015)</td>
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<tr>
<td>Japan</td>
<td>17.4 (2015/2016)</td>
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<tr>
<td>Korea</td>
<td>10.1 (2015)</td>
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<tr>
<td>Taiwan</td>
<td>39.3 (2010)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7.0 (2012)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>8.8 (2015/2016)</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.4 (2015)</td>
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<tr>
<td>Philippines</td>
<td>8.7 (2014)</td>
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<tr>
<td>Singapore</td>
<td>19.4 (2012)</td>
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<tr>
<td>Thailand</td>
<td>3.6 (2010)</td>
</tr>
<tr>
<td>Vietnam</td>
<td>14.6 (2012)</td>
</tr>
</tbody>
</table>

Source: IRData

<sup>25</sup> This trade union density rate conveys the number of union members who are employees as a percentage of the total number of employees. For the purpose of this indicator in particular, trade union membership excludes union members who are not in paid employment (self-employed, unemployed, retired, etc.), unless otherwise stated in the notes. Trade union density here is calculated for the entire labour force, as data for the garment sector are not available. For a methodological note on trade union membership statistics, see: http://laborsta.ilo.org/appv8/data/TUM/Methodological%20Note%20-%20UNIONS2014.pdf
Opportunities for sound industrial relations in Cambodia are also limited by structural constraints on trade unions. The use of short-term contracts beyond the legal limit of two years has implications on maternity leave, paid annual leave and the seniority bonus, and also may discourage workers from forming or joining unions, rendering dispute resolution processes ineffectual and making anti-union discrimination difficult to prove (HRW, 2015b; Kärnstrand, 2015). A 2013 study found that nearly 80 percent of factories employ most or all of their workers on fixed-duration contracts, most of which are for three or six months (Kärnstrand, 2015). Unionists reported that when workers initiate the union formation process, management dismiss union leaders, coerce or bribe them, or threaten to fire them (ILO and IFC, 2016). Despite women making up the majority of the workforce in the garment industry, women hold a minority of union leadership positions. Women make up around 35 percent of the union leadership at the enterprise level and an even smaller percentage at the federation and confederation level (Taijman, 2017: 36).

The industrial relations framework in India has resulted in trade union fragmentation and a lack of a clear and consistent national framework for union recognition — and both of these conditions have negatively impacted on the prevalence and quality of collective bargaining. The Trade Unions Act 1926 regulates union registration and governance but sets a low bar for the establishment of a workplace trade union. This, in conjunction with the fact that only a select number of states have effective trade union recognition laws, has facilitated union fragmentation and weak collective bargaining coverage, especially in the private sector. The Trade Unions (Amendment) Act, 2001, introduced a requirement that unions must have the support of at least 10% of all workers in an enterprise to be registered or 100 workers whichever is lower (Mitchell, Mahy, and Gahan, 2014).

In the garment industry, union density is reported to be less than five percent (Fair Wear Foundation, 2016b: 22). Industrial relations also face more structural challenges due to the highly fragmented nature of the industry. Many workers are employed as casuals, in home-based enterprises as well as informally, making unionization difficult (ILO, 2017d). The growth of contract and employment ‘agency’ workers in many industries and enterprises in the formal sector, including the garment industry, has very significant implications for industrial relations. According to one report, in the garment industry some contract workers receive less than half the pay of regular permanent workers and are discouraged from joining unions or seeking union representation of their rights and interests because of the real likelihood that they will be dismissed or removed from the workplace. In some state-level jurisdictions they are legally incapable of joining the same union as permanent workers (Holdcroft, 2012).

As mentioned in the previous section, anti-union discrimination can take the form of union supporters being transferred, facing intimidation and dismissal, and even cases where factories have shut down and relocated to avoid unions (Jenkins, 2013). Despite these challenges, IndustriALL has been working with its various garment industry union affiliates

26 Arbitration Council Award 10/03 Jacqsintex (July 2003). Different views of the interpretation of this legal provision have been voiced by MOLVT and employers.

27 See also: CEACR, Observation, Convention No. 98, Cambodia, published 2017; Direct Request, Convention No. 98, published 2017.
(see below) to support the organization of garment workers across four different industrial zones/clusters and reported in late 2016 that over 10,000 workers had been recruited into unions as a consequence (IndustriALL, 2016a).

The situation of women workers both within the workplace and in the labour market more generally has worked against their access to effective voice and representation in the garment industry. The use of contract and agency workers, home-based production and the fact that many workers are young migrant workers have all tended to limit their ability to connect with workplace representation and collective bargaining coverage (AFWA, 2016). There have, however, been some notable developments with regard to the development of new unions that are focused on women with regard to a bargaining and policy agenda for industrial relations and more inclusive and representative leadership profile, including the Self Employed Women’s Association, which organizes and represents women in the garment and many other industries and in the informal sector (Hill, 2008) and the Garment and Textile Workers Union (GATWU), which has emerged in Karnataka state and is especially focused on developing a form of unionism that represents the gender composition and needs of workers in that region (Jenkins, 2013).

While freedom of association has improved in the last two decades in Indonesia, cases of interference, and anti-union discrimination against union leaders and members have been outlined in previous sections. There are also capacity issues related to representing a majority of their constituents, and at the plant level, only a minority of union representatives and human resources directors have the knowledge and skills required to engage in effective collective bargaining. The Ministry of Manpower currently has a focus on improving collective bargaining, but lacks the resources to implement a comprehensive program. Employers noted ‘politicised and militant trade unions disrupted production and had a significant influence in policy making’, which reflects the perception that the ‘proper’ role of trade unions is to ensure industrial peace, understand the situation of the company, and work with the management in a productive way and encourage higher productivity. Also, the presence of multiple unions was highlighted; meanwhile the law has been used by employers to establish yellow trade unions. 28

28 Interview notes. Interview carried out during 10-21 July mission to Indonesia.
Women’s participation in trade union leadership is also low. Even though women account for the majority of the workforce and union membership in the garment industry, they are under-represented in union leadership positions. Women face obstacles in becoming active in unions at several levels. Female unionists for example reported that they are less likely than male colleagues to be granted permission by supervisors to attend union training and other activities held during work hours. There is also a problem of female union activists becoming inactive after marriage, and reluctance or inability to engage in union activities because of family commitments. When women do manage to become union officials, they can often be given positions and tasks based on stereotypes such as women being better suited for administration and finance (Ford, 2008; Reerink, 2006). Where they are elected to decision making positions, however, they can make a significant difference to the extent to which women’s interests are championed by the union nationally or at the plant level.

Trade unions in Myanmar have existed, in modern times, only since 2012. Unions enjoyed rapid growth, mainly among “basic labour organizations” (local, or enterprise based unions) and in the agricultural sector. However, garment sector unions also grew quickly, and by end 2014 boasted the second largest membership strength. By 2015 rough estimates indicated that between 25-30% of garment factories had at least one union present, and that sectoral union density reached approximately 5% (Land-Kazlauskas and Myint, forthcoming). They have sought to build membership and engage in collective bargaining, with limited success, in part due to issues outlined previously (opposition to union organizing, failure to implement Arbitration Council decisions). Despite this, there have been a number of registered trade unions from the basic- through the national-level in the sector (Industrial Workers’ Federation of Myanmar). In addition, a number of “informal” federations, such as the Myanmar Industrial, Crafts and Services – Trade Union Federation, and the newly-emerged Federation of Garment Workers – Myanmar continue organizing in the sector with a view to achieving registration at the various levels.

Given the fact that women make up the large majority of workers in the garment industry, women are certainly under-represented in trade union organizations and gender inequalities in the workplace are perhaps less central to union demands than they should be given the composition of union membership. However, the newly formed national union federations do have powerful women within their senior leadership. IndustriALL, in cooperation with FES and the ILO, has organized training for women in its Myanmar...
affiliates to develop action plans for increasing participation in union leadership (IndustriALL, 2016b). Moreover, some of Myanmar’s most active and well-known labour NGOs were founded by women and one of these has also served as a labour advisor to the National League for Democracy.

In Sri Lanka, trade unions are permitted to operate in EPZs, but issues surrounding discouragement of organizing, and ‘employees’ councils’ being used to undermine trade unions continue to be raised (Gunawardana, 2007). Trade unions have made modest progress towards worker representation in the zones in part by forming independent, non-politically aligned unions (Gunawardana, 2007). Despite the difficulties of union organizing, one estimate has put union coverage in the garment industry at 26 percent (Van Klaveren, 2016).

Trade unions in Sri Lanka remain unrepresentative in terms of the gender composition of their leadership and reflect patriarchal assumption about the workplace in various ways (Biyanwila, 2009). However, women workers, and notably with regard to the formation of many EPZ enterprise level unions, have also actively mobilized, campaigned and fought for better wages, conditions (inclusive of social needs such as access to housing), against sexual harassment and contested the representation of their work as not being a ‘respectable’ form of employment (ibid).

Trade unions in Vietnam are part of the state structures. The VGCL has undergone dramatic changes since the economy was liberalized in 1986, most notably through its expansion into the private sector (Edwards and Phan, 2008). Women’s representation in leadership positions in trade unions is significant. The VGCL does have a significant representation of enterprise-level and sectoral female leaders and a spokesperson announced at the 12th National Women’s Conference in March 2017 that the union federation had adopted a resolution on mobilizing female workers and an action plan on gender equality targeting female officials, cadres and workers (VietnamNetBridge, 2017). Some employers interviewed as part of this research perceived their trade union counterparts to act as the intermediary between management and workers, and as a communication mechanism for management. On the other hand, some employers suggested that union leaders were

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**Working toward effective worker representation in Viet Nam**

One provincial union official acknowledged the depth of the challenge of employer direction and effective control over many enterprise level unions, stating that “employers always want to have [their] people in the union. If we choose the model where they have no control over who runs the union they do not like it. In the past, the head of HR or the management office selected who is in the union. People elected in the committee are workers but normally upper level managers would be recommended into the union...”

Some unions have responded to this challenge by experimenting with bottom-up approaches to union nomination and election processes at enterprise level. In Dong Nai, the provincial-level union, enabled by a broader policy shift by the national-level VGCL, has developed a pilot project to experiment with a more direct model of union elections. If successful, this approach will be extended to a wider number of enterprises in other industrial zones.

Source: Interview notes, 17-26 July mission to Viet Nam.
unable to communicate policy changes to workers, thus causing misunderstanding and confusion. They noted lack of competition as creating a disincentive for them to improve their representativity, or improve their capacity to independently represent workers.29

**Employers and their Organizations**

There is considerably less literature focusing on employers and their organizations in the region. This has been attributed, in the latter instance, to, “the primacy of enterprise unions, the prevalence of centrally planned systems, either in democracies or socialist states, and the existence of strong company groupings” (Benson et al, 2017). In some cases, this limits the scope of action for employers’ organizations in comparison with their counterparts in, for example, a European context. Given the lack of structure or tradition of dialogue between higher-level organizations of workers and employers, a great deal of pressure is placed on the parties at the level of the enterprise, where the capacity and experience of industrial relations actors may be limited, and relationships may be subjected to considerable uncertainty brought about by political, social and economic changes.

In addition to the implications of politicized unions, or conflicts brought about by the promotion of “yellow” unions (which, for obvious reasons are an enterprise-level development), the influence of buyer behaviour can be magnified within the context of enterprise industrial relations. As Anner (2017) points out, “[s]hort lead times in the apparel industry contributes to worker bargaining leverage at the same time that it is a cause for short strikes. This is because employers are under considerable pressure to get production orders off to their buyers. One industry expert noted that often employers want to let the strike go longer in order to hold out and not give in to the workers’ demands. But the buyers do not want to pursue a waiting out strategy.” Moreover, in the same report, he suggests, “[l]ow prices and short lead times established by buyers often produce the competitive pressures that contribute to worker abuses that then lead to strikes.” The capacity of managers and unions to understand, anticipate, and address these issues through bargaining – before they lead to industrial disputes – is an important missing piece from the industrial relations framework within the region.

That is not to say that employers are entirely unaware of the issue. Indeed, in interviews conducted in Viet Nam, factory management noted the discrepancy between the relatively static prices in supply contracts and the increasing compliance requirements. They recognized that the lack of commensurate increases in supply contracts by buyers against increases in wages may lead to future problems with compliance and workplace conflict if production targets and working hours will ratcheted upwards as a consequence.

Gender equality issues are not limited to trade union leadership, and problems remain within the management of garment factories. Audits by the Fair Wear Foundation found 47 percent of factories in Bangladesh had no female supervisors (Fair Wear Foundation, 2016a).

At the level of employers’ organizations, peak (national) level exist in all countries under review and sectoral level bodies (for the garment sector) in many countries. Membership in peak-level employers’ organizations varies across countries under consideration, from

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29 Interview notes, 17-26 July mission to Viet Nam.
“medium” coverage of enterprises in Indonesia (8,800 enterprises employing 5,000,000 workers) and India (562 enterprises employing 27,000,000 workers, and 80 organizations) to high levels of coverage in China (545,000 enterprises employing 88,000,000 workers). In Viet Nam, membership is distributed across four peak-level organizations, and counts more than 20,000 enterprises in total. (Zhu et al., 2017)

In general, employers’ organizations\(^{30}\) in the countries studied play some role in labour market issues, in relation to labour law reforms (either consulting on draft legislation or actively lobbying for changes), minimum wages, and other matters. Experience in engaging, either directly or indirectly, in industrial relations matters varies widely across countries.

For example, in India, presented with a shift from a “state-led model of economic development”, to “an increasingly market-oriented and private enterprise-driven model,” the focus of the employers’ organizations was on labour market reforms, from replacing labour inspection visits with self-certification, freer hiring and firing, use of contract workers, redefining the concept of worker, and reorienting industrial relations toward a more unitarist model, “to replace employer-employee relations, and broadly position management and workers as organizational stakeholders rather than antagonists.” That said, examples of employers’ organizations at state-level engaging constructively in efforts to mediate labour disputes also exist. (RoyChowdhury, 2017).

Sitalaksmi (2017) notes that the democratic reforms taking place in Indonesia saw the peak employers’ organization APINDO move from a “paternalistic and state corporatist organization to a paternalistic and rather egalitarian one”. It has asserted itself actively in the minimum wage process, including in the lead up to the promulgation of Presidential Instruction No 9/2013 on Minimum Wage Fixing for Business Sustainability and Improving Workers’ Welfare as well as Government Regulation No. 78/2015. It has also been active in dispute resolution and union recognition for the purposes of bargaining. For example, APINDO engaged in a strategy to improve the effectiveness of bipartite institutions at enterprise level, with limited success. (Ibid) The employers interviewed noted the limitations in membership and lack of technical capacity of the peak employers’ organisation to negotiate or to influence policy, and questioned the benefits of membership for SME producers.\(^{31}\) Relations between APINDO and trade unions have been characterized by tensions, due to increasing business competition (and subsequent reliance on flexibility) and their role in actively influencing policies (i.e. minimum wage) (Ibid).

In China and Viet Nam, the Government still maintains considerable influence, despite important economic reforms undertaken. In both countries, the employers’ organizations continue to be expected to promote national policies, but are also expanding to represent employer interests with government and unions, through tripartite and bipartite forums. This includes minimum wages, working time and collective agreements (in China) and on both minimum wages and more generally on formulation of policies, labour law and industrial relations issues (in Viet Nam). However, these institutions are heavily coordinated by the Government, who maintains ultimate decision-making authority on minimum wages.

\(^{30}\) Variously referred to as employers’ associations, or business associations – recognizing the employers’ need to focus not only on labour market issues, but also on the product market.

\(^{31}\) Interview notes, 10-21 July mission to Indonesia.
(Edwards and Phan, 2017; Jiang and Zhu, 2017; Zhu et al., 2017). In Viet Nam, in terms of voice and representation, women occupy a significant proportion of managerial and leadership positions in enterprise management, but remain underrepresented relative to men, face a gender wage gap and difficulty in progressing their careers and workplace leadership because of care responsibilities within the home (ILO, 2013).

Additional information can be found in the paper entitled, “Creating decent work and sustainable enterprises in the garment sector in an era of change: Employers’ perspective” submitted to the meeting.

**Industrial relations institutions and processes:**

1. **National tripartite social dialogue**

There are a variety of mechanisms through which the terms and conditions of employment and work in the garment sector can be determined or influenced by unions and employers, sometimes together with government. These range from tripartite dialogue (on legal reforms, labour market policies, or minimum wage levels) to workplace cooperation (whereby issues related to work organization, strategic plans, and general welfare can be discussed in a consultative forum) and collective bargaining. This section will look at each of these, in that order.

In **Bangladesh** four regular tripartite institutions exist at the national level that have relevance for the garment industry. The Tripartite Consultative Council (TCC) advises on labour policy broadly, the Minimum Wage Board (MWB) makes minimum wage recommendations, and the National Industrial Safety and Health Council addresses OSH matters. There are several other *ad hoc* tripartite committees that have been established to address issues in the RMG industry, but they are poorly functioning for a range of reasons, including lack of coordination, the predominant role of government, inadequate staff and lack of willingness of employer representatives to attend meetings (Hossain and Akter, 2015). In an effort to address some of these lacunae, the ILO-DANIDA-Sida project has supported the establishment of the Tripartite Consultative Council for the RMG sector. It has also provided logistical support for meetings of the national Tripartite Consultative Council in respect of amendments to the Bangladesh Labour Act. At the request of the Ministry of Labour and Employment, a terms of reference has been drafted to guide the work of both Tripartite Consultative Councils, and their proposed Support Unit. It is anticipated that the Ministry of Labour and Employment will very shortly establish the Support Unit.

In **Cambodia**, the Labour Advisory Committee, made up of seven trade union representatives, seven employer representatives, and 14 government representatives, advises the government on labour law and regulations, and on minimum wage fixing, which to date has been limited to the textile, garment and footwear sector. In recent years, the government has moved from an *ad hoc* minimum wage fixing process to more regular reviews informed by defined social and economic criteria. In 2001, China’s Trade Union Law was revised to establish tripartite consultations. This led to the creation of Tripartite Consultation Committees (TCCs), with representatives from the Ministry of Labour and Social Security (now the Ministry of Human Resources and Social Security), the ACFTU and
the China Enterprise Confederation (CEC). These committees remain consultative, and tend not to involve independent worker or employer participation (Lee, 2009).

A variety of different tripartite committees and subcommittees exist in India, at central and state levels. These include the Standing Labour Committee, the Indian Labour Conference, National Minimum Wage Advisory Committee, and the Central Advisory Committee on Minimum Wages, though their recommendations are not always followed by the Government (Fair Wear Foundation, 2016b; RoyChowdhury, 2017). A non-statutory national minimum wage rate serves as a benchmark, upon which bipartite advisory committees and advisory boards exist at the provincial levels for minimum wage setting by provincial governments (Grimshaw and Muñoz de Bustillo, 2016).

In Indonesia, tripartite dialogue has been carried out through a variety of national-, regional- and district-level institutions. At national level, this is mainly carried out through the National Tripartite Body and National Occupational Safety and Health Council, though tripartite consultations may also be carried out under the Industrial Relations Dispute Settlement Court, or a number of subject-specific councils (such as on training, employment or productivity). (ITUC, 2016) The minimum wage in Indonesia had been set through tripartite wage fixing bodies in 33 provinces. Tripartite bodies at sub-provincial level would set rates for certain district or municipalities, and in some provinces, industry or multi-employer rates. However, since November 2015, adjustments to the minimum wage are based on a set formula, rather than through a tripartite consultative process. Nevertheless, in mid-2016, a High Level Tripartite Dialogue on Employment, Industrial Relation and Social Protection considered “strengthening social dialogue mechanism and institutions through national and tripartite council, improving collective bargaining through capacity building and strengthening national and regional wage councils” (ILO, 2016h).

The passing of the Minimum Wage law in Myanmar led to the establishment of a tripartite national committee to negotiate and propose a minimum wage (Bernhardt et al., 2016). The National Tripartite Dialogue Forum was also established in 2015, drawing members from among employers’ organizations, trade unions and officials of the Ministry of Labour, Immigration and Population. It has served as an institution to address a variety of labour-market issues, from legal reforms to the implementation of the employment contract. In Sri Lanka, the National Labour Advisory Council (NLAC) was established in 1989 as a tripartite body to consult on labour policies. In practice, it has played a minimal role and been fairly ineffective particularly as meetings are convened at the discretion of the Minister, and the large number of representatives makes arriving at resolutions difficult (Amerasinghe, 2009; Ranaraja, 2013).

In 2004, a national tripartite mechanism though which the government of Viet Nam could consult the VGCL, the Viet Nam Chamber of Commerce and Industry, and the Viet Nam Cooperative Alliance on the formulation of labour policy and legislation was formalized (Pringle and Clarke, 2011: 105). Another major change has been the establishment of the tripartite National Wage Council in 2013 (Chi, 2017), which has among its primary responsibilities to advise the government on annual adjustments to the country’s four different minimum rates. This was further supplemented by Decree No. 53/2014/ND-CP dated May 26, 2014, which provides for “consultation by state management agencies with
organizations representing employees and employers in the formulation of labor policies and law and industrial relation issues.”

2. Workplace cooperation

The ILO Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94) calls for steps to be taken “to promote consultation and co-operation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery, or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment.” As one part of a broader engagement on industrial relations, it can be an important mechanism to “render and essential contribution to the efficiency and productivity of an undertaking, and also contribute to the social and economic well-being of the workers.”

Indeed, ILO research carried out by Better Work, in partnership with Tufts University has shown that the existence of their Performance Improvement Consultative Committees – factory-level committees comprised of managers and workers’ representatives – can lead to a number of perceived benefits. These range from workers perceiving improved working conditions, related to verbal abuse, dizziness, water quality and availability. However, the same research notes that managers tend to undervalue the ability of PICCs, worker committees or unions to solve problems. When considering the qualitative aspects of cooperation, where workplace dialogue is perceived as effective, it is associated with lower levels of verbal abuse. In Viet Nam, the research concluded that the presence of a collective bargaining agreement significantly decreases the likelihood of workers being concerned with verbal abuse. (ILO, 2016a)

Some of the key elements of a well-functioning institution for workplace cooperation include:

- **Gender representation** – the research showed an inverse correlation between women’s participation in PICCs (proportionate to workforce demographics) and workers’ sexual harassment concerns. Moreover, in these circumstances, managers view worker committees positively and supervisors report lower levels of stress.

- **Representativeness** – freely chosen worker representatives (by workers), was associated with positive perceptions of the PICC, as well as reduced verbal abuse, dizziness, aches and thirst, and improved quality of food and toilet facilities. Additionally, in these circumstances managers are more likely to see the Committee as a potential space for resolving conflict. Supervisors also report lower stress levels.

Managers positively view PICCs in situations where trade unions and women are fairly represented, where factory workers can choose their representatives among multiple candidates and when meeting minutes are produced and distributed. Union representation in the Committee is also positively associated with manager perceptions of the PICC’s ability to resolve disputes (Ibid).

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32 Resolution concerning Consultation and Co-operation between Employers and Workers at the level of the Undertaking, International Labour Conference, 35th Session, (Geneva) 1952.
These findings intersect with the development of four factors, developed in a Better Work discussion paper based on in-depth research on the interactions between wildcat strikes and PICCs in Viet Nam, and aimed at strengthening workplace cooperation mechanisms. These factors are: elect, represent, protect, and empower. These principles ensure:

1. Free **election** of worker representatives\(^ {33} \) through a participatory and secret ballot election process. Management should not be present in, or attempt to influence this process.
2. Elected worker representatives fully, effectively and independently **represent** workers, consulting before meetings and providing feedback afterwards.
3. Worker representatives are **protected** against any possible retaliation from management.
4. Worker representatives are **empowered** – and backed by Better Work – to effectively address serious noncompliance issues, irrespective of cost.

The paper notes that also underlines that the academic literature point to numerous possible limitations of non-union worker voice mechanisms, in that it may not be genuinely representative or independent; it may not be protected against retaliation; can only affect minor improvements, or can deal only with minor issues. On this subject, it notes that, “[m]ost importantly, the greatest degree of empowerment will emerge from strong, democratic and representative unions and encompassing collective bargaining, which are rights Better Work must continue to promote.” (Anner, 2017)

Along these lines, the Tufts research was able to demonstrate that the presence of a collective agreement was positively correlated with increased positive effects of workplace cooperation. Collective agreements are also associated with reducing concerns over both sexual harassment and verbal abuse, increased satisfaction of workers with outcomes of complaints, and creating an environment where workers raise concerns with trade union representatives. CBA presence, combined with PICC quality are associated with reducing worker reports of fatigue, dizziness, aches and thirst, and leads to workers expressing less fear for their future.

3. **Collective bargaining**

Where it takes place, with a few exceptions, collective bargaining in countries across Asia occurs at the enterprise level, leading to low collective bargaining coverage rates across the region, with few exceptions. In many countries, it is common that collective agreements reiterate existing rights – minimum standards already enshrined in law – rather than improving on them. Weak capacity of unions, multiplicity of and competition between enterprise unions, legal hurdles and employer opposition as outlined previously, and the

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\(^ {33} \) These recommendations are proposed in a very specific set of circumstances, where survey results indicated that, in Better Work Vietnam factories, 37% of union leaders were from upper management and 59% were middle managers. Where free and independent trade unions exist, and where they have been registered (and, where required, recognized), worker representatives may, in accordance with national laws, or collective agreements, nominate representatives directly to the cooperation mechanism.
challenge of moving enterprise-by-enterprise across large territories all conspire to keep collective bargaining coverage in the region low.

In Bangladesh, under the BLA, collective bargaining is not mandatory and as such only covers a small number of factories (Van Klaveren, 2016: 20). If there is only one union in an enterprise, it is declared as the Collective Bargaining Agent. If more than one union is registered then a secret ballot of workers is held to determine the Agent. Under the labour law in Cambodia, workers and employers may enter into collective bargaining agreements. For unions to gain exclusive bargaining rights to represent workers in collective bargaining, they must be certified as being ‘Most Representative Status’ from the Ministry of Labour and Vocational Training. The new Trade Union Law lowered the threshold for MRS from 50%+1 to 30%, with the stated objective of making it easier to achieve. In 2014, there were only 37 collective agreements registered with MOLVT despite over 620 factories operating that year, and most of the agreements focus only on single or ad hoc issues (Ward and Mouyly, 2016).

In 1994, China identified a system of collective agreements as the mechanism for establishing and adjusting matter of “labour remuneration, working hours, rest and vacation, occupational safety and health, and insurance and welfare” through the process of collective negotiations between a body of workers and their employer on equal basis (Labour Law, 1994, Article 33). The All-China Federation of Trade Unions (ACFTU) is permitted to engage in collective negotiations. The number of collective agreements has been increasing, particularly with plans such as the 2008 ‘rainbow’ plan introduced by the government and the ACFTU to encourage collective bargaining, and the ACFTU 2014 five-year plan to promote collective bargaining (Kuruvilla and Zhang, 2016). One estimate puts the percentage of garment workers covered by collective agreements at around 41 to 50 percent (Van Klaveren, 2016). As in other countries in the region, the agreements often replicate legal minimum conditions and the process is usually a formal exercise, not involving genuine worker participation (Kuruvilla and Zhang, 2016; Lee, 2009). Local employer associations have more autonomy and have therefore been less supportive of collective bargaining, except after strikes (Kuruvilla and Zhang 2016).

Collective bargaining is limited in India, particularly given that there is no legal obligation in most state jurisdictions for employers to recognize unions and engage in bargaining. When collective bargaining agreements do exist, they generally do not exceed legal requirements and workers are usually not aware of the agreements (ILO, 2017d: 31). However, there is one major agreement in the garment industry, the Tiruppur Tripartite Wage Agreement, which covers workers producing for the export market and provides for significant annual wage increases in Tiruppur. It was first implemented in 2007 to 2010 and was renewed in 2016 for another four years (Fair Wear Foundation, 2016b: 22-23).

A report produced by WageIndicator (Ceccon, 2016) analyses the content of 101 collective agreements from Indonesia. Agreements reviewed were company-level, from 13 provinces, with most coming from manufacturing, including a sample (24) from the garment sector. Common topics (found in 80% or more of CBAs reviewed) included: working hours, sick leave, health and safety, medical care, maternity / paternity leave, equality / non-discrimination, workplace violence, pensions, and disability fund. In most cases, CBAs simply reiterated the minimum provisions established by law. The report also found that many
rights ascribed by the law were not reflected in most CBAs (i.e., health and safety training, periodic health examinations, job security for women returning from maternity leave, equal pay for work of equal value). In a limited number of cases, CBAs in the garment sector were found to provide for terms and conditions above the statutory minimum. The report cites a CBA in a textile company from Banten Province as containing the most advanced clauses on pension, training and sexual harassment. Other garment agreements (from West Java and Jakarta) include superior language related to the prohibition of discrimination related to maternity, and health and safety related to pregnant or breastfeeding workers.

The findings related to the relationship between CBAs and legal provisions align with the conclusions of a separate study of 18 collective agreements in the garment sector in West Java and Central Java. That report showed little variation in quality of CBA language across factories. Wages were often left to management decision, and where references were made to wage increases, they simply indicated that wages would rise along with the minimum wage. (Hanartani, unpublished). There are issues with capacity in unions and employer associations themselves. At plant level, only a minority of union representatives and human resources directors have the knowledge and skills required to engage in effective collective bargaining. The Ministry of Manpower currently has a focus on improving collective bargaining, but lacks the resources to implement a comprehensive program.

Collective bargaining is defined in Myanmar as “the process carried out to enable negotiation and conclusion of collective agreement by employer or employer organizations and labour organizations for the determination on conditions of employment and the terms and conditions, their labour relations or the measures for the prevention and settlement of disputes. However, there are no provisions regarding the period for bargaining, good faith, unfair labour practices, registration of collective agreements, or enforcement of the agreements. In practice, collective bargaining agreements are usually signed following a dispute and are therefore generally limited in scope, only covering the issue that caused the dispute (Theuws and Overeem, 2017). A review of CBAs in Myanmar found that they range from single-issue agreements to broader agreements that include up to 20 terms, averaging just under 9 issues per agreement. None of the CBAs reviewed were negotiated on a purely bilateral basis, as each required intervention by the public authorities (government officials or conciliators). Few agreements provided for the duration or expiration, and some enterprises had multiple collective bargaining agreements, with new CBAs made as soon as one to six weeks after the earlier agreements. (Land-Kazlauskas and Myint, forthcoming) This is reflective of the early stage of development of industrial relations in the country.

In Sri Lanka, on average, 45 collective agreements are signed every year (Ranaraja, 2013). An obstacle to collective bargaining is the difficulty in forming a union. Only seven members are needed to form a union (Ranaraja, 2013), but opposition to organizing is common, with employers using tactics such as dismissal of unionized workers (Crabbé, 2012). Workplace collective bargaining was introduced in Viet Nam on matters such as working hours and rest breaks, allowances, occupational safety, and social insurance under the 1994 Labour Code (Pringle and Clarke, 2011). Yet while an estimated 67 percent of unionized workplaces have a collective bargaining agreement, the majority of them simply reproduced provisions in the law. Looking at the large number of wildcat strikes in the garment sector in Viet Nam – which took place despite legally mandated mechanisms for workplace dialogue – Anner
(2017) notes that while PICCs dealt largely with rights violations, strikes were often due to disputes over interests. “As a result, PICCs do not provide a direct mechanism to address most issues causing strikes. Those issues must be addressed through the collective bargaining process, which needs to be strengthened in Viet Nam.”

4. Global and Regional Mechanisms, Processes and Actors

As a consequence of the visibility of the garment industry among consumers, it has been the site of arguably the greatest concentration of global and regional mechanisms, processes and actors seeking to promote decent work and sound industrial relations. Some of these initiatives are specific to the industry, while others are far broader. In this section, a small cross sample of these initiatives is described and some of their impacts assessed.

4.1 Current Initiatives

There are a number of global, regional, and multi-stakeholder mechanisms seeking to improve industrial relations in the garment sector in Asia. These include sustainability and corporate social responsibility initiatives, especially where they involve collaboration with trade unions and initiatives of the Global Union Federations (GUFs). There are also several multi-stakeholder initiatives at the national, regional and international level that are relevant to garment-producing countries in Asia. Some of the relevant initiatives include the Bangladesh Accord; the Ethical Trading Initiative; the Fair Wear Foundation; the FOA Protocol; and the newly-established ACT initiative. The ILO/IFC Better Work program is also worth noting.

**Sustainability and Corporate Social Responsibility Initiatives**

Industrial relations-related CSR initiatives may focus on a number of different issues including freedom of association and wage fixing. H&M, for example, has set the goal of “improved wage management systems supporting fair living wages at business partners producing 50% of H&M group’s product volume by 2018” under its “100% Fair & Equal” policy (H&M, 2016). In addition to its wages target, H&M has set a volume and time-defined target to “ensure democratically-elected worker representation at business partners” (ibid).

In another example, Adidas, has corporate workplace standards and guidelines that refer to ILO conventions and the UN Human Rights Guiding Principles to accept the obligation to take responsibility for respecting freedom of association (FOA) through its supplier network. It claims that where there has been sufficient evidence of a violation of FOA rights it has required its suppliers to provide “right to organize guarantees” to workers (Adidas Group, 2016).

**Public-Private Partnerships**

Since 2014, the ILO has collaborated with SIDA and H&M – under a Public-Private Partnership – to promote sound industrial relations and strengthen freedom of association and the

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34 Corporate Social Responsibility (CSR) is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.
effective right to collective bargaining in the garment sectors of Bangladesh, Cambodia and Myanmar. These partnerships bring together the public and private sectors, which make joint investments in projects implemented by the ILO. Public-Private Partnerships are based on the distinctive strengths of each partner, with comparative advantages in their fields of expertise and the potential to build coalitions for long-term sustainable development.

**Global Framework Agreements (GFAs)**

Global Framework Agreements (GFAs) are negotiated agreements between the Global Union Federations (GUFs) and multinational corporations designed to create a framework of underpinning rights and working standards across all production units and subsidiaries of signatory corporations, and, in more recent agreements, broader supply networks. IndustriALL has GFAs with four global brand corporations: Inditex, H&M, Tchibo and Mizuno. GUFs also play a role in the region by supporting their affiliates in the garment industry. IndustriALL has also continued work begun by the International Textile Garment and Leather Workers’ Federation in the area of living wages (ITGLWF, 2012) and implemented gender-focused initiatives in the region. In 2015, for example, a regional campaign was launched to push for improved maternity leave protection in Cambodia, Myanmar, Indonesia, and the Philippines, with special attention to workers and unions in labour-intensive manufacturing.

In addition to supporting individual affiliates, IndustriALL convenes regional meetings to facilitate exchange of knowledge and best practice on strategic approaches to collective bargaining. For instance, one regional meeting of their garment union affiliates in 2016 discussed a number of country level bargaining initiatives: provincial multi-employer collective agreements in Viet Nam and Indonesia; the mapping of global brand buyer-local supplier business relationships to create openings for bargaining in Bangladesh; benchmarking of collective agreements across companies in the Philippines and Indonesia; consideration of coordination of separate bargaining processes within the same business group or brand supplier base with a view to consolidating bargaining into a single agreement in Thailand, Myanmar, and Viet Nam; and mergers of unions present in the same enterprise in the Philippines and Thailand (IndustriALL, 2016c).

**Interventions by Solidarity Support Organizations**

Solidarity Support Organizations from Northern Europe and elsewhere continue to play an important role in strengthening trade unions, for example, by providing training in collective bargaining and support for internal processes;
supporting initiatives to improve women’s representation in trade unions; and in some cases supporting campaigns on particular issues, for example, social security. Some of these SSOs work in collaboration with the Global Union Federations (GUFs), while others work directly with national centres or with sectoral unions or union federations.

SSOs that have played a particularly important role in Asia include Union to Union (Sweden), LO Denmark, LO Norway, SASK (Finland), Mondiala FNV (Netherlands), CNV Internationaal (Netherlands), DGB (Germany) and the Friedrich-Ebert-Stiftung (Germany) and the Solidarity Center (USA).

In some cases, similar efforts have been made by employers’ associations in advanced economies to strengthen their counterparts in developing countries, as is the case in the Dutch example presented here (see box).

**Multi-stakeholder Initiatives**

In the wake of several catastrophic fires in garment manufacturing factories in Pakistan and Bangladesh in 2012 and the Rana Plaza Factory collapse in 2013 in Bangladesh, there has been an increase in pressure on all stakeholders to take responsibility for supply chain governance. The Bangladesh Accord on Fire and Safety (henceforth, the Bangladesh Accord) was developed by UNI Global union and IndustriALL in conjunction with local union affiliates and international NGOs (CCC, WRC), and has a steering committee chaired by the ILO. The Bangladesh Accord has brought more than 200 global buyer brands sourcing from Bangladesh into a formal and legally binding agreement to pay into a compensation pool for workers (or families of deceased workers) harmed by the Rana Plaza factory collapse, alongside a comprehensive commitment for the audit of supplier factories to assess the structural integrity of factories and workplace health and safety hazards and develop a remediation plan. It also aimed to support the development of worker–management committees to promote improved communication or social dialogue on health and safety issues at the factory level, although the comprehensive implementation of this goal has proved to be difficult. The Bangladesh Accord will be renewed in 2018, when its scope will expand to positively impact on freedom of association, which IndustriALL argues is “fundamental to assuring workplace safety” (IndustriALL, 2017).

A second multi-stakeholder initiative involving the GUFs in the region is Action, Collaboration, Transformation (ACT), which was established in 2015 to address the issue of living wages in garment supply chains by means of supporting industry wide collective bargaining. It commenced by means of a MoU between IndustriALL and 17 major brands and retailers. The parties have committed to work together to support freedom of association rights and industry-based bargaining in selected countries, thereby aiming to connect “national industry-level collective bargaining between unions and employers to the purchasing practices of brands” (Holdcroft, 2015).

Other multi-stakeholder and social responsibility initiatives that engage with international unions include the Ethical Trading Initiative (ETI). An initiative involving national and international trade unions and NGOs as members, ETI has developed a “base code” linked to ILO labour standards including freedom of association and collective bargaining rights. The ETI now appears to be emphasizing collective bargaining and freedom of association as key areas of action and attention (Ethical Trading Initiative, 2017b). In a recent Base Code
Guidance, the ETI has also linked its strategy for members to support living wages in global supply chains to “empowering workers to voice their needs and negotiate wage improvements, and enabling positive social dialogue” inclusive of member companies encouraging suppliers to establish factory-based and sector-wide collective bargaining mechanisms (Ethical Trading Initiative, 2017a).

The Fair Wear Foundation is a similar, Dutch-based multi-stakeholder initiative that involves 80 European member companies producing over 120 brands, along with business associations, trade unions and NGOs (Fair Wear Foundation, 2017). At the core of the Fair Wear Foundation’s activities is its verification system, which operates at the factory level complemented by a country-level complaints mechanism and a central verification process. Within Asia, the Fair Wear Foundation has a presence in Bangladesh, China, India, Indonesia, Myanmar, and Viet Nam. As part of its program, the Fair Wear Foundation is working with Mondiaal FNV and CNV Internationaal on a Dutch government funded project in Indonesia, which is experimenting with multi-company collective bargaining agreements in Indonesia.

The Global Deal for decent work and inclusive growth is a multi-stakeholder partnership aimed at jointly addressing the challenges in the global labour market and enabling all people to benefit from globalisation. The Global Deal has been launched by the government of Sweden, with support from ILO and OECD, and now includes more than 40 associated partners such as governments, businesses, unions and other organisations, with the overall objective to enhance social dialogue and promote sound industrial relations.

Another approach that involves brands, garment factories, unions and governments, is the ILO/IFC’s Better Work program. Initially launched in Cambodia in 2001 as Better Factories Cambodia in the context of the US–Cambodia Bilateral Textile Agreement, it continues to provide independent monitoring of export garment factories and works with workers, employers and government to improve working conditions and boost competitiveness of the industry. The Better Work program was created in 2006, as a partnership between the ILO and the International Finance Corporation of the World Bank. The program is now in seven countries including Cambodia, Viet Nam, Indonesia and Bangladesh. Better Work aims to enhance performance and competitiveness of the industry by improving compliance with labour law and ILO core standards in garment factories. It carries out assessments of working conditions and provides advice and training. As part of the program, Performance Improvement Consultative Committees (PICCs) aim to establish factory-level social dialogue by requiring regular meetings between elected worker representatives and managers.

Other initiatives involving local unions include the Freedom of Association Protocol developed as part of Oxfam Australia’s Indonesian Labour Rights Project. The FOA Protocol is an agreement created by Indonesian unions, suppliers and global brands signed in June 2011 to encourage respect for freedom of association within the Indonesian apparel and footwear sector. The brands that signed up to FOA Protocol were Adidas, Nike, Puma, Pentland, New Balance and Asics, and their suppliers were PT Adis, PT Tungex, PT Nikomas and PT Panarub. The FOA Protocol was planned as a pilot, with potential to be rolled out in other countries. It was also meant to be the first of three rounds of negotiations, the others being on the living wage and precarious work.
Finally, two major multi-stakeholder wage-focused initiatives in the region are the Asia Floor Wage and the Global Living Wage. The **Asia Floor Wage Alliance (AFWA)** is a global coalition of NGOs and trade unions advocating for a standard living wage to be applied across Asia. The AFWA has lobbied brands, retailers and tier 1 manufacturers to enter into agreements that facilitate the payment of a living wage and governments to enact legislation that enshrines the concept of an Asia Floor Wage (Merk, 2009; Roy, 2015). The **Global Living Wage Coalition (GLWC)** is linked to a sustainability and social/environmental certification network called the ISEAL alliance (ISEAL Alliance, 2017). The GLWC has committed to supporting a living wage by developing, promoting and testing the so-called ‘Anker’ living wage method, which claims to be a more credible, transparent and locally relevant means of determining living wages than the Asia Floor Wage. GLWC is presently developing living wage assessment reports for many of the countries in the region.

**Bilateral and Multilateral Mechanisms**

One of the oldest multilateral mechanisms are the **Guidelines for Multinational Enterprises**, which are produced by the Organization for Economic Co-operation and Development (OECD). The OECD Guidelines are a form of soft regulation and therefore voluntary and non-binding, but they allow for complaints to be lodged, publicly assessed and verified and, potentially, resolved by means of mediation or mutual agreement. The OECD Guidelines cover a broad range of issues; however, they have been used most often to deal with industrial relations complaints. The OECD has also released Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, which were developed, “through a multi-stakeholder process with in-depth engagement from OECD and non-OECD countries, representatives from business, trade unions and civil society, and was overseen by the Working Party on Responsible Business Conduct.” (OECD, 2017).

The ILO’s **Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**, first adopted in 1977, are aimed at multinational and national enterprises, governments, and employers’ and workers’ organizations in the areas of employment, training, conditions of work and life, and industrial relations as well as general policies. These include the fundamental principles and rights at work but also guidance on many other facets of decent work.

Most recently revised in 2017, the MNE Declaration responds to new economic realities, including increased international investment and trade, and the growth of global supply chains. It also takes into account developments since the last update in 2006 within and outside the ILO, including new labour standards adopted by the International Labour Conference, the Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in 2011, and the 2030 Agenda for Sustainable Development. The revision has enriched the MNE Declaration by adding principles addressing specific decent work issues related to social security, forced labour, transition from the informal to the formal economy, wages, access to remedy and compensation of victims. It also provides guidance on “due diligence” processes – consistent with the UN Guiding Principles on Business and Human Rights – in achieving decent work, sustainable businesses, more inclusive growth and better sharing of the benefits of FDI, particularly relevant for the achievement of SDG 8.
Bilateral and multilateral trade agreements and preferential market access schemes have also been used to promote labour rights. For example, the United States Generalized System of Preferences process, which led to significant improvements in freedom of association in a number of countries in the 1990s, including Indonesia.

The Asia-Europe Meeting (ASEM) was established in 1996 to foster dialogue and cooperation between policy makers and officials from Asia and Europe and ASEM Labour and Employment Ministers have held 5 conferences, with the most recent in 2015 around the theme Decent Work and Social Protection. Delegates to the conference adopted the ‘Sofia declaration’ which states that global supply chains ‘are often associated with infringements of the ILO core labour standards’ (art. 18). It acknowledges the various initiatives that are promoting decent work, including in the garment industry, but commits the signatories to do more to encourage firms and buyers to ensure international labour standards and guidelines are upheld. It also calls on ASEM leaders to commit to strengthen the enforcement of workers’ rights and application of international labour standards, promote international framework agreements and responsible business conduct. While ASEM endorsed the creation of the Asia-Europe Business Forum (AEBF) in 1996, the Asia-Europe Labour Forum, consisting of trade unions, is yet to be officially recognised (ASEM Ministers, 2015).

ASEAN has also supported, to a certain extent, dialogue over the last decade on industrial relations practices and institutions. One initiative on industrial relations has been the ASEAN ILO/Japan Industrial Relations project (2008 to 2017) which seeks to promote sound industrial relations within member countries. It also facilitated dialogue between regional actors, particularly the ASEAN Trade Union Council (ATUC), ASEAN Confederation of Employers (ACE) and ASEAN Labour Ministers (ALM) (ASEAN-ILO/Japan IR Project Regional Office for Asia and the Pacific, 2012). Emerging from this dialogue, in 2010 ASEAN adopted the ASEAN Guidelines on Good Industrial Practices (ASEAN Secretariat, 2012). In the same year, the ASEAN Corporate Social Responsibility Network was established to encourage CSR among employers. In 2016, ASEAN Labour Ministers adopted the ASEAN Guidelines for CSR on Labour which encourages enterprises to fulfil international labour standards (ALM, 2016a). Otherwise, to facilitate social dialogue and improved industrial relations in service industries, the Asia Pacific Regional Organisation of UNI Global Union has organised an ASEAN Service Employees Trade Union Council (ASETUC), which is supported by the ASEAN Secretariat (Ofreneo and Abyoto, 2015).

More recently, the ATUC has also published a report that recommends the establishment of harmonised ASEAN minimum standards, based on affirming the core International Labour Standards (Bitonio, 2016). Amante (2010) considers the extent to which a common industrial relations framework would be possible in ASEAN. While the ASEAN Guidelines for CSR on Labour alone have not led to major changes, the ASEAN Labour Ministers’ Work Programme (2016-2020) could be a mechanism for encouraging greater harmonisation of labour standards. The programme has set targets which include promoting sound industrial relations, strengthening mechanisms for tripartite cooperation in ASEAN and increased capacities for labour law enforcement (ALM, 2016b). In 2016, Indonesian officials raised the possibility of proposing a regional minimum wage mechanism for ASEAN (Brown, 2016) and
Oxfam has drawn attention to this in advocating for action to support living wages in ASEAN, especially in its garment industries (Mercado, 2016).

In 2014, the first South Asia Labour Conference was held with the support of the EU and ILO. It involved representatives of government and employer and worker organisations from member countries of the South Asian Association for Regional Cooperation (SAARC). One of the recommendations from the conference was the harmonisation of labour laws based on ILO conventions and inclusion of labour in the SAARC Charter (LHRD, EU, and ILO 2014). However, there is no indication of progress being made on these recommendations to date. The SAARC and the South Asian Regional Trade Union Council (SARTUC) have focused on issues of migrant labour rather than broader industrial relations and labour standards.

5. Main Conclusions and Recommendations

While there are variations in working conditions across the region this review reveals that there are substantial decent work deficits in each country. Wages, wage payment systems, working hours, compulsory overtime, and the increasing casualization of work, along with health and safety at work and other matters described in the country reviews all point to the need for improved workplace conditions in the garment industry across the region. Moreover, while women constitute a majority of the workforce in the garment sector of most of the countries considered, they still face challenges in terms of harassment, gender-based violence, and insufficient access to provisions on reproductive health, and inadequate representation and voice in the workplace.

Some industrial relations issues are specific to particular contexts, but there are a number of common industrial relations issues in the region. As noted in previous sections, these include problems with compliance and enforcement of national standards which results in significant variation in wages and working conditions and an over-reliance on the requirements of brands’ for the observation of standards in export production; the legal, institutional and practical limitations of freedom of association, collective bargaining and dispute resolution; weak union density and limitations in the technical capacity of trade unions and employers. In a number of countries, these deficits are even more evident in SEZs/EPZs and industrial parks as a consequence of regulatory regimes that limit trade unions’ presence or ability to act, or exclude them altogether from coverage under national labour law.

The regional mapping and two country-specific reports that underpin this synthesis report also demonstrate that there is evidence of a gap between formal systems of regulatory protection, compliance and enforcement, worker representation, rights to collective bargaining, systems of dispute resolution and the reality of the employment relationship and industrial relations in practice.

As also noted in this report, there are global and regional initiatives in a variety of forms (corporate CSR, sustainability, or compliance programs; global union federation programs and strategies; multi-stakeholder initiatives; bilateral and multilateral mechanisms) that have sought to address some of these industrial relations matters and other related concerns for the garment industry in Asia. Each of these vary in their form and thematic and geographic focus- some are strong on various aspects of compliance but not especially
focused on industrial relations while others are directed towards a particular aspect of industrial relations but are largely country-specific in scope. In general, however, there is no clear evidence of a comprehensive program at the regional level and there would appear to be limited coordination and transfer of best practices between these programs across the region and even in country specific contexts.

On the basis of this report, and bearing in mind the terms of reference, it is **recommended that the project partners should engage in a rigorous dialogue around the establishment of a regional program focused on the improvement of industrial relations in the garment industry in Asia**. The design and scope of this program should emerge from multi-stakeholder dialogue and with careful consideration to available resources and the feasibility of possible program interventions. The term ‘regional’ will require some consideration as it can be used as a broad umbrella term to encompass important garment producing nations across Asia or with closer reference to particular geopolitical and/or sub-regional categories (for instance, South Asia or SAARC countries as opposed to Southeast Asia and ASEAN nations). In practical terms, any regional program will need to consider whether to constitute itself to work with and across the entire garment producing nations included in the regional mapping report or a smaller subset of nations. To manage some of the questions of complexity and scale inherent in working at the regional level, one option, in the context of the planning process, is for the project partners to establish sub-regional taskforces to more closely design and operationalise program interventions.

In the remainder of this section we set out some ideas for measures that may be relevant to addressing the common, and some country specific, industrial relations issues identified in this report. Identifying particular methods and processes may be useful in framing the dialogue and decisions that can underpin a regional program. However, it is important to note that the subsections that follow have been developed without reference to their feasibility or priority – they are, in short, a **menu of possible options for improving industrial relations in the garment industry in Asia across various levels: regional, national (and subnational), and in the workplace**. Clearly, any regional program will by design seek to develop capacity and impact at that geographic level. But effective global or regional program interventions must also impact on, and interact with, actors and institutions across a variety of geographic levels. For these reasons and on the basis of the data that has informed this report, some measures at the national/subnational and workplace level have also been identified in the section that follows.

### 5.1 Recommended Measures to Address Common Industrial Relations Issues

Academic and policy observers of global supply chains have begun to focus more closely on the dynamics of their governance and, in particular, the interaction between forms of private, social and public governance that are both vertical (for instance, governance of global buyer-supplier relationships) and horizontal (for instance, the form and function of institutions in a particular geographic setting or context) (Gereffi and Lee, 2016). The focus in this report and the section that follows is on the latter and with particular reference to the governance of industrial relations at regional, national and workplace levels in the garment industry in Asia. However, given the articulation of most – but crucially not all –
garment manufacturing enterprises and industries with global supply chains, the discussion of possible measures for improving industrial relations has also been developed bearing in mind the significance of vertical flows of influence and impact in the garment industry.

The subsections that follow list various measures and actions that could strengthen policy and institutions at different levels, inclusive of social dialogue and institutional development that might lead to meaningful reform. Where appropriate, these could be applied in EPZs. They also list various measures and interventions that might provide direct assistance with the improvement of current practices of industrial relations in the garment industry across the region. As noted, these are simply presented as measures that may strengthen industrial relations in the garment industry in the region and can be considered as a starting point for further consideration, reflection and dialogue.

**Variation in wages, working conditions, compliance and enforcement**

Across the region there is evidence of an enforcement gap in terms of the effective regulation of wages, conditions and the employment relationship. While corporate-led and multi-stakeholder initiatives have contributed to an improved culture of compliance in a proportion of factories, arguably, auditing approaches have had limited effect on the governance of the broader industry. This emphasises the need for strengthening the enforcement capacities of the government, but also for a stronger role for collective bargaining and social dialogue at various levels to support better compliance, enforcement and to address significant variations in wages and working conditions across the region. Measures that may assist with the improvements in wages, working conditions, compliance and enforcement in the region (including in EPZs) could focus on:

**Strengthening Institutions and Improving Practices: Regional Level**

- Enhanced regional dialogue on the national and industry-based policy reforms required for improved performance on compliance with national and international labour standards.
- Regional mapping of the subsector of the garment industry that produces for domestic or regional buyers as a step towards improving industrial relations and regulatory compliance.
- The development of regional mechanisms and institutions to address wage-based non-compliance. There needs to be enhanced coordination between current initiatives focused on wages and working conditions in the garment industry and opportunities for exchange and alignment of best practices.
- Development of a regional dialogue to support a commitment by key nations and industry stakeholders to strengthen collective bargaining at all levels, including on wage determination, and to examine the extent to which countries across the region rely on minimum wages levels to determin garment sector wages.
- Mechanisms to support regional coordination and consistent reporting on compliance performance across the industry.
Regional Training and exchange program for key labour administration officials to learn about best practice in other nations and improve compliance performance.

**Strengthening Institutions and Improving Practices: National and Subnational**

- Stronger and more coordinated action by national governments, in conjunction with employers and trade unions, on wages and wage based non-compliance issues. Effective action in this domain has the potential for assisting with the prevention or resolution of industrial disputes in many countries in the region. Stronger national-level action, especially if coordinated on an industry-wide basis, may also be supported by interaction and engagement with brands in improving compliance and developing specific mechanisms for levelling up wages and conditions within their supply network.
- At national level, and possibly with reference to a broader regional initiative, there may be scope for supporting policy dialogue and encouraging institutional reform to enable greater utilisation of collective bargaining - and perhaps even industry-based bargaining - to support and determine wages for the garment industry.
- Enhanced attention by all stakeholders to improved compliance by enterprises that currently do not produce for global brands.
- Improved rigour and enforcement of labour standards inclusive of stronger national and subnational (district or industrial zone level) labour inspection and administration regimes.
- Improved coordination of specific compliance projects inclusive of a variety of global or regionally managed multi-stakeholder initiatives. The Better Work program is well established in several key nations in the region and may be able to contribute to improved coordination.

**Strengthening Institutions and Improving Practices: Workplace-level**

- Extending the reach and strengthening the impact of the current approach of some brands and multi-stakeholder initiatives to framing compliance as process of continuous improvement, inclusive of linking compliance to enhanced social dialogue and strengthened worker representation.
- Training and development programs - possibly delivered by ILO country offices in conjunction with tripartite and industry stakeholders, for understanding the connection between improving compliance and trade union rights, capacities and effective and genuine representation at the workplace. Compliance regimes without freedom of association and opportunities for real worker voice are likely to fail and simply perpetuate the gap between formal regimes and actual practice at enterprise level.
- Measures to encourage or require greater transparency of reporting compliance at enterprise level.
**Freedom of association and effective worker representation**

Formal impediments to freedom of association posed by labour regulation or systems of labour administration, including matters such as the design of trade union recognition systems and the discretion or capacity of government labour administrators to delay, refuse or reverse union registration- are clearly very important across the region. This report has also noted the need for improved freedom of association rights in practice at workplace level across the garment industry in Asia and discussed the generally weak effectiveness of trade unions in the workplace. Measures that may assist with the improvements in freedom of association and effective worker representation in the region could address:

*Strengthening Institutions and Improving Practices: Regional Level*

- Enhanced regional dialogue and if possible the development of a common regional commitment on the policy reforms and institutional development that are required to improve freedom of association. This should be especially focused on overcoming the obstacles to genuine freedom of association, inclusive of current laws pertaining to trade union registration, union recognition, the status of contract workers and protections for worker representatives from adverse action or discrimination.

- Enhanced regional dialogue on worker representation and voice in garment supply chains in Asia. This could engage a variety of stakeholders – governments, unions, NGOs and multi-stakeholder initiatives – in addressing current weaknesses and be directed at particular problems in this domain such as solutions to the problem of trade union fragmentation at enterprise level or how to enable effective or independent worker representation.

- Support for regional trade union networks in the garment industry to enable stronger worker voice in garment supply chains in Asia. These already exist to a limited extent but are organised around particular brands at national level and there may be opportunities for the development of stronger cross-national networks.

- Enhanced engagement with regional, national and industry-based employer associations on improving freedom of association rights, with special reference to the need for better practices at workplace level. This could be linked to communication on the ‘business case’ for improved compliance with respect to freedom of association and effective workplace representation.

*Strengthening Institutions and Improving Practices: National and Subnational*

- Measures are required to strengthen trade union capacity at national and subnational levels- especially in particular industrial zones and subregions where there is clustering of garment manufacturing enterprises. In some areas there is a need to build union density and coverage. In other countries...
in the region higher rates of union membership may not translate to effective worker representation because of state intervention, de facto employer control and/or other factors such as inter-union competition.

- Support for unions in the industry at national and subnational levels is also needed to address their internal functioning and leadership structures, especially with regard to the need for greater representation of women in trade union leadership and in framing agendas.
- Measures are required to address weaknesses in freedom of association and worker representation for enterprises that produce primarily for domestic markets. Because of a lower public profile and generally smaller enterprise size this may require research and mapping on this subsector that is largely disconnected from global supply chains and the employment and industrial relations profile character of enterprises within it. After identification of the obstacles to improvement - such as employer preferences and limited or non-existent formal worker representation - training and other capacity building exercises could be developed.

*Strengthening Institutions and Improving Practices: Workplace-level*

- Training, education and capacity development of trade union representatives across a number of core industrial relations functions such as collective bargaining, industrial disputes, and grievance processes.
- Improved protections for trade union representatives at workplace level from discrimination and adverse action. This can be achieved by various means inclusive of action designed to improve the quality of oversight from state agencies. There may also be scope for better coordination and interaction between multi-stakeholder and union-based initiatives (for instance- Better Work; FOA protocol; GFAs) to address this concern.

*Collective Bargaining*

Collective bargaining in the garment industry is weak in coverage and quality across the various nations in the region. Often it exists in form but not in substance – in that collective agreements are not effective instruments to regulate the employment relationship that are the result of robust negotiation. Collective bargaining is also not linked to managing adjustments at enterprise or industry level for dealing with pressures for wage improvements, or from an employer perspective, productivity gains. To improve collective bargaining in the garment industry in the region there is a need for substantive policy and institutional reform – inclusive of consideration of a possible shift away from enterprise based bargaining systems - and enhanced skill development for worker and employer representatives.

At present the scope of collective bargaining where it exists is narrow but with effective skill and institutional development it could be broadened out to include new issues and concerns, including, potentially, issues that do not appear to be present in bargaining agendas such as the amelioration of the environmental impacts of garment manufacturing.
Measures that may assist with the development of stronger collective bargaining in the garment industry in Asia could cover:

**Strengthening Institutions and Improving Practices: Regional Level**

- Enhanced regional dialogue and regional commitments on the policy reforms and institutional development that are required to improve collective bargaining. This should be especially focused on the challenges of the current dominant form of enterprise based bargaining and the potential of industry-wide, (sub)regional or multiemployer collective bargaining to build better and more stable industrial relations and to contribute to national and regional development.

- Enhanced regional dialogue on the possibility of linking collective bargaining to a sustainable strategy for delivering living wages in garment supply chains in Asia. This could engage a variety of stakeholders – governments, unions, employer associations, NGOs and multi-stakeholder initiatives – and be especially focused on the limitations of brand-specific strategies for delivering living wages through the supply chain.

**Strengthening Institutions and Improving Practices: National and Subnational**

- Measures are required to strengthen employer, labour administration, and trade union capacity at national and subnational levels on collective bargaining. In particular, where collective agreements exist many are simply a replication of labour law and have little practical effect. There is also non-observance of the conditions and rights established by collective agreements. Labour administrators must ensure that CBAs are properly registered and enforced.

- The coverage, quality and effectiveness of collective bargaining must be improved so as to reduce the current priority and emphasis of the parties on minimum wages systems or on strike action as the mechanisms for levelling up or determining wages and conditions. Program interventions or institutional engagement and dialogue could specifically seek to address this concern.

- Measures are required to address the absence of collective bargaining for enterprises that produce primarily for domestic markets. As noted previously, this may require mapping and data collection and an interrelated intervention on freedom of association and worker representation to create the potential for collective bargaining to become relevant for this subsector.

**Strengthening Institutions and Improving Practices: Workplace-level**

- Training on collective bargaining and knowledge transfer of best practice in terms of the content and the scope of collective agreements.
Enhancement of freedom of association rights and union capacity to activate genuine collective bargaining.

Closer attention and oversight of informal employer coordination of wages and benefits in ostensibly separate bargaining processes in the same zones or localities (as was evident in the Viet Nam country study). Such strategies negate or undermine collective bargaining but also indicate that there a logic to genuine coordinated collective bargaining.

**Disputes and Dispute Resolution**

As discussed in this report, disputes and mechanisms for dispute resolution are crucial in the garment industry across the region, not least due to the fact that several nations have experienced waves of strikes that have raised concern about the stability of the industry whereas in other nations the capacity for workers to engage in strike action is very restricted or actively repressed. There is typically limited trust and communication between employers and employees and industrial relations issues that could have been dealt with through negotiation are managed through industrial action. The report has also noted weaknesses in formal systems of dispute resolution and the need for the further development of the role of governments in designing dispute resolution institutions; labour administrators in overseeing these; and improved dispute resolution skills on the part of unionists and employer representatives. Measures that may assist with improved systems of dispute resolution and management in the garment industry in Asia could address:

**Strengthening Institutions and Improving Practices: Regional Level**

Enhanced regional dialogue and regional commitments on the policy reforms and institutional development that might support improved systems of dispute resolution. This dialogue could squarely focus on some of the deficiencies of national systems which ensure that industrial disputes are resolved by means of action that takes place outside of the formal system. The dialogue could focus on the need for improved credibility and enforceability of dispute resolution institutions such as arbitration or conciliation bodies and the negative effects of formal industrial action procedures that are unworkable in practice.

Enhanced regional dialogue on the current role of brands in dispute resolution in the garment industry. In several countries in the region the weaknesses or limited practical application of the formal system of dispute resolution mean that appeals to brands or reputation-focused public campaigns are a major mechanism for resolving workplace disputes. While in some instances these may achieve positive outcomes their effect is uneven – not least because of the degree of prominence of the brand in question – and this only further erodes the relevance of industrial relations institutions. Stronger institutions are required at national level but there may also be a role for other mechanisms (such as global framework agreements or multi-
stakeholder initiatives) to manage conflict resolution in garment industry
supply chains in Asia.

**Strengthening Institutions and Improving Practices: National and Subnational**

- Reform of national systems of dispute resolution, inclusive of stronger and
  more enforceable systems of conciliation and arbitration and legal reforms to
  allow appropriate capacity for industrial action.
- Further exploration of interventions, policies and institutions that support a
  pro-active approach to addressing and resolving disputes before the matters
  translate into strike action. The Viet Nam experience, for instance, provides
  some evidence for how mandatory social dialogue, in combination with other
  interventions and contextual factors, may have reduced rates of industrial
  disputes in recent years.

**Strengthening Institutions and Improving Practices: Workplace-level**

- There is a need for enhanced training and capacity development on conflict
  resolution techniques and procedures and the role of workplace
  representation, collective bargaining and social dialogue in preventing or
  managing industrial disputes at workplace level.

**Gender and industrial relations practices and institutions in the Garment industry**

The report has highlighted issues surrounding gender, employment and industrial relations
in the garment industry in Asia, including harassment, gender based violence, access to
maternity and leave provisions, inadequate social protection, and voice in the workplace
and in trade union leadership structures. Enforcement of regulation relevant to gender at
work must be strengthened and trade union bargaining agendas may not include to an
adequate extent issues of concern to women- who comprise the majority of workers in the
industry across the region. Measures that may assist with the development of gender
inclusive industrial relations institutions and practices in the garment industry in Asia could
consider:

**Strengthening Institutions and Improving Practices: Regional Level**

- Enhanced regional dialogue and regional commitments on the policy reforms
  and institutional development that are required to address gender-based
discrimination in the garment industry.
- The development of regional networks for leadership development to
  promote voice at work and more gender inclusive representation. In the first
  instance, this could be focused on trade unions and improving the
  representation of women workers in union leadership structures.

**Strengthening Institutions and Improving Practices: National and Subnational**
In most countries in the region there is a need for improved understanding by employers, unions and government policy-makers of the gendered character of work in the garment industry. Enhanced understanding then needs to translate into policy and institutional reform in key areas of concern: women’s health in the workplace; equality of pay and other working conditions; addressing harassment, gender based violence; and access to care and other necessary services.

Improved national and subnational compliance and enforcement of existing regulation pertaining to the key areas of concern noted above.

**Strengthening Institutions and Improving Practices: Workplace-level**

- Reform of leadership structures of trade unions to reflect the actual composition of the garment industry workforce and allow for appropriate and democratic representation - thereby enabling the inclusion of issues of key concern to women workers in trade union workplace and bargaining agendas.

- Improved compliance at workplace level to address and improve key matters such women’s health in the workplace; equality of pay and other working conditions; harassment; gender based violence; access to care and other necessary services.

**5.2 Ways to Support Existing Initiatives**

As described earlier, there are a number of initiatives that are constituted in different ways in their governance, participants and mechanisms. Each of these address different elements of industrial relations in the garment industry in the region. Whilst each of these initiatives has different strengths and weaknesses in their capacity to support improved industrial relations, arguably none have a comprehensive industry-wide regional scope.

In the context of this patchwork of existing initiatives one of the most important contributions of a new program might be to support enhanced dialogue or coordination between existing initiatives at regional or sub-regional levels and then use this to leverage enhanced coordination and impact at national, subnational and workplace levels. There are already some mechanisms for coordination at different levels and in different forms, for instance: coordination of ILO projects via regional and country offices; Better Work programs across the region, inclusive of the Better Work Asia Regional Business Forum and country-level Project Advisory Committees (PAC) and brand and vendor forums; and regional and country level coordination meetings between GUFs and SSOs to improve the quality and impact of their projects.

A multi-stakeholder regional meeting could be positioned as the first step in building a dialogue that may lead to institutions, structures or principles to support stronger dialogue and coordination opportunities. In particular, enhanced regional dialogue and exploration of the potential for coordination or collaboration should not just be situated generally but, to the greatest extent possible, directed towards providing opportunities for addressing the
common industrial relations problems identified in this report and consideration of what measures and actions might be needed to address each of these.

5.3 Possible New Initiatives

A regional program on industrial relations in the garment industry could develop various new initiatives to address the common industrial relations problem identified in this report or support the enhanced impact of already-existing programs. New initiatives, for instance, might include the further development of regional dialogue on a particular industrial relations issue and use the process to build a regional commitment that, to the greatest possible extent, is enforceable and actionable. As also noted above, a regional coordination mechanism could be another important outcome of a regional program that both strengthens and extends existing programs. Resources made available via the program might also support various measures – as per sections 5.1 and 5.2 – to address the need for improved institutions and practices at various levels on these common regional industrial relations problems in the garment industry in Asia.

Several criteria could inform the development and design of appropriate program interventions. The program should *add value* by supporting dialogue and institutional development at the regional level. Such a program should also have *connectivity* with actors and institutions across other levels. There would be marginal impact if a regional program developed a formal agenda for change but, in actuality, was disconnected from the industrial relations processes, institutions and debates that really matter at national industry and workplace levels. The *durability and sustainability* of various possible initiatives and projects should also be considered carefully in the design phase.

There are various ways in which new initiatives or ideas could be developed that satisfy these criteria. For example, but without reference to the feasibility or desirability of implementation, a program could:

- **Identify** industrial relations practitioners (labour administrators, trade unionists, employer representatives etc.) who are at the forefront of best practice in particular industrial zones or sub-regions and provide training and development programs that enhance their capacity to be advocates for change and to themselves provide training to other practitioners. These practitioners could also contribute to, and be drawn within, a regional dialogue process on a common industrial relations problem. They could be provided with opportunities through training and dialogue processes to develop connections and new knowledge from counterparts based in other countries in the region.

- **Explore** the feasibility of funding and establishing a regional academy or industrial relations school for practitioners based in key garment manufacturing nations in the region. This could support a lasting institutional legacy rather than one-off education program interventions. Cohorts could be drawn from different countries but the same supply chains to generate opportunities for cross-fertilisation and transfer of ideas and practices.

- **Support** the growth of collective bargaining and sound industrial relations directly via a “social dialogue incubator fund”. Funding and technical expertise would be made
available on joint application from workers’ organizations and employers (or tripartite partners) to support innovative approaches to industrial relations through: delivery of targeted training or mentoring/coaching, study visits, exchanges with practitioners from more established IR systems, comparative studies, development of a ‘dialogue adviser’ ILO certification programme in collaboration with Turin, who could then be deployed to provide more intensive support.

- Support the development of a mechanism to build improved regional coordination and consistent reporting on compliance and enforcement of regulation across the garment industry in Asia. Even if reported in aggregate from a credible regional resource database on compliance performance could be of use to stakeholders including brands and compliance agencies and might introduce incentives for performance improvements.

Finally, and with further reference to the latter example, while there is data and general studies of the industry and of garment manufacturing in particular countries in the region, there are few studies that pay close and specific attention to industrial relations and the institutional, social and economic variables that drive industrial relations processes and outcomes. Evidence-based solutions require quality evidence, and so any regional approach should include efforts to build up reliable sources of comparable data on industrial relations.
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