

# **Increasing female voices in the RMG sector through Social Dialogue**

**Pakistan Inception Phase Needs Assessment**

**Draft Report**

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**Pakistan Institute of Labour Education and Research (PILER)**

**&**

**Ethical Trading Initiative (ETI)**

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## List of Acronyms

AF	Aurat Foundation
CBA	Collective Bargaining Agent
CMT	Change Management Team
EOBI	Employees' Old-Age Benefits Institution
ETI	Ethical Trade Initiative
FGD	Focus Group Discussion
GSP+	Generalised Scheme of Preferences Plus
HBW	Home-based Workers
ILO	International Labour Organization
KIIs	Key Informant Interviews
MLF	Muttahida Labour Federation
NIRC	National Industrial Relations Commission
NTUF	National Trade Union Federation
NLF	National Labour Federation
OSH	Occupational Safety and Health
PILER	Pakistan Institute for Labour Education and Research
PKR	Pakistani Rupee
PRGMEA	Pakistan Readymade Garments Manufacturers and Exporters Association
PWF	Pakistan Workers Federation

RMG	Ready-made garment
SD	Social Dialogue
SESSI	Sindh Employees Social Security Institution
SHRC	Sindh Human Rights Commission
SIRA	Sindh Industrial Relation Act 2013
SITE	Sindh Industrial Trading Estate

## 1 Executive Summary

Social dialogue (SD) practices are increasingly being recognised as key to improving compliance and creating awareness among workers and employers of their rights and responsibilities. Following the Ethical Trading Initiative's (ETI) Social Dialogue project in Bangladesh ready-made garments (RMG) factories, a similar yet context-appropriate SD pilot intervention *Increasing Female Voices in the RMG Sector Through Social Dialogue* is being initiated in Pakistan. This report is the inception phase needs assessment undertaken to identify risks and gaps affecting factory workers' rights and entitlements in the RMG sector including lack of access to social dialogue.

The RMG sector is an important component of textile industry in Pakistan — the most significant manufacturing sector employing 40 percent of the industrial labour force. The sector suffers from compliance issues. Female workforce participation in RMG units ranges between 25% to 35% and women are mostly concentrated in low-skill, low wage processes. A number of women contribute to the RMG sector as informal Home-based workers (HWB), the lowest tier of the global supply chain.

The methodology of the needs assessment report comprise field-based information collected via focus group discussions (FGDs), structured interviews with workers, key informant interviews (KII) with other key stakeholders, and desk review of provincial labour laws and compliance issues pertaining to the RMG supply. Information collection was carried out during 20 February-18 March 2020. Soon after the Sindh province went into a lockdown on 26 March 2020 due to the COVID-19 pandemic.

The assessment revealed a number of compliance issues faced by workers inside the RMG units including absence of SD mechanisms and union busting. Contract workers are deprived of entitlements as they remain on probation for years and never made regular by the firm owners. Women face gender-based discrimination. The home based work production in RMG sector is dominated by women and their working conditions and terms remain vulnerable. On their part, employers complain of lack of productivity from workers and accuse labour department of being corrupt and having poor capacity. Though a number of SD bipartite mechanisms in industrial units are mandatory under labour laws, these are not implemented due to weak labour inspection system. Trade unions are considered as

ineffectual and are also resisted by employers. Tripartite bodies instituted by the provincial government serve more as a window dressing than serious effort towards improving industrial relations.

The stakeholders' mapping and needs assessment indicates viable entry points and potential scope for SD interventions to benefit factory workers. Among statutory bipartite mechanisms in Pakistan, Workers Management Council (WMC) is along the same lines as Participation Committee in Bangladesh. Currently WMCs do not function. The stakeholders —representatives of employers' organisations, labour officials, workers, and non-government actors — are unanimous that WMCs can be activated as a viable platform for SD as envisaged in the project. It also emerged in the assessment that existing provincial tripartite mechanisms, if activated, can serve as a forum for building wider advocacy and consensus on making bipartite mechanisms effective within RMG individual production units.

As per assessment, Home-based workers cannot be made direct beneficiary of the project as they are outside the ambit of labour laws applicable in the industrial establishments. HBWs, however, can benefit from policy advocacy taken up at tripartite mechanisms for implementation of the Sindh Home-based Workers Act 2018.

Covid-19 has had a damaging impact on Pakistan's economy and resulted in halt in production and job losses. It has added to the vulnerabilities of workers, with large majority being contract workers likely to fall below poverty line. There is need for a deeper analysis of the impact of Covid-19 pandemic on workers and any future programme strategy must incorporate advocacy on workers protection and social security, among others challenges arising during the pandemic.

## 2 Introduction

Social dialogue is considered a prerequisite for harmonious and sustainable development of industrial relations. Defined as *'all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy'*<sup>1</sup>, social dialogue practices are increasingly being recognised as key to improving compliance, creating effective mechanisms for conciliation, enhancing productivity and creating awareness, both among workers and employers, of their rights and responsibilities. Social dialogue can be a tripartite process with the government as an official party to the dialogue between employers and trade unions or workers' representatives, or it may comprise bipartite relations only between labour and management.

In view of positive outcomes of the Ethical Trading Initiative's (ETI) Social Dialogue project (2013-2018) in Bangladesh ready-made garment (RMG) factories, ETI proposed, in autumn 2018, to introduce a similar but contextually adjusted social dialogue intervention in Pakistan as a pilot to test whether similar activities can generate comparable outputs and outcomes in a different work context. In November 2019 ETI signed a 4-year contract with the Department for International Development (DFID) to implement the project ***Increasing Female Voices in the RMG Sector through Social Dialogue*** in Bangladesh and Pakistan, and an agreement was subsequently signed between ETI and the Pakistan Institute for Labour Education and Research (PILER), the ETI partner in Pakistan, to carry out a SD pilot intervention in Karachi, the hub of industrial and business activities in the Sindh province.

Though Bangladesh and Pakistan have similar challenges vis-a-vis industrial relations, the context differs. The Bangladesh RMG sector has a much greater female participation rate than in Pakistan. Despite weak trade unionism in both countries — less than 5% in Bangladesh and less than 2% in Pakistan — RMG workers in Bangladesh are better organised and empowered. Since the establishment of the Bangladesh Accord on Fire and Building Safety following the Rana Plaza catastrophe in 2013, acceptance of third party

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<sup>1</sup> *Social Dialogue: Finding a Common Voice*. International Labour Organisation, n.d.  
<http://www.ilo.org/public/english/dialogue/download/brochure.pdf>.

intervention for improved compliance and social dialogue has increased in the RMG sector. In comparison, a culture of distrust of both state and non-governmental actors afflicts the sector in Pakistan. Apparel and textile factories here generally lack in social dialogue systems though mandated by the domestic labour law. The number of firms considered to be sufficiently compliant to directly supply to international brands is very low (only around 14 top tier firms).<sup>2</sup>

Aiming to design a context-appropriate social dialogue intervention, a needs assessment was undertaken to identify risks and gaps affecting workers, understand perspectives of employers, state officials and human rights activists on the status of labour compliance in the sector, and the need and possibility for instituting social dialogue practices with consensus of stakeholders.

### **RMG Sector and COVID-19**

In Pakistan, the outbreak of Covid-19 started in late February 2020. The government initiated a lockdown by the fourth week of March. The RMG sector closed when the Sindh province imposed a lockdown on 26 March 2020. Global clothing brands cancelled orders. Though the government allowed textile and clothing sector to resume production with precautionary measures, including calling in only essential employees by mid-April, thousands of vulnerable workers (contract/piece-rate/daily wage) in the RMG sector lost their jobs. According to an estimate, in the Sindh province 7.3 million workers in vulnerable employment across sectors are expected to be laid off.<sup>3</sup>

By the third week of May, the number of confirmed COVID-19 cases had risen to over 47,000 and 1,000 plus deaths across country. The peak of the pandemic in Pakistan is expected in June 2020. The country is still under lock down. It is uncertain when the pandemic will end and what will be the status of the RMG sector in the post COVID-19 period.

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<sup>2</sup> *Minimum wage setting, implementation and working conditions in the formal and informal sectors of the garments industry in Pakistan*. International Labour Organisation, 2015.

<sup>3</sup> Pakistan Institute of Development Economics. "Labour Market and COVID-19: Provincial-Level Analysis of Vulnerable Employment Across Sectors." *PIDE Covid-19 Bulletin*, n.d. <https://www.pide.org.pk/pdf/PIDE-COVID-Bulletin-13.pdf>.



## Structure of the Report

The report is divided into nine sections. **Section 1** provides the Executive Summary. **Section 2** shares the background of the social dialogue programme by ETI, the concept of social dialogue in the context of the ETI's 5-year programme intervention in Bangladesh RMG factories, its plan for context-appropriate replication in Pakistan and the difference between the RMG sectors in the two countries. **Section 3** explains the methodology used for the needs assessment and notes its limitations. **Section 4** gives an overview of legislation, policies and stakeholders with the aim of providing a map of available points for collaboration. **Section 5** presents analysis of the key issues identified by the stakeholders during discussions and interviews. **Section 6** provides an overview of the stakeholders' perspectives on the scope of social dialogue as a tool to resolve issues and improve compliance. **Section 7** reflects on the challenges that have emerged through the exercise with a bearing on programme design and implementation. Effort has been made to incorporate a way forward. **Section 8** draws up conclusions and put forth recommendations.

## 3 Methodology and Limitations

This needs assessment is based on insights gathered from focus group discussions (FGDs) and structured interviews with workers, and key informant interviews (KII) with employers, labour officials, representatives of national human rights institutions and civil society. Desk research comprised review of provincial labour laws and compliance issues pertaining to the apparel and textile supply chain. Information collection was carried out during 20 February to 18 March 2020.

Four FGDs were organised with the apparel and textile sector workers, facilitated by the office bearers/activists of the National Trade Union Federation (NTUF), Home-based Women Workers Federation (HBWWF) and an informal group of RMG women workers led by an activist. Two FGDs were carried out in neighbourhoods in the vicinity of Karachi's industrial areas.

Two of the FGDs were held with home-based women workers (out of these one was mixed, with participation of male workers), the third with male factory workers and the fourth with

female factory workers. In four FGDs, a total of 70 workers participated (44 females and 26 males). Out of 44 females, 32 were Home-based workers. Workers from industrial areas of the Baldia Town, New Karachi, Landhi, Lasi Goth and Gadap Town participated in the FGDs.

Information through structured interviews was collected from 30 factory workers (25 men and 5 women) identified by labour activists and community mobilisers. Interviews provide a general profile of RMG factory workers and shed light on the status of bilateral social dialogue mechanisms at workplace as stipulated in labour laws.

The level of education among workers interviewed ranged from 0 - 12 years of schooling. (7 nonliterate; 7 studied up to 5th grade; 2 up to 8th grade; 11 up to 10th grade; and 3 finished 12 years of schooling). Average age was 30.9 years with a majority in their 20s and early 30s. Work experience in the current factory was 6.5 years.

Fourteen key informant interviews were conducted with four state officials (two officials of the provincial labour department, Ombudsperson Protection of Women Against Harassment at Workplace and Chairperson Sindh Human Rights Commission, three representatives from the Employers' Federation, one private auditor, three civil society representatives and two representatives of international organisations running similar interventions.

The biggest constraint experienced was the outbreak of the COVID-19 pandemic. The first case in Pakistan was reported on 26 February. While the plan was to collect data through five FGDs also incorporating structured interviews, covering round about 50 plus workers, PILER had managed to conduct four FGDs and interviews with 30 workers and 14 key stakeholders by 18 March. The province of Sindh went into complete lockdown a week later. PILER was unable to interview employers and brands due to the pandemic and subsequent lockdown.

Due to the pandemic and time constraint, lists of suppliers to ETI-member brands could not be obtained. Impromptu access to the factories' management was difficult without strong local contacts. Large firms and factories in Karachi are strictly guarded premises. The factory workers who participated in two of the FGDs, and the 30 factory workers who were interviewed off-site through structured questionnaire, were all employed in small or medium-sized factories which may or may not be supplying to international brands.

With the exception of three members of the Employers' Federation of Pakistan (EFP), no other employer/firm owner could be interviewed due to the lockdown though they were approached. Unfortunately, the team was also unsuccessful in securing appointments with international brand representatives due to their other urgent priorities related to the pandemic.

## 4. Overview of Legislation and Policy and Stakeholders Mapping

### Social Dialogue in RMG Sector: Legislation, Policy and Practice on Bipartite and Tripartite Mechanisms

The RMG sector in Pakistan is characterised by a very low level of unionisation. Instead, as according to a country study, bipartite consultative committees have taken over in most factories processing orders for major international brands.<sup>4</sup> Though several bipartite mechanisms are mandatory under law in establishments in all industrial sectors, no data is available on bipartite consultative practices in large, medium and small-size RMG units. This is mainly due to weak and inefficient labour inspection system by the labour department (responsible for registration and inspection of industrial units, with only 80 inspectors and 28 assistant directors in Sindh), lack of documentation by the Labour Department and lack of transparency in the business sector.

An overview of the existing legislation and policies on social dialogue and bipartite and tripartite mechanisms is presented in this section, along with a comment on their implementation based on available information as well as response provided in structured interviews. This may assist in drawing clarity on legal social dialogue structures that may be needed to be referred to during the course of the programme.

**The Sindh Industrial Relations Act 2013** regulates formation, registration and the working of trade unions, determines collective bargaining agency and sets the rules of relations between employers and workers. An important institution of liaison between management and workers to facilitate settlement of workers problems, stipulated in the Act, is **Shop Steward**, provided for in each shop, section or department in establishment with 50 or more workers.<sup>5</sup> All 30 workers interviewed for this assessment reported there is no shop steward in shop floors, sections, and departments of the RMG factories they are working in.

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<sup>4</sup> *Labour standards in the Garments Supply Chain: Pakistan Country Study 2016*. CNV International, 2017.

[https://www.cnvinternationaal.nl/\\_Resources/Persistent/3f536c421531517c7ef360f87491a8f6194e278e/CNVI-0105%20Country%20study%202016%20Pakistan%20extern%20FINAL.pdf](https://www.cnvinternationaal.nl/_Resources/Persistent/3f536c421531517c7ef360f87491a8f6194e278e/CNVI-0105%20Country%20study%202016%20Pakistan%20extern%20FINAL.pdf)

<sup>5</sup> The Sindh Industrial Relations Act 2013 <http://www.pas.gov.pk/uploads/acts/Sindh%20Act%20No.XXIX%20of%202013.pdf>

**Workers Management Council** is a bilateral social dialogue mechanism stipulated under the Sindh Industrial Relations law to be established in every workplace of more than 50 workers. The Council should have at least six members with 50% representation of workers. Section 29 of the Act spells out in considerable detail the terms and conditions and the functions of Workers Management Council.<sup>6</sup> Though it is legally binding for enterprises to form councils, anecdotal evidence suggests that large firms supplying to international brands tend to establish these Councils due to pressure for compliance. However, the Councils lack genuine representation of workers.

Three out of 30 (10%) workers, all permanent employees, reported in the structured interviews that there is a Workers Management Council in their respective factories, while 12 (40%) workers said there are no such councils in the factories. The remaining 15 (50%) said that they do not know whether or not there is any such mechanism in the factory.

**Sindh Occupational Safety and Health Act 2017** provides for elected OSH representatives from amongst the workers in establishment having less than 50 workers, and an Occupational Safety and Health Committee in establishments having more than forty-nine workers. The law also stipulates formation of a tripartite **Occupational Safety and Health Council** to monitor safety conditions in enterprises.

Out of 30 participants 47% said that there are no occupational health and safety committees in the factories they are working in. 40% did not know; whereas 13% reported existence of occupational health and safety committees in the factories.

**Sindh Home-based Workers Act 2018** stipulates that every registered home based worker shall be entitled to social, medical and maternity benefits, compensations and marriages and death grants. Moreover, the law provides for the **Council for Homebased Workers**, formed under the Labour Department to undertake registration of Homebased workers for the purpose of bringing them under the ambit of all labour laws. Neither the Council has been instituted nor the Rules of Business of the Act formulated yet.

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<sup>6</sup> Ibid.

***Protection against Harassment of Women at the Workplace Act 2010*** spells out the procedure to file a complaint for sexual harassment, investigation of the case, and accountability of the accused. Under this Act each workplace is mandated to constitute an Inquiry Committee comprising three members of whom at least one member is to be a woman. Section 7 confers power to the authority of the Ombudsman at the federal and provincial level to enquire into complaint if the complainant feels she would not get justice from the workplace inquiry committee. Workplaces are also required to display information material on harassment and inquiry committees at prominent spots in the organisation.

In the structured interviews, only three (10%) out of 30 workers reported Inquiry Committees on Sexual Harassment in the factories they are working in. Majority (53%) shared they do not have any such committee in their units, whereas 37% workers did not know.

### **Tripartite Mechanisms**

There are four tripartite committees constituted under the Labour Policy by the Government of Sindh with representation from workers, employers and the Labour Department.

The 12-member ***Provincial Tripartite Consultation Committee*** formed in 2017 to support implementation and review of ILO provisions and domestic laws. The Committee is discredited by labour rights organisations, including PILER, as it does not fulfill the criteria of workers' representation.

***Sindh Tripartite Labour Standing Committee*** was instituted in early 2018 to monitor labour policy implementation. PILER is a member of the committee .

***Zonal Committees*** were established in late 2019 in six industrial zones in Karachi to facilitate tripartite dialogue and intervention on improving workers' rights and working conditions. The committees comprise representatives from the labour department, employers and workers from respective industrial zones.

The 22-member ***Occupational Safety and Health Council*** was established in August 2019 with representation from government, employers' associations, United Labour Federation

and civil society (PILER) representatives. The Council is mandated to facilitate cooperation between stakeholders and advice on OSH matters.

The objective of the tripartite structures is to promote social dialogue between key partners – government, employer and workers – on industrial relations issues. These tripartite mechanisms, though hold potential for improved industrial relations, have yet to be made functional and effective. The committees do not function as desired for a number of reasons that include lack of political will of the government, lack of consensus on stakeholders' representation, irregularity of meetings, lack of capacity of state officials, lack of documentation and absence of accountability. Tripartite bodies serve more as a window dressing than any serious effort towards improving industrial relations. The government does not confer legal authority on these structures to enforce implementation on recommendations that come out of the meetings, in case meetings take place. The role of tripartite consultations is not ensured in the Constitution nor in a specific law.

#### 4A. Key Stakeholders around SD Project Covering RMG Sector

The RMG sector (which includes apparel and knitwear) is an important component of the textile industry in Pakistan, which in turn is the most significant manufacturing sector and the top exporting industry with a complete value chain, employing 40 percent of the industrial labour force. Female workforce participation in the RMG sector ranges between 25% to 35%. According to an estimate there are 50 large and 2,500 small RMG units, and 2,500 hosiery and knitwear units, mostly small.<sup>7</sup> Major RMG manufacturing units are clustered in Karachi, Sindh.

According to a study, 97% of firms are small or medium-scale.<sup>8</sup> These are largely run in the back of informal economy and informal employment relations. Big brands and retailers source directly from the formal sector manufacturers. Other brands source from

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<sup>7</sup> *Pakistan's Readymade Garments Sector: Challenges and Opportunities*. Pakistan Business Council, 2018. <https://www.pbc.org.pk/wp-content/uploads/Pakistan's-Readymade-Garments-Sector-Challenges-and-Opportunities.pdf>

<sup>8</sup> *A Comparative Analysis of the Garments Sector of Pakistan*, International Growth Centre, Consortium for Development Policy Research, Lahore University of Management Sciences, 2013, <https://cdpr.org.pk/wp-content/uploads/2018/07/Study-I-LUMS-team-Hamid-Nabi-April-2013-A-Comparative-Analysis-of-Garments-Sector-in-Pakistan.pdf>

intermediaries who are likely to be involved with informal sector manufacturers who may be subcontracting to Home-based workers.<sup>9</sup>

#### 4.1 Mapping of Stakeholders and Institutions

Stakeholder mapping exercise was undertaken to identify key stakeholders that have a direct or indirect bearing on the project, and may play a role in any capacity during the course of the project. In addition, their speciality/mandate, strength and weaknesses have also been briefly assessed. The section also seeks to identify their potential role, with an objective to aid the project design and guide the project partners when making strategic decisions responding to the key labour rights needs of project participants (RMG workers) and indirect participants (corporate members, factory management, Ministry of Labour, trade unions, etc.). The mapping was based on a desk review, in-house discussions and reflections on PILER's past and present work experiences, and linkages with various stakeholders.

The mapping has been undertaken with a view to five possible roles for stakeholders in the project. These roles include:

- 1. Direct participation as beneficiary in the project:** Stakeholders that are likely to take part in and benefit from project activities centered around building of social dialogue mechanisms at factory floor. These may include workers, employers/factories and brands (after collaboration is acquired). The labour department may also benefit by way of extension of implementation of an important provision of law.
- 2. Networking support to connect with key actors:** Stakeholders, primarily associations and organisations that are well positioned to assist the project in linking with key stakeholders for partnerships and collaboration. These may include employers, workers organisations, business and government stakeholders.
- 3. Advisory support to guide the project forward:** Stakeholders that can advise, provide a platform to discuss key issues/challenges, and provide input and support to the

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<sup>9</sup> *Pakistan's Hidden Workers: Wages and conditions of Home-based workers in the informal economy*, ILO, 2017, [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms\\_554877.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_554877.pdf)



project. These may include employers associations, trade unions, and civil society organisations.

4. **Complaint mechanisms to address key labour rights issues identified by participants in the course of the project:** Institutions, in addition to the labour department, that have a mandate to address workers complaints related to rights violations such as Provincial Ombudsman (Protection against Harassment of Women at Workplace) and Sindh Human Rights Commission. Direct project participants and other project actors can be linked with them for awareness, collaboration on effective redressal of workplace rights violations.
5. **Legislative and policy advocacy:** Institutions that may assist in advancing implementation of labour legislation, strengthening of institutions and mainstreaming social dialogue related themes.

The section presents a brief list of stakeholders identified and assessed on the basis of the outline mentioned above, to provide context for their possible role. This is followed by a brief chart for their possible roles based on the five categories outlined for the project.

### **Stakeholders**

**Workers:** The most important stakeholder are workers, particularly female workers, as they are the focus of the project intervention. In RMG factories, women are mostly hired for low to medium-skill processes (i.e. piece stitching, thread cropping), though in large factories there are some women in high-level jobs (i.e. quality control, Human Resource, client Public Relations).

Excepting formal sector firms which supply directly to international brands and retailers, compliance with labour standards is an issue in the labour intensive RMG sector. Gender pay gap is reported to be 33%, and hire and fire is the norm.<sup>10</sup> Workers are afraid to organise as employers are averse to trade unions.

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<sup>10</sup> *Pakistan's Readymade Garments Sector: Challenges and Opportunities*, Pakistan Business Council, 2018, .

Contract work is common practice in factories. According to a private auditor who has audited several RMG firms, appointment letters are not issued by employers for specific reasons. “Though they get the worker to sign a contract letter but do not give a copy to the worker because of the fear that the employee would go to court in case of violation such as denial of paid leave or non-payment of salary”. During audits the management insists that all workers are permanent, though they are mostly contract workers.

There are following categories of workers inside the factories:

**Permanent workers:** part of the core team (i.e. 20% of the workforce), permanent workers engage in processes requiring specialised/technical skills, such as CAD piece cutting. Permanent workers get monthly wages and company’s benefits (i.e. increments, transport) and are registered by the firm with the state-run labour welfare institutions for social security and old-age benefits.

**Contract workers:** comprise approximately 80% of the work force, are hired for low and medium skill processes and paid piece-rate. Duration of fixed-term contract work is nine months under the law and the probationary period is three months. Continuous renewal of nine-month fixed-term contract, or 90-days probationary period is used as a strategy to sustain contract labour. Contract workers are not registered with state welfare institutions and neither get benefit of any kind.

**Supervisors-cum-contractors:** These are experienced and skilled workers, often holding permanent/regular position in the factory on monthly salary. They identify/hire contract workers on piece-rate for their department and get commission for this additional service (i.e. labour supply).

Outside the factories, two categories of workers are involved in the RMG supply chain. These are:

**Informal contractors or middlemen,** they are often ex-workers of the RMG sector but with resources (i.e. better experience, ambition, assets) and access to local networks within the workers’ communities. They supply low to medium skilled labour to firms, or get piece work done from Home-based workers. The on-site workers brought in by them are also treated with the 90 days contract system.

**Home-based workers** are at the lowest tier of the supply chain. Comprising 98% women, Home-based workers are paid the lowest piece-rate, suffer from irregular work and are most vulnerable.

**Workers' Organisations:** According to official data, 3.45% of the workforce in Sindh is unionised, as compared to less than 2% in the country.<sup>11</sup> The recent tripartite set ups indicate a mildly conducive environment for trade unions compared to other parts of the province. Out of a total of 7,096 trade unions, 3,924 unions in Sindh province are registered with the Islamabad-based National Industrial Relations Commission (NIRC), and among these only 379 unions hold the status of collective bargaining agent (CBA).<sup>12</sup> (It is not known how many CBAs are found in the RMG sector. This information, if required, may be collected from NIRC at a later stage. Or, the ETI-member brands, those inducted in the project, can be approached to request this specific information from their Karachi-based suppliers. )

Among national level trade union federations, Pakistan Workers Federation (PWF), Muttahida Labour Federation (MLF), National Trade Union Federation (NTUF), and National Labour Federation (NLF) are prominent, not because of the number of their members, which is very low, but for other reasons (i.e. connections with official elite, political affiliation etc).

Among 23 sectoral federations, Pakistan National Textile, Leather, Garments & General Workers Federation, Pakistan Textile Workers Federation, and Textile Power Looms & Garments Workers Federation Pakistan represent the RMG sector.<sup>13</sup> As the number of trade unions is very low in the RMG sector, these three sectoral trade union federations are not functional and have minimal, or no infrastructure.

In Karachi, PWF, MLF and the NTUF, affiliated with IndustriAll, are active and facilitate member and non-member workers in the RMG sector. Home-based Women Workers Federation (HBWWF), affiliated with IndustriAll, mobilizes Home-based workers who produces items for garments, shoes and glass bangles. There are a number of informal,

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<sup>11</sup> Ibid.

<sup>12</sup> International Labour Organisation, Zafarullah Khan Khalil. A Profile of Trade Unionism and Industrial Relations in Pakistan. ILO, n.d. [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms\\_626921.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_626921.pdf).

<sup>13</sup> Ibid.

small groups of Home-based workers in the vicinities of industrial areas in Karachi led by RMG women labour activists trained by PILER in the past decades.

**Employers' Organisations:** *Employers' Federation of Pakistan* (EFP) has a membership of over 800 multinational, large national and small and medium businesses. EFP is a tripartite constituent of ILO with a mandate to interact with government, business organizations, social partners and stakeholders. EFP works with employers on compliance of international labour standards and organises trainings on social dialogue and other related issues.<sup>14</sup> PILER has a decades-long working relationship with its executive committee members who are supportive of PILER's endeavours. Due to its specific background and position as a tripartite actor, EFP is well suited to be approached for collaboration, support in establishing networks to implement the project and also offer advice to guide the project.

***Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)*** facilitates exporters through different services, including human resource development through Pakistan Readymade Garments Technical Training Institute.<sup>15</sup> PRGMEA has a research unit and is receptive to information sharing. PRGMEA is positioned to support in outreach to employers as well as assist in advisory capacity to fulfil project objectives.

***Karachi Chamber of Commerce and Industry*** (KCCI) is affiliated with the Federation of the Pakistan Chamber of Commerce and Industry and has around 22,000 direct members. It is also affiliated with seven industrial town associations of trade and industry from Sindh Industrial Trading Estate (SITE) Area, Korangi, Federal B Area, North Karachi and Bin Qasim.

All Pakistan Textile Mills Association (APTMA) and Pakistan Hosiery Manufacturers & Exporters Association (PHMA) are two other significant bodies.

KCCI, APTMA and PHMA can be explored for as broader support partners, sharing and exchanging data and lend support to project objectives at a macro level.

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<sup>14</sup> Employers Federation of Pakistan <https://efp.org.pk/> and "A brief introduction of Employers' Federation of Pakistan," Business Recorder, April 27, 2019, at <https://fp.brecorder.com/2019/04/20190427467790/>

<sup>15</sup> PRGMEA Profile on Facebook [https://www.facebook.com/pg/Pakistan-Readymade-Garments-Manufacturers-Exporters-Association-PRGMEA-232410593480125/about/?ref=page\\_internal](https://www.facebook.com/pg/Pakistan-Readymade-Garments-Manufacturers-Exporters-Association-PRGMEA-232410593480125/about/?ref=page_internal)

## 4.2 State Bodies

**Labour and Human Resource Department, Government of Sindh:** Sindh Labour Department is responsible for registration of factories and trade unions, determination of collective bargaining agent, resolution of industrial disputes, and enforcement of labour laws and Occupational Safety and Health provisions, and adjudication of cases of non-payment and compensation claims.

Among all state bodies, Sindh Labour Department is the key stakeholder, and would be indirect beneficiary of the programme because it is responsible to monitor and ensure implementation of labour laws, inclusive of SD-related bipartite structures inside the factories and tripartite mechanisms established at the provincial level for oversight. The Department suffers from organisational issues. Poor allocation of funds, political interference, lack of synergy between various sections adversely impact its functions, capacities and service delivery. Despite its gaps, Labour Department's support and cooperation is essential, not only for official documentation and monitoring of the on-site bipartite mechanisms but also because its partnership would confer legitimacy and authority to the proposed intervention and the potential scaling up of the programme by local stakeholders.

In the last decades, PILER has cultivated linkages with Sindh Labour Department and provided support in an advisory capacity as well as as a member of tripartite institutional arrangements such as the Pakistan Tripartite Labour Conference and the Standing Labour Committee. Sindh Labour Department can be approached by PILER for data access and official support during planning and implementation phases if required.

**Trade Development Authority of Pakistan (TDAP)** works to enhance exports and improve market access for Pakistani goods through trade diplomacy. TDAP has a separate division for the textile sector. During ETI's and PILER's joint scoping study on the surgical instruments industry in Sialkot in 2018, TDAP was one of the local stakeholders and a member of the consultative committee overseeing the project.

**Treaty Implementation Cells (TICs)** established at the federal and the provincial levels in response to the requirements of the GSP+ scheme. The TICs' functions include coordination and collection of data from state departments on the implementation of treaties and

conventions and preparation of reports to be submitted to EU and UN bodies. In recent years PILER has engaged with the Provincial TIC as a part of its programme on GSP+.

TDAP and TIC may assist in linking with relevant trade related compliance and GSP+ mechanisms (respectively), particularly concerning labour rights conventions attached with GSP+. A dialogue channel and exchange of views with them may help in building broader solidarity for the project and a conducive environment for policy advocacy on SD.

**Provincial Ombudsman (Protection against Harassment of Women at Workplace Act 2010):** A complainant of an incident of sexual harassment has the option to submit a complaint to the Ombudsman, if s/he thinks Inquiry Committee set up inside the establishment is not fair. The Provincial Ombudsman Sindh investigates and resolves complaints and provides relief and remedy to the victims of sexual harassment at workplace and brings the accused person in the purview of this Act. The Ombudsman's support can be sought to compel RMG firms to form Inquiry Committee against Sexual Harassment in each and every unit.

**Sindh Human Rights Commission** investigates and recommends action to address violation of human and labour rights through applications filed with the Commission or *suo moto* notice. PILER's Joint Director is also a member of the Commission.

**Sindh Commission on the Status of Women** examines policies, programs and other measures taken by the Government for women development and gender equality. It also seeks to monitor institutional procedures for redress of violation of women's rights and sponsor research to generate information and analyses relating to gender issues. Representation and input from both the Commissions in the working committee would be helpful for policy advocacy and encouraging mainstreaming of SD related discourse at a later stage.

### 4.3. International Buyers/Brands

The RGM sector constitutes 19% of Pakistan’s textile exports with major buyers from USA, UK, Germany, France, the Netherlands, Belgium, Spain, Italy, and China. Prominent RMG buyer brands include<sup>16</sup>:

1. Adidas	11. Diesel	<b>22. H&amp;M</b>
2. Diesel	12. Marks & Spencer	23. Jack Wolfskin
<b>3. Marks &amp; Spencer</b>	13. Emporio Armani	24. Boss
4. Sears	14. American Eagle	<b>25. GAP</b>
5. Levi's	15. Marc O'Polo	<b>26. C&amp;A</b>
<b>6. Next</b>	17. P&B	27. Nike
7. Zara	18. D&G	28. O Silver
8. Carrefour	19. Kohl's	29 Escada
9. Tom Tailor	20. Puma	30. Wall Mart
10. Old Navy	21. Hollister	31. Macy's

The brands highlighted in bold are ETI members. Brands were not part of the needs assessment due to the Covid-19 pandemic. Following consultation and consent, brands support can be sought in linking with local suppliers for participation in the project as well as support linkages.

### 4.4. Civil Society Organisations

**Aurat Foundation (AF)** is a known for facilitating civil society groups and networks to mobilize public pressure for women’s empowerment. AF also works through citizens’ action committees and has a strong body of work on women’s rights in legislative advocacy, knowledge production and institutional integration with related human rights structures from the government and the NGOs sector. AF, if taken on board on the working committee

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<sup>16</sup> A presentation shared by the All Pakistan Textile Mills Association with PILER

can provide input on gender mainstreaming in the RMG sector, and help in policy advocacy against rights violation and sexual harassment at work place.

**Human Rights Commission of Pakistan (HRCP)** undertakes data collection on human and labour rights violations and legal development, mobilises public opinion through outreach, organizes campaigns, investigates cases through fact finding missions, promotes discourse on constitutional and legal reforms and collaborate with national and international civil society organisations on human and labour rights themes. HRCP could also be made part of the advisory committee. Participation of HRCP and AF may contribute to informing on rights based position. They have a critical national presence that could be useful to draw political support for the subject of social dialogue and labour rights and other project goals.

**HomeNet Pakistan** is a network of Home-based women workers' informal groups and organisations that lobbies for Home-based workers. It can provide input in case the programme design includes RMG Home-based workers.

**National Organisation of Working (NOW) Communities** is a Karachi-based organization that works on labour compliance, gender, education and health issues of workers' communities through capacity enhancement at the grass-roots level and advocacy at policy level. NOW Communities can help access female factory workers and Home-based workers in the RMG sector in Karachi.

#### 4.5 Similar Programmes

##### **International Labour and Environmental Standards Application in Pakistan's SMEs,**

The 6-year programme (2016 to 2022) is led by ILO in partnership with the European Union and the World Wildlife Fund (WWF) to support compliance efforts in response to the need for facilitating implementation of GSP+ conditionalities. The programme covers 100 enterprises in the textile and leather sector in Karachi, Lahore, Faisalabad and Sialkot. Target beneficiaries are workers in selected enterprises, trade associations, workers'



organisations and government officials. One of the objectives is to strengthen institutional systems (i.e. tripartite structures, social dialogue).<sup>17</sup>

ILO's implementation strategy, *Work Improvements in Small Enterprises (WISE)*, comprises one-day individual trainings for enterprises as well as group trainings around OSH. Subsequently a second element, *Sustaining Competitive and Responsible Enterprises (SCORE)* is introduced bringing together workers and employers through Enterprise Improvement Teams to identify and resolve issues, create an enterprise improvement plan and make the business more efficient and productive. ILO works through trainers and asks brands to nominate their supplier factories to take part in the intervention. The programme does not require participating organisations to recognise trade unions. However, ILO wants the organisations to comply with the national legislation that requires Work Councils.

According to ILO, one half of the programme is with government through tripartite committees and environment bodies etc. of the federal and provincial governments. Moreover, ILO uses its research component to promote discourse on freedom of association.

### **Dialogue for Compliance by GIZ**

A component of a larger programme, *Improving labour standards in Pakistan Textile Industry (2017-2020)*, Dialogue for Compliance is built on executing dialogue-based methods in companies as instruments for change management processes that focuses on boosting productivity and improving labour standards. It has been implemented in 25 cluster factories, members of either APTMA or PRGMEA, in the Punjab Province focusing on the textile and readymade garments sector as well as the shoes and leather industry. The project aims to raise workplace productivity through introducing a factory Change Management Team (CMT) with representatives from both workers and supervisors focusing on creating a social dialogue around compliance issues.

Both ILO and GIZ led programmes can be referred to for experience sharing and enhancing understanding on dynamics of SD on factory floor.

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<sup>17</sup> According to project information available on ILO website

## Stakeholders and Possible Roles in the Project

<b>Role</b>	<b>Direct participation as beneficiary in the project</b>	<b>Networking support to connect with key actors</b>	<b>Advisory support to guide the project forward</b>	<b>Complaint mechanisms to address key labour rights issues</b>	<b>Legislative and policy advocacy</b>
<b>Stakeholders</b>	Workers (contract, permanent), employers, factory management	Employers organisations,	EFP, PRGMEA,	Labour Department	Labour Department (Also tripartite bodies)
	Labour Department	Trade unions	Trade unions	Sindh Human Rights Commission	
	Home based workers (depending on project design)	workers organisations	Civil society organisations (Aurat Foundation, NOW Communities, HRCP)	Provincial Ombudsperson (Protection against Harassment of Women at Workplace)	TDAP, TIC,
		Brands (with consent)	Similar programmes (ILO and GIZ)		Sindh Human Rights Commission
					Sindh

					Commission on the Status of Women
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## 5.Key Issues in the RMG Sector

### 5.1.Issues faced by factory workers

The section draws from the FGDs and structured interviews conducted with workers, and the information and views shared in stakeholders interviews. The profile of the sample of workers has already been shared in the Methodology section.

**Wages and working hours:** Workers are paid monthly on a piece-rate or per dozen rate basis. In the FGDs the workers mentioned that their earnings are low and insufficient to meet the family needs. Generally, a worker makes Rs. 15,000 (approx. £75) per month while the majority do not know that the legal minimum monthly wage in Sindh is Rs. 17,500 (approx. £88). Workers reported long working hours, at times up to 12 hours, while they were not familiar with the maximum stipulated overtime (weekly 12 hours) and that the overtime rate is double. Some of the workers reported they miss lunch in order to make more pieces. Though in the survey more than half of the workers reported earnings above the minimum wage (between Rs. 17,500 to Rs. 24,000), only one clarified that he gets this total amount through overtime. Remaining workers were not aware whether they earned this amount through 8-hour daily work or through added overtime, perhaps due to lack of proper pay slips. Only 17% workers received wages through bank transfer and the majority (83%) through cash.

**Contract employment:** Most of the participants of the FGDs were contract workers and few regular staff. In structured interviews, only 6 out of 30 workers reported regular employment while the majority worked on contract basis. This is a reflection of the dominant informal nature of the employment arrangement in the industry. There are several methods of hiring contract workers. One is through department supervisors who, in addition to their supervisory duties, act as on-site contractors and brings in labour. Others

are contract workers hired by factory managers themselves. Duration of fixed-term contract work is nine months under law and probationary period is three months. Workers reported they are given a gate pass on a temporary basis. Before completion of the three-month probationary period, workers are re-hired, their contracts renewed and they are given a new gate pass with a new code. Gate pass is the only proof of employment because contract employment letter is never given. Thus contract workers continue to remain on probation for years and never made regular by the firm owners.

**Job insecurity/social security:** During FGDs and interviews contract workers shared they feel insecure about work because they are never made permanent. They are not registered with social security institutions and despite long years of service in a factory, management does not make them regular employees. If workers complain, they are asked to leave. Worker who raise concern about wages, demand increment after a year of service, or seek redress on any matter are immediately fired without any compensation. Along with this unfair treatment, the nearby factories are informed not to hire that worker. This malpractice seems to be a norm. The workers interviewed reported a current decline in business activities as the industry is getting fewer orders compared to the past. Contract workers are forced to take unpaid leave and wait until the new production order initiates. Most of them were unaware of any state-run social security and old-age benefit institutions.

**Medical and other facilities:** Workers do not get any kind of allowances and have to pay themselves for lunch, tea and transportation. Moreover, in some factories facilities such as clean drinking water, toilets, and a canteen are missing. The management does not support them in case of health or family emergency and there is no paid leave policy. Group health insurance scheme covers only permanent/regular workers who are registered with state-run welfare bodies.

**Occupational safety and health:** There is no proper support given for any injury or sickness at workplace. In case workers are temporarily unable to work, they are fired. Personal protection equipment is not provided to workers in most of the factories. Health hazards within in the RMG sector includes dust allergies, skin diseases, lung diseases and machine injuries. Workers report that the management make them wear masks during audits or inspection.

**Discrimination in hiring women workers:** Some of the factories which provide allowances and special packages prefer 18-25 years old women with a minimum of 10 years of schooling. Preference for young unmarried women is due to several factors. Young girls are considered quick learners, submissive and unable to confront management in case of grievances. Married women are avoided because they may take more leaves of absence due to urgent childcare needs. If they get pregnant they are entitled to 3-month paid leave. In case the company employs married women, they are paid less. It was also shared that employers generally avoid hiring women as they would have to set up separate facilities for women such as childcare room, female guard/searcher, sexual harassment measures etc. Women workers observed that age and marital status are the criteria for recruitment, and not the expertise.

Workers noted another kind of discrimination: due to influx of migrants from rural Sindh, the province of Khyber Pakhtunkhwa and Afghanistan, some factories prefer them as they work on lesser wages, thus discriminating locally skilled and experienced residents.

**Sexual harassment:** Women reported incidents when they were forced to quit work due to harassment issues. If a junior worker faces harassment and raises it with a senior colleague who in turn takes the complaint to the supervisor (who may or may not be her contractor), the most likely outcome is that the worker will be further insulted and told to leave work and stay home. A few participants reported combined toilets for men and women where door locks are often broken and incidents of privacy intrusion have occurred. Most of the factories display posters on sexual harassment laws posted in their premises, but as the posters are in English, workers do not understand the message. There is no mechanism to report and handle cases of sexual harassment in most of the factories.

**Trade unions:** The workers shared that most factories, except a few big firms, do not have a trade union. In the few cases where a union was present, it was not granted the CBA status. If workers try to form a union, management resorts to threats and dismissal.

**Lack of awareness of legal rights:** Workers, particularly contract workers, have little or no knowledge of labour laws and their statutory entitlements. Out of 30 workers only 6 knew the correct minimum wage for non-skilled workers and only 8 workers were aware of the stipulated 8-hour workday.

**Lack of social dialogue/complaints redressal mechanisms:** Throughout the interviews it was found that the lack of proper mechanisms to report work-related concerns is one of the major issues faced by workers. There are no unions to resolve issues through collective bargaining and no one in a managerial or supervisory capacity pays attention to their problems. Neither is there any space to interact with the factory owner whom most workers think is the only authority who can solve issues. Often contract workers do share concerns with the contractor, who is often a supervisor, but he does nothing. A female worker shared that she joined a group of 25 workers to demand fair wages but they were terminated by the management. Workers are targeted and mistreated or asked to leave if they report any issue.

## 5.2. Issues faced by Home-based workers

**Low piece-rates and delayed payment:** women reported less than minimum wages per month due to dismally low piece or per dozen-rates. Anyone demanding fair piece-rate is discouraged and asked to quit as there is always someone else to pick up low-rate work. Contractors often delay payment.

**Additional costs:** maintenance cost of sewing machine, cost of materials (i.e. button, threads, needles, frames) and high cost of electricity are not factored into piece-rates. Sometimes women have to fetch material from, and return finished products to, the middleman which entail transport cost.

**Double burden of work:** Factors that drive women to work include economic compulsion, social and other constraints on women's mobility, low level of education and skill-set, lack of awareness of job openings in factories and care work responsibilities at home. Hectic paid work done in cramped space is combined with household chores and care work of children and family members. Women shared that they begin work at 11 am after cooking and home chores are done and continue work till 9pm. Many reported that the stress and financial issues disturb family life. Women in FGD shared at times they face domestic violence. But avoid dealing with the issue and do not confront. Though it needs to be established through research if there is any link between domestic violence and constraints imposed by Home-based work in a domestic environment, our understanding is that there is some probability that Home-based work leads to factors (such as working in cramped spaces, constraints on

women's time, perpetuation of unequal power relations) that are conducive for domestic violence. Women also reported health issues such as eye problems, headache, backache, joint pain, and breathing issues.

**Organising through the HBWWF:** Women that were interviewed shared they have learnt to negotiate better. They negotiate collectively (5-6 women) with contractors. HBWWF organises meetings for them and as a result they are better informed of different aspects of their work and related issues. They have learned to keep records of work and payments.

**Awareness of rights:** Some of the women have heard about the Sindh Home-based Workers Act 2018, which gives them the right to receive a card from the Labour Department against which they can register for Social Security and EOBI. They were concerned they have not received their cards and that there has not been any adequate action by the government to implement the law (i.e. establishment of a council, mapping and registration of workers).

### 5.3. Issues faced by Employers

**Labour productivity:** One of the main concerns of the employers, as shared by a representative, is labour productivity. Low labour productivity in the country is due to an inadequately educated workforce, limited access to the education system, poor health infrastructure and lack of vocational training and skill-building programs. A representative interviewed said: "When a worker's performance is below the mark, what choice do we have? The employer has to motivate him. If he shows resistance, you have to charge-sheet him. Worker can also quit on their own". He was of the opinion that often the worker is not able to learn new skills and master new technology due to low level of education and low skill-set. Also, workers "lack in multi-skilling, multi-tasking ability", it was observed. "Workers tend to lose productivity after lunch break". An employer interviewed conceded that workers are also overwhelmed with financial and social issues and that impacts their engagement with their work.

Another concern of the employers is timely delivery of the orders. "Factories have to produce according to the target and when the workers are engaged on piece rate basis, and are slow, they have to stay for 2-3 hours more to complete the target".

**Employee turnover:** According to the employers' opinion nowadays workers lack commitment to a company compared to bygone days when they remained loyal to one

employer for years. “When a worker learns a skill, he leaves for better wages or for some other reason”. Quick turnover hampers the manufacturer’s ability to deliver products to international clients on time.

**Mindset:** One of the representatives said that manufacturers and employers, by and large, have not changed their thinking with the changing time. “They are still stuck in traditional grooves. They need to realize that production is no longer producer-oriented: it has now become consumer-oriented. It is not just quality of products but gender equality, child labour, workers’ safety that concerns consumers. If employers in Pakistan want to be a global player, they have to change their mindset,” shared a representative, implying it is of value to producers to ensure ethical practices in order to stay in business.

**Labour inspection system and labour compliance:** According to a representative, “Employers resist interventions, either it is from the ILO or labour inspectorate. They take it as interference and do not want to be dictated.” Employers are unanimous that there are issues with the labour inspection system. “Instead of fulfilling their responsibilities, labour and health inspectors just demand money (bribery) from employers. They are not concerned either about workers or employers”.

### **Perspective of an Auditor**

The views on key workplace issues shared by a private auditor interviewed for the Needs Assessment report are being presented separately. The private auditor’s specific background and experience brings forth the perspective of a somewhat neutral entity, as he neither represents employers nor workers. His perspective may further help clarify the complex picture of employment relationships and broader issues such as labour governance and legislation.

### **Issue of fair representation of workers and their issues in Workers Management Council:**

An elected representation of workers in the Workers Management Council, as stipulated in the law, is critical. Currently, these are mostly on paper. At the most, their meetings minutes are mostly related to fire safety issues. Factories are reluctant to let JMCs function because they fear organization of workers.

**Occupational safety and health:** Apart from contract work, workplace safety is a major issue and not all factories take it seriously. Most often, workers are not provided with any safety



gears. In some workplaces childcare rooms are situated next to production units, while the boiler rooms are built below kitchens, hence demonstrating unsafe space planning. Auditors have no mandate and capacity to conduct building safety and civil engineering inspections, while there is no system of monitoring of building safety codes.

**Wages:** The Sindh Payment of Wages Act 2015 states that salaries should be deposited into the employees' bank accounts. However, the government has not devised a system to facilitate opening of a bank account for workers making it impossible to verify wages paid to workers.

**Home-based work:** Brands discourage supplier factories to outsource work to HBWs. This is because there are no monitoring mechanisms to monitor the working conditions and other labour related factors at HBW level.

## 6. How do Stakeholders Envision Social Dialogue?

All the stakeholders, workers, employers, state officials and non-governmental actors, consulted for this report, viewed social dialogue as a way to resolve issues and promote harmonious industrial relations in the RMG sector. As the provision for bipartite structures already exists in the domestic law the three key stakeholders—employers, state officials and workers—said there is a need to make these mechanisms effective.

The workers were of the opinion that Workers Management Council can be useful to resolve issues arising at the workplace and ensure fair practices. A dispute resolution mechanism would save workers from losing their jobs abruptly. Most of the workers stated that trade unions could be a good option for creating social dialogue. However, they conceded that the existing unions are weak and in addition, the employers do not approve of trade unions. Hence, they thought WMCs might be a better option.

Though the employers outwardly express the opinion that WMC at the factory level could be a suitable forum for dialogue between employers and workers, they harbour distrust of workers. A certain ambivalence is noted among employers towards dialogue with workers: employers agree that SD is important for stable industrial relations, and the external pressure for compliance is increasing, yet they are not willing to concede workers the space granted by law.

### 6.1. Scope for SD Interventions and Entry Points

The stakeholders' mapping and needs assessment indicate viable entry points and potential scope for SD interventions to benefit factory-based contract workers as well as permanent workers.

The RMG sector suffers from compliance issues. Majority of factory workers are paid piece-rate, hired on contract basis and retained as such for years and thus deprived of entitlements such as social security, old-age benefits, health insurance, increments and bonuses. Rights to form unions and collective bargaining are denied. Women workers suffer discrimination and gender pay gap. Social dialogue systems do not function. Majority of workers do not have adequate awareness of their rights and entitlements. On the other side, employers complain of low labour productivity, high turn-over and lack of workers'

commitment. Though labour laws are in place, weak labour inspection system fails to ensure implementation of rules and regulations.

In this scenario, there is scope for SD interventions at two levels through existing bipartite and tripartite mechanisms. Inside the RMG units, bipartite mechanisms are mandatory under the Sindh Industrial Relations Act 2013. Some of the large firms have set up the WMCs on paper to fake compliance. Though employers acknowledge the importance of SD (i.e. pay lip service), at present majority of them violate the rule by not instituting the structures in their units. There is a need to make them aware of this contradiction, convince them of the importance of compliance required by the global supply chain and facilitate them to institute SD in industrial units.

The Workers Management Council is along the same lines as the SD mechanism in Bangladesh currently being strengthened through the larger ETI project in Bangladesh. The Participation Committees stipulated in Bangladesh Labour Act 6, made effective through the amendment of Bangladesh Labour Act 2013 and ratification of Bangladesh Labour Rules 2015, 2006 are functional in the Bangladesh RMG sector. (The origin of both Bangladeshi and Pakistan laws was the same, i.e. Industrial Relations Ordinance 1969). This increases the viability of replication of the SD intervention in Pakistan through activating WMCs. The resistance of employers, as cited both by ILO and GIZ representatives running similar programmes will be a critical challenge that would need a concerted strategy from the project team.

The existing provincial tripartite mechanisms, if activated, would serve as a forum for building wider advocacy and consensus on making bipartite mechanisms effective within RMG individual production units. Tripartite consultations, with wider participation from the state bodies, employers' organisations, trade union federations and civil society would go a long way to create an enabling environment for effective on-site social dialogue, and improved monitoring of the same by the Labour Department.

Home-based workers cannot be the direct beneficiary as they are outside the ambit of labour laws applicable in industrial establishments. HBWs, however, can benefit from policy advocacy taken up at tripartite mechanisms for implementation of the Sindh Home-based Workers Act 2018.

Employers' organisations, particularly EFP and PRGMEA, as well as the ETI-Member firms can help access RMG productions units from among their members.

## 7. SD for Readymade Garment Sector: Challenges and Way Forward

- 1) **Outreach Strategy:** Local firms supplying to international brands are generally not receptive to third party intervention. The EFP and the ETI-member firms both need to be requested to share lists of their respective suppliers in Karachi. Once these stakeholders agree to the proposed SD intervention and facilitate contact with Karachi-based units open to partnership, the team can approach respective factory management. Previous experience shows this process can be time consuming. Support and cooperation of the ETI-member brands would be essential to expedite this process and gain entry into the identified factories.
- 2) **Resistance of factory owners and middle management:** As noted previously, the employers agree verbally on the need for, and legal status of, social dialogue mechanisms, because they consider themselves as law-abiding citizens. Yet, underneath they resist workers' agency. There are several reasons for this mindset, such as nature of businesses' origins (family-run, parochial, closely guarded), distrust of workers' unions, suspicion of NGOs (both local and international). At the same time, a gradually expanding environment of tripartism in the province and a broader environment supporting right to freedom of association in the backdrop of GSP+ can be utilised to consistently engage with factory owners to open up to the idea of social dialogue.
- 3) **Inclusion of contract workers:** A crucial challenge would be to ensure participation of contract-based factory workers in bipartite mechanism. Contract workers comprise 80% of the formal sector RMG sector. They are deprived of all entitlements despite legal recognition of their rights, including representation in SD-mechanisms. The project will have to develop guidelines and enlist the support of supervisors and contractors to encourage employers to open up to participation of contract workers in the project.
- 4) **Gender mainstreaming:** A significant component of the RMG sector workforce, women are most vulnerable as neither their male co-workers nor management accord them the fair treatment they are entitled to. Women workers' representation is missing from local/national tripartite constituents who do not take gender issues seriously enough. As the project's main beneficiaries are women workers, project design would need to devise a gender mainstreaming strategy and specific measures.

- 5) Home-based Workers:** As home-based workers in the RMG sector cannot be included in any on-site SD intervention, a separate component of the project would be required to cater to their special status and needs. This is doable because Sindh province has a specific legislation on Home-based workers. The component may focus on how to assist the Labour Department to map and register Home-based workers in the RMG sector in Karachi, the first key step towards integrating Home-based workers into a workforce entitled to labour rights.
- 6) Capacity of Labour Department:** Weak capacity of the labour department officials poses another challenge. The Department is responsible for monitoring and inspection of SD mechanisms inside the factories. Despite the gaps, the Labour Department is one of the key stakeholders and mechanisms need to be devised to involve the Department in an effective way.
- 7) Distrust of government departments by the employers:** Majority of employers have a deep distrust of the government, particularly labour department officials, whom they blame for inefficiency and lack of integrity. On the other hand, labour officials, in general, think that industrialists avoid taxes and subvert inspection. The fact is the two sides co-opt with each other to evade compliance. The project design would need a strategy to build trust between the two parties and bring them closer through social dialogue. To begin with, an advisory group with representation from both the parties could be one way to bring the two parties on the same table.
- 8) Clarity, legitimacy and relevance of the approach, acceptance and sustainability of the intervention:** Internal challenges include clarity of objectives and focused activities at all levels — from planning to implementation to consultations and discussions in the selected existing bipartite/tripartite mechanism. Special attention needs to be given to the approach relevant to the changed scenario that would emerge in the post-COVID-19 period. Among other factors which confer acceptance of intervention among stakeholders, a simple, clear and focused narrative of the proposed project's objectives and activities prepared in local language would be required. Generally, interventions bring in a terminology alien to workers. It needs to be avoided at all level for better acceptance and sustainability. Participatory approach is crucial from the early stages of the design intervention and during the implementation stage.

**9) Post pandemic environment:** While the impacts of the Covid-19 pandemic are still unfolding, it has certainly opened a debate on workers access to job security, fair wages and social security. This is reflected in all the measures by both the provincial and the federal governments that emphasise providing relief to workers. Moreover, PILER has been a part of tripartite arrangement established soon after the disease outbreak, to protect workers rights and ensure wages. There is an opportunity to build on this for rethinking and re-strategizing for improved labour compliance.

## 8. Conclusion and Recommendations

The inception phase needs assessment carried out for the pilot SD intervention *Increasing Female Voices in the RMG Sector through Social Dialogue* identified a number of risks and gaps affecting factory workers' rights and entitlements in the sector including lack of access to social dialogue. Women workers face gender discrimination at various level (i.e. recruitment, wages, facilities). A desk review of labour laws reveal that labour policy and legislation in Sindh province grants basic workplace entitlements to workers and requisite SD mechanisms are stipulated. But due to weak labour inspection, rules and regulations are mostly subverted by employers.

The assessment highlighted the need and scope for facilitating social dialogue practices. It emerged that Workers Management Council, a statutory mechanism of social dialogue, has the potential of acceptance by the stakeholders, particularly employers who tend to resist third party intervention. Labour officials are well aware of the mechanism as they are mandated to inspect the functioning of these Councils in each and every industrial unit.

Currently, Workers Management Councils, though mandatory, exist mostly on paper. Workers' representatives are not elected but nominated by the employers and contract workers are barred. Factories are reluctant to let the Councils function because they fear workers' collective voice. A genuinely elected Workers Management Council can bring in workers' representation, their experiences and insights into the issues, and can benefit both the parties.

The employers identified the gaps (i.e. low performance, high turnover) they perceive in the workforce and spoke of the need for skill development, productivity and performance enhancement. The SD intervention would require to respond to these needs simultaneously while addressing labour rights deficits.

The need for activating and strengthening of existing SD tripartite mechanisms also emerged strongly in the assessment. In the province, a number of tripartite mechanisms have been put in place by the government in recent years to facilitate sustainable industrial relations. Both the government and employers have shown relatively better openness



towards compliance since the GSP + scheme granted by the EU. The Sindh Tripartite Labour Standing Committee, Zonal Committees and Occupational Safety and Health Council, if made functional and effective with representation from employers' and workers' organisations, labour and women rights groups and institutions, would augment the SD intervention inside the RMG units. Support and cooperation of employers' associations (EFP, PRMGEA) and ETI-member firms would be needed to identify the RMG units for intervention.

The assessment indicated that Home-based workers cannot be made a part of on-site SD intervention (inside the factories) as they are located in the informal sector which does not confer legal status on them as workers, though a separate provincial law grants them rights on paper. There is a need for mapping and registration of Home-based workers before a separate component of the project is planned to benefit them. Strong advocacy for HBWs' rights can be undertaken through Sindh Tripartite Labour Standing Committee.

### **Recommendations:**

The recommendations have been guided by reflections from field data, discussions with project staff and insights from labour rights experts contacted in the course of the Needs Assessment. The recommendations presented below seek to identify an effective way forward for the project for the implementation phase as well as means to enhance the ambit of social dialogue on a broader level.

1. **Form a multi-stakeholders' working committee** with specific functions and responsibilities and a definite work plan to bring stakeholders on board, build consensus and legitimacy for the planned SD intervention and follow-up programme activities.
2. **Engage state tripartite SD mechanisms** through the working committee as a component of programme strategy.
3. **Mobilise broader policy advocacy on labour compliance** through tripartite mechanisms.

4. **Devise and put in place a media strategy** to share information, dispel misinformation and suspicion regarding social dialogue and build public trust.
5. **Develop programme narrative** free of jargon and in local language so it can be understood and owned by all local stakeholders including workers.
6. **Facilitate existing local SD mechanisms inside the factories:** It is recommended the project should strengthen and activate **Workers Management Council (WMC)**, and **Inquiry Committee on Sexual Harassment**, the bipartite SD mechanisms mandatory for every industrial unit.
7. **Solicit a legal expert to review** sections 29 and 30 of Sindh Industrial Relations Act 2013 to analyze implications of the terms and conditions of WMC. A comparative study of the legalese of Participation Committees in Bangladesh and WMCs in Pakistan would help in project design.
8. **Ensure elected representation of workers in SD:** Project design should take into account that employers agree to elect representation of workers in WMCs through fair election.
9. **Induct contract-based factory workers in SD:** contract workers constitute around 80% of RMG on-site workforce. Any intervention that does not induct these workers would not yield desired outcomes.
10. **Increase women's participation in SD:** Women workers in the RMG sector comprise about 25% of factory workforce. Their representation in WMCs must be ensured.
11. **Build capacity of elected WMCs members** on relevant subjects (i.e. labour laws, ILO standards, productivity, performance).