

**SOCIAL COMPLIANCE**



**round table**  
গোল টেবিল বৈঠক

Ninth Bangladesh Round Table on Social Compliance  
18<sup>th</sup> July 2012  
Saint Martin Hotel, Chittagong

Documentation



Conveyor



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BSCI is a leading system aiming at improving social compliance in the supply chain of companies sourcing globally. Created in 2003 and with headquarters in Brussels, Belgium, the BSCI provides its member companies a uniform methodology and tools to involve their suppliers in a continuous development oriented process. In addition to this, the dialogue with stakeholders on different levels plays an important role in BSCI's approach.

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LIFT Standards e.K. is a consultancy firm providing advisory service on social compliance with audit, remediation and enhanced productivity service to improve the working conditions.

LIFT Standards has been established 2001 in Dhaka and has a proven record to intensively worked in Bangladesh with suppliers and buyers in the interest of improved working conditions.

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## I. Participants List

<b>Name</b>	<b>Organisation</b>	<b>Position</b>
Mohammad Manjur Alam	Chittagong City Corporation	Mayor
Md. Yousuf Ali	Ministry Labour & Employment	Inspector
Golam Md. Bhuiyan	Department of Environment	Deputy Director
Pronab Chowdhury	Fire Service and Civil Defence	Station Officer
Muhammad Sekandar Khan	East Delta University	Vice Chancellor, Moderator
Mostak Ali Chowdhury	Surjer Hashi Clinic	Clinic Manager
Md. Shahidul Islam	Fire Service and Civil Defence	Station Officer
Happy Chowdhury	Salim & Brothers Ltd	Environment Executive
Md. Mahbubur Rahman	Salim & Brothers Ltd	Environment Executive
Nomita Nath	BIGUF	General Secretary
Morshed Alam	BIGUF	Organizer
Md. Jashim Uddin	Fire Service and Civil Defence	Deputy Assistant Director
Sajedul Islam	BGMEA Institute of Fashion and Technology	CEO
Md. Karim Ullah Chowdhury	BGMEA, Chittagong	Deputy Secretary
Md. Rasel Eusooofi	BGMEA Chittagong	Assistant Secretary
Showkat Osman	Precision Knitting System Ltd.	Managing Director
Md. Arifuzzaman	H&W Apparels Ltd	Compliance
Md. Altaf Uddin	BKMEA	Joint Secretary
Mahfuzul Hoque Shah	Chittagong Chamber of Commerce & Industry	Director
Md. Ali Azgar	Chittagong Chamber of Commerce & Industry	Deputy Secretary
Haran Kanti Chowdhury	Walmart Global Sourcing	Sr. Supplier Development Specialist
Jenny Fagerlin	H&M Bangladesh Liaison Office	CSR Program Developer
Chandon Kumar Paul	H&M Bangladesh Liaison Office	Environmental Sustainable Auditor
Mehbub Hossain	PVH Corporation	Compliance Officer Bangladesh, Pakistan
Md. Sultanul Alam	Lindex Bangladesh Liaison Office	CSR Responsible, Bangladesh & Pakistan

Nazrul Islam	MQ Retail AB, Dhaka Liason Office	Country Manager
Shahid Uddin Ahmed Azad	H&W Apparels Ltd.	Managing Director
M. Fazle Karim	Inter Link BD Ltd	Advisor
Md. Arun Chowdhury	Inter Link BD Ltd	Compliance and HRD Manager
Chandan Kumar Dey	BIGUF	Joint Secretary
A.M. Nazim Uddin	Bangladesh Jatiyatabadi Sramik Dal (BJSD)	President, Chittagong Division
Anwar Hossain	Bangladesh Jatiyatabadi Sramik Dal (BJSD)	Joint General Secretary
Lutfur Naher Soniya	Garments Federation	Personal Secretary
Sukanta Dutta	TUC	General Secretary
Taslima Begum	TUC	
Amit Kumar Agarwalla	KDS	Environment Executive
Md. Shah Alam Sarder	4H Group	Compliance Executive
Deena Morium	4H Group	Compliance Executive
Ayesha Khatun	4H Group	Compliance Executive
K.M Abul Basher	BEPZA	Senior Assistant Secretary
Ferdowshi Begum	Farzana Fashion Ltd	HR & Compliance Manager
Christian von Mitzlaff	LIFT Standards e.K.	Organizer (Round Table)
Farhana von Mitzlaff	LIFT Standards e.K.	Photographer, Media Advisor

## II. Synopsis

This agenda of the 9th Round Table on Social Compliance, held on 18 July at Chittagong has been titled:

**“A Healthy Industry –  
contribution to productivity, the means of incentives and income benefits.”**

Mayor Mohammad Manjur Alam, Chittagong City Corporation has been the Chief Guest, pointing at the necessity Social Compliance can contribute to the social stability in this largest industrial sector.

The Round Table has been attended by participants from Dhaka and Chittagong from national and local government public agencies, suppliers, buyers, trade and business associations, trade unions, activists and NGO's. Among the participants were Joint Director of Labour from the Ministry, Deputy Director, Department of Environment, BGMEA and BKMEA, PVH, H&M, Walmart, Lindex, and Trade Unions among others.

Background to this agenda is the quest how to contribute to a situation, whereby workers as well as production output can benefit in a joint effort, at a time of price pressure and rising price of consumer goods. Topics like appropriate communication with workers, labour productivity enhancement and the benefit of incentives have been in the focus.



During the discussion key issues were highlighted like: how to achieve stable workforce, decent factory environment and which are factors of a 'healthy industry'. The participants voiced their area of concern to achieve sustainability for this largest industry sector.

Among the reason for low productivity are also the 'non-invoicing' costs, which are rising out of control.

Following points have been highlighted by the suppliers as necessary to address for the manufacturer:

1. Clarify the 'Division of Labour (tasks) within the management;
2. Set up of productivity parameters to monitor the input and output ratio with improved Quality Cycle;
3. Reward the workers with production incentives;
4. Develop 'Profit Sharing' practice;
5. Invest in the health status of your workers.

At one point did Mr. Sakwat Osman, BKMEA addressed the floor and urged his fellow manufacturers as well as BGMEA “stop talking of ‘cheap labour’ as the comparative advantage for Bangladesh”. Conflicting with the aspiration of developing to a middle income country and producing higher valued good it is moreover the challenge to achieve efficiency in this labour intensive industry.

Factors of realistic planning, skilful workers and good working conditions are supporting higher productivity.

Gains can be achieved in reduced migration rate and improved behaviour by the so called ‘middle management’. Benefits of Provident Fund, yearly increment and promotion are valuable Human Resource policies, which are widely underutilized.

Among the suggestion for the upcoming Round Table has been to address the ‘Role of the middle management for a healthy industry’.

The session has been moderated jointly by Prof. Sekandar Khan, Vice President East Delta University and by Christian von Mitzlaff, Organiser. The Round Table is a regular social dialogue sponsored by BSCI and organized by LIFT Standards e.K.

### III. Agenda

**“A Healthy Industry –  
contribution to productivity, the means of incentives and income benefits.”**

held on Wednesday 18<sup>th</sup> July 2012, 9:00 –13:30 p.m.

at **Saint Martin Hotel**, Chittagong

followed by lunch.

#### Programme

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08:45	Registration
09:00	Opening part with addresses by key participants, Address by Chief Guest, Mayor Alhaj Mohammad Manjur Alam, Chittagong
11:00	Tea break
11:20	In-house Dialogue: <ul style="list-style-type: none"><li>• Implementation and ways of promotion</li><li>• Other issues raised by the participants</li></ul>
13:30	Closing and lunch invitation

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#### IV. Address during the Opening Session

For the opening session the press has been invited and participants from each stakeholder group has been asked to briefly address the Round Table on the question of implementation of Social Compliance in Bangladesh. Which relevance do they see in this initiative and how to contribute towards the objective of Social Compliance in Bangladesh.

On behalf of the stakeholder group the following person addressed the Round Table (in chronological order) after a brief welcome by the Organizer and introduction to the local moderator Mr. Manzurul Ahsan Bulbul:

1. Mayor Mohammad Manjur Alam, Chittagong
2. Mr. Sajedul Islam, BIFT - Chittagong
3. Mr. Showkat Osman, Precision Knitting System Ltd.
4. Mr. Md. Sultanul Alam, Lindex Bangladesh Liaison Office
5. Mr. Mahfuzul Hoque Shah, Chittagong Chamber of Commerce & Industry
6. Mr. Anwar Hossain, BJSD
7. Mr. Rasel Eusoofi, BGMEA - Chittagong
8. Mr. Chandan Kumar Dey, BIGUF

#### Mr. von Mitzlaff, Organizer

Honourable Mayor Chittagong City Corporation, Moderator Professor Sekandar Khan, Distinguished guests from the business associations, Bangladeshi manufacturers, Buyers in the RMG sector from Europe & US continent, Labour leaders, NGO's, Ladies and Gentlemen, very warm welcome to all of you.

Today is 9<sup>th</sup> session of the Bangladesh Round Table on Social Compliance, which is not only addressing issues of compliance, but acts as a national level round table on Bangladeshi Industry presently focusing on the garments. We have started with the series on the 8<sup>th</sup> round table in March this year, where we came for the 1<sup>st</sup> time to Chittagong and I am very happy about the warm reception and interests addressed on the Chittagong side. I will handover to Professor Sekandar Khan, who kindly consented for the 2<sup>nd</sup> time to be the moderator to precede and present this morning agenda.



## Prof. Muhammad Sekandar Khan, Moderator

As you have heard this is the 9<sup>th</sup> Round Table in Bangladesh, seven were held in Dhaka and last time it was the 8<sup>th</sup> that we met in this hotel in a different room on the issue of Social Compliance. The social compliance is something very interesting and important, because all the stakeholders in industry commonly agree on certain issues of running the industry and therefore running the economy also. This is a round table in which we become very cordial in the sense that we do not hesitate to talk out our own minds from distant point of our own industry or groups and the reason for being so cordial is that we intend very sincerely to actually do the best in respect of industrial, economic progress and in the long run actually the national interest lies in it.

At the recent Round Table here in Chittagong we talked about Occupational Health & Safety and Water Treatment. We actually reached a certain level of agreement on these different issues. The reasoning for this 9<sup>th</sup> Round Table is that the income situation of workers is presently a strongly debated issue, where as this particular Round Table will address the issue of **productivity increase** and to do that we shall



have to take into account the role of producers, manufacturers, workers. How can the workers and producers together make most contribution to production? Here we bring in the question of incentives - how to motivate the worker to produce best as well as encouraging his supervisors on how to achieve the best ratio of quality and volume.

The contributing professional group here are the business associations especially BGMEA, BKMEA, Suppliers, Trade unions, European & American Buyers, Academia, Labour activists, NGO's, Government, Diplomatic missions as well as members of the Parliament and Representatives of Local Government. We are fortunate this time that we have the Hon'ble Mayor with us in the position of Chief Guest to represent this city. We are very grateful to him for consenting to come to this Round Table.

I welcome the Hon'ble Chief Guest and request to deliver his kind speech to the audience.

## Mohammad Manjur Alam, Mayor - Chittagong City Corporation

Bismillahir Rahmanir Rahim. Hon'ble Chairperson, Distinguished guests, Ladies and Gentlemen, As-Salamu Alaykum and Good morning. I am very pleased to be invited as the chief guest of this session of 9<sup>th</sup> Bangladesh Round Table on Social Compliance. I would like to express my sincere thanks to the organizer. The RMG sector has been playing a significant role to empower the less privileged women of the country. The term social compliance is related to maintenance of a good working

environment, exploitation free atmosphere, worker receiving good treatment & fair wages, reduce risks of accidents, etc. The compliance issue has placed Bangladesh in a through competition to hold the existing market share of apparel export. To face this challenge apparel producers and exporters are trying hard to produce quality product at competitive price still abiding all compliance norms.



Ladies & Gentlemen, my friends from the business community as Mayor of this vital port city, I like to repeated the tremendous economic and trade prospects, I therefore invite all of you to jointly discuss what is the interest of our desired economic growth while providing employment to millions of workers. The RMG industry needs customers, the manufacturer need workers and

our workers need decent earning. I therefore welcome to the organizer to choice the round table agenda highlighting the interdependency of productivity and the income situation of the industrial worker.

Respected Round Table participants, today I hope that your viewpoint will bring out the appropriate solution regarding to social compliance issues. Unfortunately I will not stay with you this morning because today there is another program for two years celebration of the elected Mayor and counsellors of Chittagong City Corporation. But I am interested to learn about the dialogues of this round table session and am committed to contribute in all aspect towards to healthy industry development by providing social stability to my Chittagong city. I wish the progress of the Bangladesh Round Table at continue to success. Thank you for your patient hearing.

### **Mr. Sajedul Islam, CEO - BIFT, Chittagong**



In 1993 BGMEA was under pressure from the USA on child labour issues, Senator Mr. Hopkins brought a bill to the US Senate to either eliminate child labour from the Bangladesh garment sector or shun Bangladeshi products. After that it was a tripartite initiative by BGMEA, ILO & US Embassy to eliminate child labour from the garment factories and also we took remediation policy as well. Later the same Mr. Senator urged to

USA importers "Buy from Bangladesh and help a child to go to school". I think BGMEA is the largest apex body in terms of it's members and we achieved magnificent success on the fire safety issues and it was acknowledged by the Fire Service DG (Director General) as well. Although RMG sector contributes around 80% of total export earning, at present we see many owners are concerned about

workers payment by the end of the month. I think the reason behind this situation is poor productivity, so productivity is an important factor now a day's and we shall encourage good policy for enhancing the productivity.

\*

**Mr. Showkat Osman,**

Managing Director - Precision Knitting System Ltd.

Every industry owners expect that his industry will be a healthy one, but there are some constrains to achieve this healthy industry concept. These are: conflicting policy of the government and NGO's, high rate of bank interest and others. Before every budget we usually get concerned what will the new policy for RMG. I think once a policy is set, it shall continue for minimum 5 years. I



I like to request Mr. Mitzlaff next time to sit with the government policy makers and we all shall work together for the betterment of this sector. I want to mention here that we already meet the demand of workers to increase the death insurance compensation from 100.000 Tk to 200.000 Tk, so we are working on the ethical compliance issues and will continue our effort.

**Md. Sultanul Alam, CSR Responsible (Bangladesh & Pakistan)**  
 Lindex Bangladesh Liaison Office

Good Morning everybody! Honourable participants from the government, BGMEA, BKMEA, Union's and from Brands, this is a very important topic today on the agenda is: "A Healthy Industry – contribution to productivity, the means of incentives and income benefits". Today Bangladesh position in the global apparel market is 2<sup>nd</sup>, after China Bangladesh is the 2<sup>nd</sup> biggest apparel producing country. So what contributes plays the major role in this industry? I think the entrepreneur, private sector they are the key role player, major key factor to bring Bangladesh into the world competitiveness and why buyers are coming?



They are coming to Bangladesh because today there is no quota, it's open, global market. Buyers are coming because Bangladesh can produce quality products with very competitive price. So the producers in Bangladesh have the competitiveness and also there are differences between the competitiveness among the suppliers or factories. So now this is a very key factor what is making the difference? Of course there are factors for resources like machineries, capital but one of the major factors of production is workers. They are the key factor and the women in Bangladesh came forward and making apparels and doing jobs in the factory, this is



one of the major difference between the other competitors in Asia, I mean the South East Asia like: Pakistan or India. So if we consider productivity you know the manufacturers or most of the factories they have work study department and continuously they focus on productivity or production. But as earlier it was discussed that sometimes manufacturers are facing problem regarding delivering the production in time. I mean from BGMEA it was shared that they are facing issues of productivity. So my point is that now we should focus on the issues of productivity, there is lot of scopes to cut cost also. I mean the different manufacturing units like: in the wet processing unit lots of wastage happen in electricity and steam. So there is scope for cut cost by improving the electricity consumption and wastage. But as my focus was that key factor of production is labour or workers, we need to focus to get more input from them. So I think lots of factories are considering this and they are providing attendance bonus or other kinds of incentives to attract the workers so that they remain in the factories and give output. So I think there is more discussion and dialogue in forward and we can share among us what are the key areas to improve in the labour productivity. Thank you all.

**Mr. Mahfuzul Hoque Shah,**  
 Director - Chittagong Chamber of Commerce & Industry

Thank you, very good morning and Salamualikum.



Today's program is the social compliance, so we are fully agreed with this dialogue and today's agenda is: Healthy Industry Contribution to Productivity – the means of incentive and incomer benefits. So already our main stakeholders BGMEA & BKMEA elaborately discussed about what they are doing in this sector. So I don't have many things to say more, just I like to say few words only.

Already our keynote presenter Mr. Prof. Sekander Khan discussed everything and he mentioned lot of things in his paper. Actually Chittagong Chamber is one of the apex bodies leading all associations, small business groups and other organizations. Regarding the business problems and prospects, everything we are looking after. So already my colleague Mr. Showkat Osman from BKMEA pointed out some issues regarding what is the problem actually, what is our desire. BGMEA, BKMEA already taken lots of action program, initiative regarding the compliance. When our apparel sector actually started in Bangladesh in late 70's, today it already crossed more than 30 to 35 years. So today actually we are in a position to compete the world market, even some time we are facing competition with the China and the other countries.

Another point I would like to mention here, is about the cost we receive from the buyers. 10 years back we got some price, now today's actually if we calculate this price, it is likely to increase around 1/3<sup>rd</sup> or 1/4<sup>th</sup>. So this is one of the big issue, my frined Showkat Osman said that most of our manufacturer are at present facing this

big problems because of worldwide economic recession. I should say we are not getting proper price from the buyers side. So this is one of the vital point, if we do not get enough price from the buyer side, how can we maintain compliance issues into our factories and it is very difficult for us as well. We are also facing some problem on the banking side and another speaker also said here about it as well. Actually we need some growth from the government, we don't want anything more. We need some policy support from the government, NGO's and others, this is our desire. We are capable to do other things and are also interested to do so. We can not avoid all this things because now Bangladesh apparel market is a world standard market, so we need to maintain all this things but the important point is I asked the organizer here to look into this issue that we need some policy support. Thank you very much.

### **Mr. Anwar Hossain,**

Jonit Secretary - Bangladesh Jatiyatabadi Sramik Dal (BJSD)

If the industry can be healthy, automatically productivity will get increase. I think if you want to have good output from a worker, he or she should be mentally satisfied on the earnings. Else wise with conscious mind, better output or production is not possible. The garment sector contributes largely to female employment as well. There is a significant difference noted in between the textile and garment sector. We see when a there is any



unrest occurs in the garment sector, it moves to serious destruction of factories, but in textile sector this type of factory destruction is absent. I think it is because Textile Industry have leadership, trade union and garment sector do not have. In a textile industry if the owner thinks that the worker movement is wrong, then he can sue against the leaders. But in the garment sector after an incident usually there is no traces of the miscreants. Industrial peace is the first condition of productivity, if there is no industrial peace you cannot expect productivity. I think as the compliance term covers the workers right to freedom of association, thereby if the workers can practice this right it will help to establish good collective bargaining, which can play active role to build healthy peaceful industry along with increase the productivity.

### **Mr. Rasel Eusoofi, Asst. Secretary – BGMEA**

I am Rasel Eusoofi from BGMEA, Chittagong. I think there are three main points for today's topic: productivity, incentives and income benefits and these are interlinked with one another. Also I think only by increasing workers wages, this problem will not get solved as we find that other substantial's prices get increase along with the wage increment. So mentally a worker is not in stable condition to concentrate more



wages will solve every problem. If we can provide other advantages to workers: like food rationing, medical facility, etc then workers will be relaxed to concentrate on productivity more.

on the production. BGMEA & CDA have been jointly building up dormitories for workers, upon completion these dormitories will accommodate around 4000 number of workers. Also I think government need to look into the house rent issues as well. Low price CM is the very competitive advantage for us to have more order from the buyer and I do not think that only increasing workers

### **Prof. MuhammadSekandar Khan, Moderator**

Mr. Eusoofi has given some very good suggestions for making a balance between earning and expenditure. He pointed out that actually frequent rising of house rents has actually nullified the good effect of rising pay benefits to the Ashulia labourers and the major disturbance in Ashulia is related to this. He has also mentioned about few other facilities like: health facilities, low cost education, etc that the BGMEA & BKMEA has been providing and he feels that we must have to keep the cost low to keep the garments market for Bangladesh, because this is the only advantage that we have over any other producers in any other parts of the world. But my point is that keeping cost low is one way of remaining low cost supplier, so to keep that cost low if you raise productivity, your cost may remains low. The other more important thing is that we ourselves also aim at reaching a level of middle income country in very short time. So if we don't give enough money to our labourers, everybody and if we don't raise our standard of own living how can we reach that? And to reach that we must make ourselves more productive. How to make ourselves more productive depends on not only many other factors, but also on how we actually treat our labourers, how much we give them, what share of the product we give to the labourers. So price increase I mean wage increase has got to be equal to productivity increase and the point is how to raise productivity, so that we can raise wage also. Because ultimately we have got to reach a higher level at some time at a given time say 2020. So that should be our aim not keeping the cost low and therefore remain stay competitive in the world market.

### **Mr. Rassel Eusoofi, Asst. Secretary – BGMEA**

Actually sir what I wanted to point out that only by keeping the cost low you cannot survive in the long run. Cheap labour cost you know is one of the driving forces of our garment sector. What I have told is that we have to raise the income, and also need to take that measure so that you can preserve your incomes, for example: last month I have got 1000Tk raise, but the house owner might also has raised the house rent, so how this income will benefit in the long run? That's the thing I wanted to point out.

### **Prof. Muhammad Sekandar Khan, Moderator**

That point is well taken, I think we can accept it that it happens everywhere. Whenever the government introduces a new pay scale for everybody, anybody in the government service, you will always find that in the market, prices have increased of all commodities not only of house rent as it is in the case of Ashulia. So this is same everywhere, if there is a garment scale increased there is always the rise in the price level of all things in the market. So this is not a lone case in respect of Ashulia only. Now I now shall like to call upon Mr. Chandan Kumar Dey, he is joint secretary of BIGUF.

### **Mr. Chandan Kumar Dey, Joint Secretary – BIGUF**



I Am Chandan Kumar Dey from BIGUF and I participate this Round Table for the first time. I do agree with brother Mr. Anwar that the precondition for healthy industry is the healthy & stress free workers. Since the minimum wage have been increased from 1662.50Tk to 3000Tk, owners have rescheduled the production target for workers and it the

production target in cases had been increased nearly to double for workers to compensate the cost maximization due to minimum wage increase. But reality is that due to other substantial's price increase, this minimum wage enhancement failed to have any effective improvement to workers life and another thing is that we have never experienced that the government and business associations like: BGMEA & BKMEA took self initiative to adjust workers wage in times. Everytime it was done under the pressure of workers movement. There is a big difference between EPZ & outside factories like for EPZ factories rule is mandatory yearly wage increment upto 10%, but outside EPZ no such yearly wage increment rules.

Also in the minimum wage ordinance no specific guideline on festival bonus, as result owners set the festival bonus as their choices. If the owners can have strong association like BGMEA & BKMEA, then where is the problem to allow workers to form associations. At present the government do not register any new trade union at gaarment sector, so far I know in Chittagong region at least 8 to 10 trade union registration is kept pending. There are around 5000 number of factories registered under BGMEA & BKMEA, but regarding trade union it is only 136 in the RMG sector and out of this 136 unions, 120 are presently non-functional. Thereby only around 16 tarde unions are functional at present. Amongst the south asian country Bangladesh is still paying the lowest minimum wages in garment sector comparing Nepal (6.200 Tk.), Sri Lanka (6.700 Tk.), India (6.500 Tk.) and Pakistan (8.000 Tk.). If anyone can calculate us that a worker can maintain his family with only 3.000 Tk. a month in this



present reality, then we would agree. Otherwise my question is, how do you expect healthy productivity from a poor worker?

Thank you.

– End Opening Session –

– Tea Break –

## V. Working session

### Comments from Participants on Statement from Opening Session

#### **Prof. Muhammad Sekandar Khan, Moderator**

So we came back to the 2<sup>nd</sup> session, this is more or less an open house discussion session on how to raise productivity through giving incentives and those incentives shall come from different parties and both sides or all sides should be aware of what their responsibility is and how far, and how well they can perform this responsibilities to the satisfaction of the other parties. It's not me alone that have to be happy with the goings, the other all parties have to be happy with the goings. Then only we can combinedly, jointly proceed so we shall have to open ourselves up to say that we can do this much and we shall do that much, not what we have done so we will do it. I first of all would call up our representative from Fire Brigade, he will speak on how to reduce the losses through disturbances, especially through to fire incidents.

#### **Md. Jashim Uddin,**

#### **Deputy Director – Fire Service & Civil Defense**



Fire Service & Civil Defence is a service oriented force under the Ministry of Home Affairs which acts as leading force during any calamity, diaster or fire accidents. The round table here is related to social compliance, I find some similarity of our activities with the social compliance concept as well. Women are the most vulnerable during any fire incident at the garment

factories, thereby if it can be ensure that minimum 50% of women of this industry receives fire training, it will help to mitigate the female injuries. We thought about trained up minimum 25% workforce from an industry, but due to infrustructural obligations, it is difficult to achieve and thereby we emphasize training to the minimum 6% workfoce. I request everyone to comply with the Fire Service Act 2003 and also to collect NOC (No Objection Certificate) from the Fire Service Authority. NOC can help to reduce fire accidents and if the industry hazards get reduced, productivity will be increased as well.

**Mr. A.M. Nazim Uddin, President – Chittagong Division, Bangladesh Jatiyatabadi Sramik Dal (BJSD)**

I must admit that RMG is a vast industrial sector of ours and have been developed without any proper governmental support. I think government shall be more considerate to this sector. We see unrest, vandalism, but here I think the government is not playing their role well, another thing is that now a days workers do not come to work over here spontaneously, rather it is like the last resort of work for them. We shall think on how to make this sector attractive to workers. A big problem lies with salary increase as well, when salary is been increased it is seen



that house rent including cost of other services get increased too and at the end nothing mentionable amount remains to the workers. So, here government need to work on this issue as well. Regarding poor price issue, BGMEA can negotiate with buyers, tell them that at the present context with this small price it is not possible to continue the order supply, I know once

upon a time Korea was pioneer in garment sector, now they are no more in this trade. China is also at present reluctant to this garment manufacturing trade, so Bangladesh has the potentiality here. I think Bangladesh will be continuing with this trade for the next 20-30 years, so scope is there to bargaining on price with buyers. To encourage the workers, manufacturers can introduce yearly bonus, provident fund facility, etc. Another thing is that price of the necessary essentials should be in control, necessary essentials mean: rice, wheat, oil, sugar, pigeon pea, salt, etc. If your workers are happy then automatically productivity will increase, So, I want to call upon all parties to be sincere to workers and finish my speech. Allah Hafez.

**Mr. von Mitzlaff, Organizer**

We always hear that if the CM or if the FoB would be increased that would be the first way of resolving the problems and I wonder to which extent actually there is the experience by suppliers of having continued in increase FoB offered or how many suppliers are experiencing continuous less price.

I would like to talk about the constraints and the realities, maybe I can also call H&M here to give their point of view of what the potentiality and the opportunities are in addressing a more efficient and therefore a productivity raise with the factory among their suppliers. The question is how can I have the output which probably lesser cost, so the cost input reduced while having the same if I can dream of even a higher output, because that goes along with the co-operative markets and with the cost pressure by the buyers. First, I would like to request H&M as a buyer to see how they their advise their suppliers and afterwards we can also hear from a supplier, in which area he is facing cost pressure including human capital cost.

## Ms. Jenny Fagerlin,

CSR Program Developer - H&M Bangladesh Liaison Office

My name is Fagerlin, I am from H&M. First, I just want to say that it's the golden solution you want to have here with a lower price and with an higher outcome. If I would solve that problem, I would not sit here today. I think that is what we all try to achieve. What we see today and what we can bring up here, is our experience working on efficiency and output, which is our every day work together with our suppliers. Because I hear about the FoB and the CM cost, I want to say that we pay the price that our suppliers give us. We have an open costing system and are very close with our suppliers on this.



H&M has given the commitment to all our suppliers that we will pay what the product is worth, including the wages for the workers. I think I can speak for all brands that this is not a problem here. When it comes to the price, we cannot ask our suppliers to pay another salary than other suppliers are doing - I think we all have to understand that. I know that I the other brands sitting here are all very involving getting a functional wage review system in Bangladesh.

When it comes to efficiency, then yes there are a lot of components of course. One of them H&M absolutely see it as one of the most important is to create a stable workforce. Without that and equal to good working environment, you cannot do any improvements at all in your factory. We all are doing good business here that we cannot forget either and I think we have gone quite far in this to create a good environment in the factory. If I compare first time I went out to a factory in the beginning of the 90's and now it's a huge different of course. What I see at the Round Table here and what I also hope will my expectation after today is that we together can define what is more needed in the social compliance requirements in order to see an achievement in the efficiency.

In H&M we have a huge project, where we work on overtime for example. We try not focus so much on the figures more on the product, the production planning. We also see that we work a lot more than the legal limit, I think it comes for all the industry - when it comes to overtime and we see a directly link to the efficiency in a factory. I do not have the solution on this, but I will really like to understand what for example Trade Unions and BGMEA as see as their responsibility in order to increase the efficiency. I mean where can you go and support them for Trade Unions and then I see that the working environment is absolutely something that you can go in and say ok this and this how is has to look and this is a good environment, what is a good environment then? That is not there today that we need to put an extra on and probably BGMEA and BKMEA knows it of course, that we have a good costing

system that wages are reviewed and we are paying the price that is giving is the price of the product.

**Mr. von Mitzlaff, Organizer**

Thank you. Do you also have a project on productivity enhancement with your suppliers?

**Ms. Jenny Fagerlin,**

CSR Program Developer – H&M Bangladesh Liaison Office

Yes, and I think again, all are working on productivity, I mean that is what makes the constant improvement. I think for all brands it is what can be do better, what can our suppliers do better and I mean I am here based in Bangladesh, so even if I am in the end giving orders in a global competition, we are here to fight together with the Bangladeshi suppliers and our growth here to get with them. I don't know for the other brands, but I think this is the daily discussion and we have a quite low productivity in Bangladesh. We talked earlier during the break, a good supplier is having an efficiency between 45 and 50%, that is quite low if you look at the generally, but I think that for us to having, achieving that is not a good supplier. I don't think higher wages will be equal to a higher efficiency. What I absolutely understand that is an important factor, but I think a lot of components needs to be gathered in order to see the result in efficiency. When we talk about increasing the wages, I see more that is the fair price for the product.

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**Mr. von Mitzlaff, Organizer**

Thank you. I would like to hear from a supplier where his costs are. Human capital is one cost of it and where may be the other cost are and where the possibility to work on the cost reduction. I like to call Mr. Shahid Uddin Ahmed Azad from H&W Apparels.

**Shahid Uddin Ahmed Azad,**

Managing Director – H&W Apparels Ltd.



Thank you. My name is Shahid Uddin Ahmed Azad and I am Managing Director of H&W Apparels and H&W Fashions. Sir, we discussed already before a lot of things. So far I saw as a manufacturer this cost low and minimize. In my opinion if the government gives us continuous support for electricity, then I can give more to the monthly wages. In my factory I spent 5.000 to 6.000 Tk for



diesel everyday. Other costs are the high bank interests, people already discussed about the high bank interest. Furthermore there are so many expenditure every month for renewable our fire license, bond license, safety license. I can save my money because I pay under the table lots of money. Everybody says give me more salary, I like to give a lot of salary to my worker, every month about 5.000 Tk or 6.000 Tk. But worker does not demand like this, they are satisfied about 3.000 Tk, they are satisfied about 5.000 Tk, minimum wage is 3.000 Tk. I believe is the my factory who have a 3.000 Tk after one month he goes for an operator, he gets double 4.000 Tk to 5.000 Tk salary. May be one month he gets the 3.000 Tk, only one month, he is a trainee, one month, after one month who has capable, who has a good efficiency after one month he goes for operator. This continue is not 3 months, 5 months, 6 months, 1 year is not 3.000 Tk, he is not continuing with 3.000 Tk, this is a minimum, but after so many people they are not waiting for 3 months, after 1 month he gos for operator, he gets double 5.000 Tk salary.

I saw that worker is satisfied, they are not hampering, they are not bother to us. I salute them, I love very much about my workers. Because in Chittagong we are Thankful for all our worker and everybody, Chittagong has not much of happening like in Dhaka, because we are everyday as a owner we are also everyday 9 o'clock in the morning about 9 a.m. to 9 p.m. we are working, but our employee they are leaving about 5:30 or 7 o'clock, but we are still midnight we are working. We are very close monitoring to our work and we are working in the factory, we are not in the office like Agrabad, we are working with together is our worker.

Myself every hour I go to the my floor and I talk to my worker are you ok, any problem? Nobody says: "No, I have a problem, I have a salary problem, I have a like this problem or others, nothing." They are satisfied, I am talking about my factory and most of the factories so far I know. It cost minimize we have no problem about the because buyer is coming to Bangladesh because of the low CM and high quality - now we are go for high quality. But if we go for continue like H&M, Jockey, Wal-Mart so many brands; I did myself in the Marika, Belly and I am working with them. Whatever their quality we are give it to them, but they are not bargaining about the so other things. They are coming to us for low cost CM.

If we are talking the higher salary, this is not fair. Because if I give 10.000 Tk is this enough for a worker? I don't think so because if I give every worker minimum 10.000 Tk, if anybody give me the gurantee tomorrow he don't have any problem, tomorrow his house rent will not extent, tomorrow the other accessories like food cost is minimized. But tomorrow house rent would be more than double and food cost would be more higher and transport cost would be more higher, so that time 10.000 Tk is not enough, then may be they demand 15.000 Tk. I think salary is not the main factor here. We have a big problem on the government side, we are very much suffering about electricity and we are suffering from the other people for under table money, when we go for renewal our fire license, we go for renewal our bond license, IRC, ERC and bank, we have lot of money for everyday, we expend about the under table money. If we minimize about this money, may be we can save our lot of money. Sorry if anybody in here are government people, don't take away because we are suffering like this. This is my request I don't think so my factory everyday and I give you medical facility in my factory and I think so lot of factory like this and so many things. This discussed about lot of things, I cannot discuss may be this is the 1<sup>st</sup> time, not 1<sup>st</sup> time open discussion you know.

Thank you.

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### **Mr. von Mitzlaff, Organizer**

Thank you very much Shahid Uddin Ahmed Azad. I encourage that you bring up more truth to the discussion and not necessarily we need to confine ourself to discuss politically correct. We have that all over and the value of this round table is, at least how involve and proved itself through seven round tables in Dhaaka a period of nearly 3 years is that the participants came up with quite open statement to aware the problems and that is the fruit of having us together, particularly here in the 2<sup>nd</sup> session after tea where we don't have the press, no one else is here to listen to us. So we can experience to open the share and can come a little bit closer. We have a CEPZ here the Chittagong Export Processing Zone and I would like also to give the opportunity to express your experience on this and perhaps afterwards we can hear from another manufacturer. After we hear from Mr. Abul Basher from CEPZ, we can hear from Mr. Fazle Karim too. So please Mr. Abul Basher first.

### **K.M Abul Basher, Senior Assistant Secretary – CEPZ**

Thank you Mr. Speaker. The agenda of today's Round Table meeting is a healthy industry contribution to productivity and the means of incentives and income benefits. I am K.M Abul Basher from CEPZ, I am working as Deputy Manager at the industrial relation department. I want to share something about the increasing productivity in the industries and what we have done in our zone. We have a separate department regarding social compliance and other compliance issues. We have 24 counsellors and 2 Assistant Managers. IR and myself we are looking after the benefits and other things regarding wage, incentives etc.. I want to say something about how we increase the productivity. I think this is the main issue.

We have counsellors who look after the grievances of the workers, many things have been said by many different speakers here, but the grievances are one of the major issues of the workers, which have not been mentioned. People who are working on the floor it is not only the income or not only their salaries etc, sometimes they are deprived by different ways. So they want to open up with their grievances and



I think our industry in the garment sector should look after their grievances also. Sometimes they cannot speak up to their bosses, especially the production people they are too much pressurize on the workers sometimes. There should be a team there in every factory and as well as from the Labour Directors also to let them come up with their grievances. We look after their grievance and their supports like: transport support, insurance, PF, etc. I think it should be introduced outside EPZ also, then the grievances can be reduced and workers are maybe more happy than

now. Another thing I want to share with all members here and also the representative from the owners, is about the machines. Most of the machines used in our industry are most probably back dated. If we would get introduced to more productive machines with low consuming energy we could reduce the production cost and we improve the productivity. Another thing I should mention because health hazard is occurred all over Bangladesh regarding treatment of plant. It is not the social compliance as it is a meeting of social compliance, but it is a technical issue we should look after the health hazard. For this reason our counsellor also looks after the ETP if it is running well or not. In short I think the welfare of the worker as well as the profitability of the owners should be coinciding in a point that can be good for the owners and also the workers as well. So I am in hurry. I have to say many things, but I cannot speak everything. Thank you very much for this meeting, the organizer and people attending here. Thank you very much.

### **Mr. von Mitzlaff, Organizer**

Thank you Mr. Abul Basher for give me some viewpoints how BEPZA is trying to support this issue. Can we hear from another manufacturer please; Mr. Fazle Karim, about his experience?

### **M. Fazle Karim, Advisor – Inter Link BD Ltd**

Hello Ladies and Gentlemen, I am Fazle Karim from Inter Link BD Ltd. member of BKMEA. I want to focus one point about our road communication, this is very important for the productivity. If my workers can go home safely in time and if they can go back to their home safely in time, the productivity of all workers will increase. Because sometimes it happens that at the peak hour in the evening, if my workers are leaving my factory, it takes them 4hours to 5hours. To increase our productivity we have given them free transportation to return to their homes, but mostly in the pick of the time in the evening they cannot return home. So if they cannot return home in time, how will the productivity increase? I think we should focus on this point to make adequate dormitory in the industrial belt like: Kalurghat Industrial, like EPZ. Government, BKMEA, BGMEA, any other NGO can make something to come out quickly of this issue. Then our productivity will increase significantly I believe. That's all.

### **Mr. von Mitzlaff, Organizer**

Alright. Whoever would like to talk, please raise your hand. I think the opportunity is here to talk about what is in our manageable interest. Means what is something we have control over which is for the manufacturers, everything which is within their factory boundaries. What I understand, coming back to previous speaker, is that for me I have the question if we talk about the low productivity, how to separate the reason for low productivity? You mentioned so many reasons and you haven't mentioned even low productivity because of the workers yet. You have spoken of other factors which are infrastructure, energy, many we cannot control because you need the supply and I am interested to learn what is the percentage of low productivity because of that inputs which are not human capital inputs.



In other words which is not the workers output. And if we talk about incentives, if we talk about income, then this is related to the workers productivity. How much makes it sense for you to have an increased workers' output and how much would you gain of any cost reduction ?

Further comments please.

### **Mr. Karim Ullah Chowdhury, Deputy Secretary - BGMEA**



My name is Md. Karim Ullah Chowdhury, I am Deputy Secretary of BGMEA. Honourable Moderator, Organizer, I want to greet all of you Assalamualikum and Nomoskar. In my discussion I have two parts, first part I want to focus on the issues today's Round Table session and the second parts some recommendations. Though if I find today's Round Table session first of all compliance, then social

compliance, then industry, then healthy industry and then I find productivity. In productivity there are very big differences between production and productivity. In productivity there are big variations, labour productivity, machine productivity, and all other productivities.

We especially focus on only labour productivity. My next point is about incentive or rewards, then income profit that is profit sharing I think. So between an healthy industry and an industry, there are a big differences. Healthy industry means "A" category factory, here if we categorize the industry in Chittagong especially if we consider healthy industry only "A" category factory. As I am on behalf of BGMEA, so I want to say garment industry, Ready Made Garments there are 3 categories: Knit, Woven, Sweater. I especially focus on Knit & Woven, Sweater factory is a piece rate matter.

I need to continue about productivity in the sense of incentives and income benefits. We have to keep in mind that first of all we are talking about a healthy industry, not sub-contracting factory, not rental factory, not locally manufactured and exporting factories. A healthy industry means only factories which are dealing with the direct buyers, only they can maintain healthy factories. All factories are not healthy factories, all factories are not fully compliant. Between compliance and social compliance are differences, most factories are social compliant, but not socially compliant. Socially compliant is related to some ethical business or ethical issues. Now I concentrate on productivity, healthy industry, incentives and profit sharing. Only those 4 points are important to this session. Now we come to the question: How can we increase labour productivity in the healthy industry, by giving incentives or profit sharing? Only this point we have to concentrate according to the session. And now in my part I come to some recommendations which belong to the healthy industry. There is a recruitment policy as well as there should also be a job separation policy. My recommendation is a job separation policy, if the recruitment,

female or male, after 10 years during his or her job is getting terminated which legal benefits will he/she get, this should be written in the policy. If one worker the salary is 3.000 Tk, after 10 years he or she is getting almost including overtime or all incentives 7.000 – 8.000 Tk. After 10 years, after increment including overtime and all incentives she can get, if consider only basic, it would be more than 5.000 Tk or 4.000 Tk only basics. So during job separation if every 2<sup>nd</sup> year, 3<sup>rd</sup> year the compensation for one year, one month is already entitled for the workers. That is how to maximize his or her quality output from his or her labour 8 hours or 9 hours, 10 hours duration maximize quality output how can I get from her. That is the motivation what we tell we can get serious motivation from quality product from that worker if the worker use individually his or her belongingness, which belongingness is most securable for his or her recruitment. So after a job separation in a healthy industry no industry owner expects that their workers will remain unhappy. Every industry owner they want that their workers will remain happy. There should be a job separation policy to keep the workers happy and get the maximum quality output of them.

Number two: Quality Circle, any healthy industry should maintain a quality circle to learn how to get the maximum out from a worker through utilizing machines or other efficient management. The quality circle should be exercised in the factory. In a greater aspect I can call it Quality & Work Study. SMV should be implemented there. If we implement work study, quality circle, the labour productivity should be increasing. Now we come to the incentive if we implement a quality circle, in our policy we can give them some incentives or rewards. To those who will produce more percentage (5%, 10%) will get 100Tk more or any gift or any commodities relating to anything essential to his or her family. Rewards may be in cash or rewards may be any 1<sup>st</sup> prize, 2<sup>nd</sup> prize, 3<sup>rd</sup> prize up to 10<sup>th</sup> prize those will be rewards.

The third point is profit sharing. Profit sharing is a law requirement matter in our Bangladesh Labour Law 2006, there is a provision for profit sharing, and in our BGMEA factories what we see, our honourable owner has already been depicted in his deliberation there. The factory owners profit only depends on the CM. The global competitiveness in Bangladesh are only the poor labourer, which is our competitive factor. We mean that poverty is our opportunity in respect to labour. Another recommendation from my side is to force that all workers are healthy, so if we want to find healthy worker we have to maintain policies here, how can we assure healthy worker? How can we make them healthy? Is there any policy to make any workers healthy? So we have to make another policy. How to get healthy workers or how to make them healthy in my understanding or happy? So I want to conclude here this moment and if it is necessary then I will tell again. Thank you.

### **Mr. von Mitzlaff, Organizer**

Thank you Mr. Karim Ullah Chowdhury. I think it was a good and logical explanation of first clarifying the term what we talking about today, what are the factors to look at precisely and I don't want to leave out the worker side here. We also have workers here, not trade union perhaps only to respond to which extent are they feeling comfortable with your analysis actually but before maybe we can have a short reaction if wanted from the buyer side. Because you pointed out that the

comparative advantage sourcing of Bangladesh is the cheap labour and that's a reason why buyer side here. So the way of looking it that Bangladesh equal cheap labour is may be something the buyers' would like to comment.

**Showkat Osman,**

Managing Director - Precision Knitting System Ltd.

Thank you Mr. Mitzlaff. From today we will not say - it is my personal opinion - that not our labourers are cheap. They are competitive, please I feel shame to call them cheap, cheap, cheap. Please from today we will say our labours are competitive. I feel shame personally, please we will give them respect.

**Ms. Jenny Fagerlin,**

CSR Program Developer - H&M Bangladesh Liaison Office

Yeah, I just want to say the same thing here, we have never said that we are here because labour is *cheap*, we are here because the price is cheap and labour is one component of the total final price. I think I can speak for the other brands as well, here is this comment quite often.

**Mr. von Mitzlaff,** Organizer

Note well taken. Yes it would be good to have some reaction either from the labour representatives or even from the workers themselves who are here. Of course they shall feel comfortable to talk in Bengali if there is a language constrain.

**Ms. JennyFagerlin,**

CSR Program Developer - H&M Bangladesh Liaison Office

Can I just add from the buyer's side from H&M side at this forum: when we say wages in Bangladesh are low, we think it's just a matter of time when the wages will be revised and increase. I think that is also why we are here today, because we also see that still there are a lot of opportunities to increase the efficiency level so that remains the same. We see, that we need to work close with our suppliers. We just cannot talk about sustaining, as it is we also have to talk about the efficiency that needs to be increased. Or to say, in order to meet the increase in wages that will come sooner or later, because it is not sustainable as it is today's. For us as a brand this is the most the crucial how can we find opportunities in the efficiency work to remain competitive as we are today with the low price.

Again the efficiency level in Bangladesh is very, very low, I heard that the gentlemen before me here mention SMV, when I look at our suppliers' there are quite few of them that actually have this kind of industrial engineer team, SMV calculation in house. Also we see a lot of opportunities in order to achieve the better work in production chain and then not only on sewing because it's also a finishing, cutting, washing. There are a lot of components to look at, in in order to be efficient.

**Mr. Mehbub Hossain,**

Compliance Officer (Bangladesh, Pakistan) – PVH Corporation



This is Mehbub from PVH. I think I can add on a little bit to Jenny. What Jenny has said, we are here of course cheap and also for the competitive price. You are offering us competitive price and quality product that's the reason we are here. So be competitive and increasing efficiency, yes efficiency is something that you all and we all agree that Bangladesh apparel industry the efficiency lacking is a

problem and we are all suffering of that. But is it only the worker? Is it only their skills or is it something also in your production line or production process? Is it the way your suppliers are providing thing to it? Supplies the accessories to you are they coming on time, are you co-ordinating with them? When they are on line are your production floor make the production in a way that time gaps are eliminated. By saying time gaps very easy thing or very simply way to say, it's not an easy thing definitely, but the very easy thing to say from starting from the cutting to getting the accessories on the table of getting the clothes on fabric on the table of the operator and getting the accessories together. Are the co-ordination happening in a way that the time gaps does not happen? Are the workplace ergonomics are properly maintained? Workplace ergonomics sometimes sounds like a compliance thing, but it really has a lot to do with your productivity.

A simple example: the way a loader carry a box or carton has lot to do with how many amount of carton she or he can carry in an hour. Have you been trained or have you been monitoring that the way a loader should carry the carton, the way an operator should sit and sew his fabric or the carton they have been given, that's one thing. I have been calculating the way the carrots become fruitful for the manufacturers that's the owners and also for the workers. We all know that the human body has certain hours of capacity, beyond certain hours of work we start diminishing, may be after 8 hours. That's why it is said that 8 hour should be the regular work because the research says after 8 hours peoples productivity will go down, it starts decreasing. Are we calculating that it causes costs doing overtime work – the workers payment, the utility bills, are we calculating that when we are trying to give them incentives? You are the experts here, you run your show, we are just here to buy your products. I am just curious to know and I am sure all our colleagues from different brands are curious to know when you are thinking of increasing productivity. What are your views in dealing with these issues? Thank you.

**Mr. Md.Sultanul Alam, CSR Responsible (Bangladesh & Pakistan) - Lindex Bangladesh Liaison Office**

I like to add one point regarding this productivity discussion. Work study or some issues like work study, quality circle and other means to increase productivity has been discussed. In this opportunity I like to share that this is very technical, line balancing and efficient machineries input, cost reduction or energy saving and high productive machineries. These is very technical but I think the main issue on how social compliance can put something to productivity is: in Bangladesh production or productivity is not the issue only the end level workers. I mean not only the operators issue or helpers issue. It's also a management issue, mid-level management is very important and not only the technical issues, social issues like behaviour – how to conduct with the workers, how to translate the orders and also leaves, sometimes leave facility and that is very essential, if this are very quick and meet with the requirement of the workers, then workers will feel happy. In my opinion the social aspect should be included in the productivity discussion. There should be a social compliance team within a team to address the social issues. Thank you.

**Mr. Nazrul Islam,**

Country Manager - MQ Retail AB, Dhaka Liason Office

Thank you very much. This is Nazrul from MQ Retail AB. Regarding the productivity I just want to add some small points how to implement things in order to increase the productivity. I think the management skill of top and middle management is important. If they are well trained how to increase the productivity then it will be a big help for the workers and for the suppliers and for the buyers side as well. Another possibility is in house training, both for workers and mid management. The third suggestion is to ensure fair wages and an incentive scheme to increase the productivity, pursue lean workshops certifications to workers who are good skilled. A good certification could be an interseting point for the workers and for the automation of productions, if incorporate enterprise resources training systems, production planning systems and continuous production monitoring. These were my points I want to add on to the productivity and to the supplier side. Thank you very much.

**Haran Kanti Chowdhury,**

Sr. Supplier Development Specialist - Walmart Global Sourcing

Hello Thank you everybody. I am Haran from Wal-Mart. If we go for the agenda “A Healthy Industry, contribution to productivity – the means of incentives and income benefits”. Here the main issue is social compliance, by maintaining the social compliance that is all ethical practises how we make a healthy industry. Here the two





points are there, contribution to the productivity – which is the part of the workers and the means of incentives and income benefits which is the part of the owner, right? Productivity is a vital issue here for the sustainability of our business.

To increase the productivity a lot of factors are involve and have to be included. Firstly the engineering control, in our garments sector it is not yet established the IE department – engineering department and we don't have a multi skilled ability of our worker. If we compare our skill level with other countries skill level it shows that theirs is much better than ours. It is a global competition wheather we go for negotiations with CM or FoB. Our manufacturers are competing with the global suppliers. Here like C&F it cannot be negotiated in that way, we shouldn't go for that way. If productivity should increase and worker should be benefitting. Because if they develop their multi skill ability workers should be evaluated and their wages should be ensured as well as their benefits like: income benefits which are shown as a profit share here, right? A production incentive should also be, if they produce more, to give them more money. So both parties can be balanced here. That's all. But due to the respect to the social compliance factor these are all ethical practices which should be in place. This in respect of working hours, what you already pointed out, the hiring practices and wage practices, all should be ethical. Thank you very much.

**Mr. von Mitzlaff, Organizer**

Thank you Mr. Haran. I think Wal-Mart has probably quite a number of experiences in working with the suppliers as you have also giving productivity advise as I understand beside the compliance advice.

**Haran Kanti Chowdhury,**

Sr. Supplier Development Specialist - Walmart Global Sourcing

Yes, Wal-mart, we engage two of our supplier in Chittagong, one is KDS and the other is Valiant Group, our team is working with the lean manufacturing project to increase the multi skill ability of the workers and reduce the worker. So it is the first step, this project is on a test basis, it is not implemented widely yet. This is the only project we have here.

**Mr. von Mitzlaff, Organizer**

Will you or anyone be able to research when we talk about the low productivity and we are hearing to 45 to 50% productivity was mentioned before. Out of that 50%, how much is labour productivity or non productivity and how much are the other factors? Anyone has guess or is there a research on this?

## Haran Kanti Chowdhury,

Sr. Supplier Development Specialist - Walmart Global Sourcing

My experience tell me, that it's not the standard here. We had someone who addressed that most of the machineries are very old ones, using them for the last 20 years or 25 years. We need to install new machineries, sophisticated machineries to get the high efficiency from the machineries, we need to provide training to train the worker to develop themselves to meet the standard, side by side to encourage them we should provide them the incentive, so here the ratio is not exactly determined.

## Mr. von Mitzlaff, Organizer

Well, can we have any comment on from the workers on the responsiveness if it comes to the incentives offers? That was still what was pointing out, if you want to increase the workers output having all the other factors given and optimized. Would this than be a motivation to extend? And would the manufacturers agree on linking this, which is perhaps then on individual basis or on line basis, so it varies. There is probably already some experience on this. Is there some reaction from the labour sector, which goes in addition or it is another concept then paying workers by time, which the minimum wage, which is salary based and the complementary one could be to add on production output. Can we have a point of view from the labour sector on this? Piece rate is clear, we don't have piece rate trade, we don't have sweater factories here, but we talk about the others. The others who the basic pay is time bound or time based. You had a working contract, you work eight plus two hour and you are payed by time. There is an additional scheme, in which you receive incentives upon your output. I would like to have the point of view of the labour sector on this, because it is an additional concept or a conflicting one. That is what I like to hear. Could we have the points of views of the labour sector on this?

## A.M.Nazim Uddin, President – Chittagong Division, Bangladesh Jatiyatabadi Sramik Dal (BJSD)



Thank you Mr. Chair. To talk about this subject I am interest to go back about 10 to 15 years, when BNP government was in power, Mr. Saifur Rahman was the finance minister. Sometimes some industrialists went to the finance minister, when their industry was sick, the bank loan is high and they couldn't refund this loan. The Finance minister said: You are an industrialist, you are healthy and your industry is

sick, how is that possible? At the same time I am interested to say that our sick workers cannot build a healthy industry. If workers would become healthy they could contribute to build a healthy industry. That was the first point, the second point is

that I as a worker, I work for the profit of the industry. I will work more only if I get the share of this profit. If I don't get the share of the profit why should I work? What I want to say is that in our country there is a law to share 5% of the profit with the workers, but I think the entrepreneurs are not doing it. If it is mandatory to give 5% profit share to the workers and the workers receive it, then the workers will work freely and they will take the initiative to work more for more profit. Thank you.

### **Mr. Morshed Alam, Organizer - BIGUF**

I want to add a technical point already discussed, we think that if we provide food for lunch in the EPZ garment industry it would increase the productivity. Also if a worker works overtime that the management allows healthy tiffin, which also should help the productivity. There should also be pure drinking water in every factory for the workers. Another point should be the awareness and motivation for the workers on how to improve productivity and ensure all labour rights, which is mention on our labour law and fully stop physical, mentally torture for the workers. If we are ensure those things, I think our workers will work more effectively together with the management. Thank you.

### **Mr. von Mitzlaff, Organizer**

Right, I think we have the chance to go up the left, ok please in between we receive CEPZ and then we come to BGMEA.

### **K.M Abul Basher, Senior Assistant Secretary – CEPZ**

Thank you speaker. I want to say one thing, we are talking about the productivity in Bangladesh, which is between 45 to 50%. I don't know the basis of this figures and what it is and from where it comes. That is the reason why it is a big industry, now a day's RMG is a big industry but we have not any research organization in this regard. So to identify the productivity of the workers and the machines and also of the management, we should establish good research organizations to find our lacking points. That is how we could also identify in which sector we have less productivity and in which sector we have a moderate shape. In this way we could work on it and reduce our productivity problem, otherwise we are talking of 45 to 50% productivity and it will be just in the table. My recommendation therefore will be, as I said, that we should look for a good training institute, which should be a research organization. These people could identify the problem and their recommendation should be disseminate to our industry, because our industry are scattered, it is developed automatically, though it should be in a umbrella but I think it is not very organized and the research is very low. So, like our biological science or agricultural science there are some research organization, but unfortunately for RMG as a big industry there is no research organization so far as I know. May be I am wrong but I don't know about such an organization. Thank you very much.



### **Md. Rasel Eusoofi, Assistant Secretary – BGMEA, Chittagong**

I would like to apologize because I am not very good in English, but I am trying to speak what I am thinking. You raised a question regarding complementary bonuses, if I am not wrong, you are referring to the performance bonuses or sort of things which would might enhance the motivation amongst the workers. So far I know Mr. Haran Kanti Chowdhury is working with KDS, I also know them, I worked there and I know that they provide the performance bonus. They are setting a target and if the line touches the target, they give a performance bonus. But I have also experienced that it's not working as the management expects it. The performance bonus and the complementary bonus are not working, as well as the financial incentives are not working. It is because you don't have the same worker on the next day. The retention is a big problem, because the migration is high and the turnover rate is high. The worker is working today, but you won't have the same worker tomorrow. Who will you train up than and to whom will you give the incentive bonus or sort of things.



For example: I have recruited you, I am giving you all the incentives, but on the next day someone else will be at the same workplace. Manufacturing a garment is a total team effort, it's a continuous process, it involves a lot of processes, like: this shirt, it needs collars, cuffs things and it goes step by step. There are 33 workers in a line and they cannot achieve their productivity very quickly or on the very first day. The productivity gains at the top of the production, which may be takes a couple of days. Lets say this line has got the productivity of 80/hours and one of the workers from this line migrated, she turned out, have you got the point? As an example this is a line, 33 workers are working they gain the productivity and one day one of the worker is absent, what will happen? The productivity goes down, right? The factor is that the retention is a problem here. Most of the workers who are working in our factory are less educated and might not have the belongingness, right? So what is the incentive you are giving them, you are providing them? You are training them up and on the next day they are migrating to some other factories, so your productivity goes down. Mr. Representative from BIGUF has pointed out a very good idea: we could arrange lunch, because in most of the factories in EPZ they provide lunch. If the workers are ensured that they will get lunch, they will be grateful. As I pointed out early in the morning if we provide them resident facilities, if we could provide them health facilities, if we could provide lunch, it will be much more relief for them, this will help for the retention of the workers. You just simply have to give them the profit sharing plan or incentive what I have seen. It will not work unless you can retain the workers for long times. If the workers are working for 5 years, 10 years, you could expect the high productivity out of them. Because if you are providing them the training and they are not staying in your factory, they will leave to work in another factory and when workers are leaving the productivity will go down. Today we are focusing on the productivity, due to this we have to diagnose where the

disease is. We have to find out the root cause for the retention problem. For your kind information the migration rate in our factory is almost 20 to 25% if I am not wrong. Showkat Sir, 20-25% migration rate worker shortages in every factory now, the factories do not have enough workers. You have to find out how we could retain the workers. If we could retain the workers, you can cash on them. For retaining the workers as I have indicated you have to try to provide them with the resident facilities, if it is possible give them the lunch facilities, give them kinds of bonuses or like these things and we could do it at minimum cost. Thank you very much.

**Mr. von Mitzlaff, Organizer**

Well, Mr. Showkat, may be you can also reply to my question, if the retention rate is that high what are the workers saying, if you can ask them before they leave the factory, why they are leaving the factory?

**Mr. Showkat Osman,**

Managing Director - Precision Knitting System Ltd.



Salamu Alikum. The workers are working in our line, but if the next factory offers them 2500 Tk more, they will leave tomorrow. If they get 4000Tk more, they will leave the country to Mauritius, Jordan and other countries. We train them breaking our needle, making our products stock lot, finally they are trained themselves and fly to other factories, more experienced or they even go to

another country.

It is a point to be noted and so far as I know we have more than 3 million active workers here. They are trained by us, there is no training institute from the Government, no training institute from universities. We do have a lot of things but not for this major income generating factory. Nothing from the government. We need it, now is the time to ask. Another problem is the mid level management. We suffer a lot from the mid level management. They are hiding something, that is what we know but it is too late. The buyer side they make it a stock lot. So bank liabilities, worker salaries all are on our shoulders. The mid level management and more workers should be trained. If the worker will be trained, they will know all processes, due to their knowledge the salaries automatically will go up. Our great leaders are here and they know that I can't hold anyone when some other factories offer 500Tk more, they just go away. Usually we pay salary 6<sup>th</sup> or 7<sup>th</sup> or 8<sup>th</sup> or 9<sup>th</sup>, 10<sup>th</sup>, after the salary payment there will be a hassle on your floor or my floor as around 30, 40, 50 workers flown away. This is the practical experience we make, workers leave for another factory with a higher salarie. How we can prevent all these things is the task

we have to solve together. Leaders - workers leader are here, BGMEA leaders are here and the Buyers side is here. If I can't supply the product in time, it is a big loss for the buyer also. We have to think this also: if the product is not reaching in time at Hamburg, Rotenberg or USA, they can't sell. They have to wait for another year, but in another year this style may not exist anymore. So we must think altogether how to solve this problem. We are here for each other. Thank you very much.

**Mr. von Mitzlaff, Organizer**

Can I invite you for ideas how to think within the factory? What are the communication opportunities you have between workers and the management? To think about what is interesting for the workers, if the migration is that high. What other interest might motivate the worker not to migrate, even if you would offer 500Tk extra. If those kinds of ideas can be discussed within the factory, I think that helps. I visited Beximco many years back and I understood that they have, from the beginning, a provident fund system and I was pleased to see that they have workers working with them more than 18 years. So it's not that the worker is getting more money than the other workers, but she knows about her provident fund. Just ideas which can be discussed among workers and with the management. What retains the workers and makes them not only healthy but also feel happy. If you have any ideas or example please put it on the floor.

**Md. Ali Azgar,**

**Deputy Secretary - Chittagong Chamber of Commerce & Industry**

Thank you Mr. Christian. This is Md. Ali Azhar, Deputy Secretary, Chittagong Chamber of Commerce and Industry. There are two sides: entrepreneurs and labours. We are talking about migration. One point from the entrepreneur side, is the lack of job security which is a problem. Another point is the structure of the career development of the worker which is necessary. There should be some opportunities for the workers to develop their career, so that they can think if they stay in one organization, I will lead such a position after 5 years, 10 years or 15 years.



The career development plan should be provided for the workers to retain them for their service for long time in the organization. I do agree with Mr. Showkat Sir to some extent that we have a migration rate problem which should be reduced. The problem is the lack of belongingness to the organization from the labours part. If they would think that this is my organization, they can't leave it. So there are some factors to be

considered from both sides, from the entrepreneurs' point of view and from the workers point of view. We should also come to the point of common interest, not to

a conflict of interest. Rather it can be a vital issue on how to solve this problem of migration and how to retain workers for a long time for the organization for the benefit of the organization as well as for the benefit of the workers themselves. If they serve long in an organization, they will be monetarily benefitted, they will have a development in their career and they will get a higher position as a Manager. These things are very important. Another issue we were talking about were the incentives regarding to productivity. The question is how to increase the productivity, because there are many factors involved in it. May be incentive is one of them.

Every organization has a different perspective, the situations are different. There are so many factors working regarding productivity, regarding incentive as well, regarding the internal environment, external environment, facilities, kinds, benefits so many things are involved there. It varies from industry to industry, from factory to factory, from the situation of the workers, their job satisfaction, incentives, everything. There should be some piloting project taking place for individual factories with this problem. First we have to identify the problem, bring out some study about it. With the study we will find out the shortcomings, take the measures and implement it. Then we can get the result. Some particular industry should be taken into the piloting project to find out what are the shortcomings there and to see what are the remedies which can be implemented to resolve these problems. Then we can come to one conclusion in this particular type of situations. We will know in this type of organizations, these types of problems happen and these are the remedies. So we cannot talk about a whole industry in one Round Table to give solution of all this problems. It would be better we would segregate industry according to their position, level, strength of worker, size of population, size of the industry, size of the factory, their ability to deal with the buyers, how many buyers they handle throughout the whole year. All these things should be taken into consideration and separately, segregately some piloting project can be carried out to find the problems and give the solution, because the environment differs from organization to organization. The training and development can be another initiative to motivate workers more and also to create more belongingness towards the organization. It is a very much influential incentive when I am trained up. I think that I am developing myself. I think that I have a prospect in the future to build up my career in this organization. It automatically creates motivation within me to contribute more for my organization. Thank you very much, Thank you Mr. Christian.

### **Mr. von Mitzlaff, Organizer**

Thank you Mr. Ali Azgar, this were general comments from the Chamber of Commerce and Industry in Chittagong. I would like to just get your points of view if communication can help within the factory to find out how to improve. It's not a question necessarily and my point of view of a pilot project and not to tackle very few of the Grade A factories. It's a question how to address all other factories which are not Grade A here, because this are the majority of the factories. Probably the first step is to come to an understanding between the management and the workers of where the problems are. How to solve commonly the problem? I like to just put on the floor in additional of the institute of trade union because we also have the provision of participation committee according to the labour code 2006, which gives perhaps an opportunity for formal structured discussion confined within factory boundaries. Working on the well being of the factory which is by the code word,



means the labour code, not only the workers right but equally on production and productivity. This is part of the joint management workers committee. It is a joint committee it's not a management committee, it's not a workers committee, it's a joint committee – the participation committee. So I would like, if that is an idea to just reflect or listen to comments from all sides. Which are the ways to bridge the communication within the factory, which then also involves the middle management in that process to discuss about the middle management obstacles as well as to jointly find ways of how to handle it within this particular factory, this very factory based. I am inviting you from the management, means we have employers here, as well from the labour sector, but we can also listen from others who are working with the sector. This is an opportunity which the Bangladesh labour law requires, because it fits to the topic of productivity as well as working condition.

### **Mr. Morshed Alam, Organizer - BIGUF**

I want to say something about the migration of the workers firstly. The migration worker issues are not only created by workers. It's since a long time created by our employer side because of our labour law provision. Every worker gets a service book when he or she get fired. Also any employer when he recruits new, skilled workers can see where he was working before and what were her or his activities. Had the activities be good or bad and why he was fired in that factory. The problem is that our employers do not implement the service book in any factory. That's why our workers can moves from one factory to another. So many employers think that when they start a new factory that they want to have skilled operators and skilled workers collected from another old factory. That's why our management created a long time back this migrant system. Another subject is the participation committee. It is already as our central BGMEA committee said that 1500 participation committee are already working in our factory. 1500 participation committees are already built up but no one works properly in the factory for the productivity, for the workers, for the factory. It is only a pocket committee, which committee come out from our employer side, in this committee no worker works properly. It's a very good idea but it's conducted by our Joint Director of Labour office and they are given proper election and worker choice to their leader, that time I think it's very good for work. Thank you.

### **Mr. Anwar Hossain, Joint General Secretary – Bangladesh Jatiyatabadi Sramik Dal (BJS)**



I want to say something about the migration. I think if they introduce a provident fund system where you will deduct a portion form the salary of the workers and the owners will contribute a share of it, then it will be very appreciating. Also if the labour law is abide by the workers and the owners, then anybody, any worker cannot resign from any factory because there is some

law and he has some money with the proprietor. For that reason, very often he will not try to leave the factory. Another thing I want to say is that when a worker is leaving a factory he is going to another factory. So I think they should have a memorandum of understanding between the owners. When he will recruit a worker he should know from which factory this worker is coming. If these would be followed properly, then the migration will be prevented I think. Another thing I would like to say about the productivity. If the profit bonus and profit sharing is done properly then it would help in our country. The human being is always attracted to additional benefits.

I think management can consider providing profit share scheme to workers along with regular wages and other benefits. When a worker will know that he will receive a portion of the company profit, then automatically he or she will feel interest to work more, because he knows: the more is the production, the more if the profit form which he or she is also benefitted. Introducing provident fund is not only helpful for the worker but also is equivalent helpful to owners. In time owners may face financial crisis and in that situation he can borrow the money from the provident fund with less interest rate than the bank offers. Similarly owner can also utilize the provident fund money for investing into new ventures. We all feel interest to receive something more and I think provident fund will work like as magical inspiration for workers.

### **Mr. M. Fazle Karim, Advisor - Inter Link BD Ltd.**

My name is Karim, I want to say that some factory uses to share the profit in this way. Sometime partly once or twice in a year and some worker if they are skilled they are used to get a benefit every month, am I correct? And some factories provide free lunch to increase the productivity, also free transportation, free tiffin. You can also see some workers who were like helper before, now they are production manager, now they are general manager. So if they are skilled, if the worker is skilled they have lots of opportunities and if one skill operator is not in the factory, the management used to send people where he is now. If he wants more money, if he wants an increase of his salary, the management used to give them. I have seen this once and I think there are opportunities for skilled workers to go up to an high position. Even some garment factory owners are from the operator level, I am correct Showkat bhai, so there are a lot of opportunities for skilled workers. That is my point.

### **Sukanta Dutta, General Secretary – TUC**

I will say something shortly. I am Sukanta Dutta, TUC. I agreed with all that which was said but I have to say something only in a short point. There are various problems running a healthy industry. In the question of productivity, it is very important to train disciplined workers, which can make only TU in every industry with the cooperation of the owner. This will be a solution to solve all problems. Thank you.

**Mr. Md.Sultanul Alam, CSR Responsible (Bangladesh & Pakistan) - Lindex Bangladesh Liaison Office**

I like to share something on the PC (participation committee). The figure of 1500 PC committee as per BGMEA was mentioned. I would like to focus on from my experience. I don't know the figure, from my experience. I have seen that most of the PC, the management are not aware of the formation and also function of the participation committee. Sometimes I have seen that a worker who just joined the factory one month back has been a member of the participation committee. But the rules say, Industrial Relations Rules – 1977, that the worker has to be at least one year in the factory before becoming a member of the participation committee. Most of the participation committee are also not formed as per the rules. As an example it was mentioned that the participation committee should be elected. It has been also discussed. A lot of discussion is going on and as per the local context. Somehow we accept the selection, but we encourage the functions of the participation committee and the documentation process as mentioned in the law: Bangladesh Labour Law 2006 and also in the rules. It is well mentioned what would be the roles and the procedure, but I think it has to be done more work on PC, on the process. Thank you.

**Mr. Karim Ullah Chowdhury, Deputy Secretary - BGMEA**

Regarding the participation committee and or the WWC (Workers Welfare Committee), I had got the opportunity to work within a project, a partnership approach to improving labour relations & working conditions in the garment industry throughout Bangladesh for 03 years with ILO & BGMEA, a joint project. At that time I was closely involved with the project and at that time we almost established in 300 factories the WWC (Workers Welfare Committees). In 2006 the committee was renamed as Participation Committee. Participation Committee is more than WWC. The activities of the Participation Committee have two different types. One type is the first grievance handling procedure and number two is about some problems related to the production, the mid level management or other floor level problems. While establishing WWC in 300 factories we have seen that it was quite impossible to get benefits out of it because you can not find a factory as per the definition of healthy industry. That is, in respect to all management, mid-level management, worker, recruit level, because the worker do not feel any belongingness. Actually they always think that after one month I will go to another factory because there I will get 25, 50Tk as salary, so it's not benefit. The management always wants to resolve the problem through HRD Manager or Administration or Personnel Department, but we do not find any output, any which is benefitting from the WWC. That was my experience. Now we come to the participation committee as per our national labour law. Actually healthy industry is possible. Healthy industry to get benefit from participation committee is possible, otherwise not. So we have to think how many percentage of healthy industry in Chittagong or if you consider within the EPZ, there are actually functioning WWC, well functioning. But outside EPZ especially only in the healthy industry it's possible to implement the participation committee and to get benefit from it. Otherwise total environment of the industry does not favour to get output from participation committee. This is from my practical point of view. Thank you.

### **Mr. von Mitzlaff, Organizer**

I don't know the guess how many of the 3600 BGMEA members and I don't know how many BKMEA members. 1800 BKMEA members we have in the country, so that makes roughly 5000 or plus. Ok then something between 4500 – 5000 factories of both operating factories, how many of them are Grade A? When I understand correctly the enhance or structured communication which is requested by the labour code, in form of the worker participation, for you, you say it is only applicable or it is only possible in Grade A. What is our outlook for the other factories? Is it not mainly on the other factories, who needs more actualy the understanding and conflict resolution and communication rather than conflict. It is the majority of the factories then. Often we are surprised we are unlike the reputation discussion, which we are reminded again and again from abroad. Then a lot of work need to be done in the factories which are below Grade A. So here I think some advise or emphasis or initiatives is very necessary from both sides. We are here until 2 o'clock, I would like to invite the different parties, professional groups here. If they would like to give us their view on the usefulness for them today on this subject. And what they would encourage or like to see how to move this topic forwards, it's very well limited or scrutinized by you Mr. Karim Chowdhury to define productivity on labour productivity as this was the topic today. I would like your value for today before or after we hear from another worker on this, how you assess today's discussion. It goes on one by one at least group by group and then how to move forward if you found it fruitful. What in particular you found fruitful and what should be the next step on this topic. But before you have some more minutes may be to just reflect what you like to voice. There is a worker who would like to express his interest. I don't know the name, who would like to take the floor?

### **Mr. Morshed Alam, Organizer - BIGUF**



Only healthy industry cannot confirm healthy production unless the workers are healthy too. This point needs to be considered. When a worker is physically sound and have less stress, then his or her concentration to work is good and it contributes to good productivity. There are some problem with the job permanancy of the workers, these problems need to be solved. When a worker is permanent in a job and is getting other benefits including provident fund, incentive schemes, etc. then the problem will get solved.



### **Mr. von Mitzlaff, Organizer**

Is there no other request to take the floor on the open discussion we had. Then I would like to come to the closing part slowly and I am interested in receiving your comment and feedback for those who can evaluate the Round Table, because you participate for long, but those who have been here on the 22<sup>nd</sup> of March or even if you only came for the first time. We have those from long time, those coming from Dhaka and we have a good number also who have been here on March, so please give us and share for us also for the participants what you took out from today. What subject you see as necessary to discuss as such a platform and how to move forward this topic. Is this a topic to move forward or which other topics you want to see discussed if you assess today? May I pass the microphone around in sort of a stake which could pass on around the table and those who would like to just give few words as a feedback very welcome. Those who want to put it down in writing, please do, we collect them afterwards as well. So both is very welcomed.

### **Ms. Lutfur Naher Soniya,**

Personal Secretary – Garments Federation



I am Lutfur Naher Soniya and I come from the National Workers League. What I have been observed is that in the garment industry female workers are most vulnerable stage and 80% of the total workers are female in here. When a female worker is pregnant, she do not get 06 months leave with pay, so if she don't get proper leave how will she raise up a child properly to the next generation? There are other

problems also, in many factories the female toilet is not sufficient and also do not have adequate drinking water facilities. Around 15 to 20 days back a female worker came to our office with complains that they do not have any water facility in the toilet since the last two months. So, why don't the owner pay attention to these problems?

### **Shahid Uddin Ahmed Azad,**

Managing Director – H&W Apparels Ltd.

Whatever she has told is wrong, personally I say we are also conscious about the toilet facilities, because if the toilet is not clean, my worker is not clean, so how come she works in the machine? Especially we are very conscious about that, but some time some worker or I have seen most of the worker when they go to the washroom, that they broke on the tape. When we give them some soap, they throw the soap. I saw that like this and I give it my factory like this, but it's not keep continue. This problem is also there. As an owner we always like to clean the

washroom, give the water facilities and all the healthy things we are like to give it to them. No, there is something another happening, may be the land lord do not supply the water and may be some WASA problem, but you have to maintain this.

### **Prof. Muhammad Sekandar Khan, Moderator**

We are at the end, from the owner side they claim that water is there, soap is there, washroom is there, but from the other side the complaint is that it is not there. I think the truth lies in between. Sometimes the water supply does not come from the source and sometimes as he says workers throw away the soaps after they use it once or sometimes they break the tapes, these sorts of things happen. But we want everybody to be considerate in this respect and yours should be considerate. In supply they should be considerate because tapes have got to be repaired immediately, because so many people are using the same tape, others should not suffer. This must be repaired and if someone's throws away the soap, she or he is responsible for destroying the soap, but others should not suffer for non-availability of soap. So something must be found out to see that soaps are always there. Tapes are always working and the water supply man must be also monitor because he has got to supply water so that things remain smooth. We have all kinds of people amongst the workers and also differences in the attitude of owners. We are not the same everywhere, but we shall always try to emulate the better one and the worker he or she must have to emulate his better partner in the same way. The units also should try to achieve the better performing ones. In fact we have a culture now that we put pressure on workers to extract more output from them, at the same time there are some workers also who are found lazy, who are not doing it in the proper manner. These things must go. These are old tactics of maximizing my own share, but the present tactic is to keep happy both sides. Each side should try to keep the other side happy and that is how one would increase his or maximizes benefits. Yeah someone from there wants to speak please.

### **Ms. Deena Morium, Compliance Executive – 4H Group**



Hello, this is Deena Morium from 4H Group. I think now a day's garment industries are well systematic but the biggest problem lies within the communication to the workers. Healthy production depends on workers satisfaction and for this effective communication to the workers is a great thing. We are talking here on Trade Union, but in many cases it goes against us. In our company we have a Participation Committee and it works excellent. Another thing is open door policy, in our factory a worker can reach even to M.D. with his or her simple grievance and sometimes I feel quite surprised to see the motivational power of our welfare officer over the workers and it only could be possible because of strong communication with workers.

## Prof. Muhammad Sekandar Khan, Moderator



What she said is that, we have to learn to communicate with the labourers. Some people can reach them very easily and convince them on many issues very easily and others cannot. The difference is there between one and another, but communication is very important and the welfare officer who actually is responsible for this kind of thing, he should be well trained as you said.

Because all the welfare officers are not probably of the same standard. Then she said something about the open door policy, meaning that with your own small grievance, you can reach the top man also in the management. It's very open and you feel that "yeah", with my own grievance if I can reach the top man it is almost half done. So that is how you increase good will within the labourers. I think this are all very good suggestions or actually she is telling it all from her own experience in her own unit. Thank you, this is very good contribution. We can now go back to the closing and the suggestion is that we shall pass over the mike from one to another. Each one of us, if we have any small suggestions on what topics we may bring up for the next Round Tables on this and also assess how did you like today's discussion? How good it is? How fruitful it is to achieve our aim of better productivity and higher productivity. So your opinion about how good is the discussion today that we had already and what we want to discuss next in this Round Table arrangements. Let us start with Mr. Ali Azgar.

## Md. Ali Azgar,

Deputy Secretary - Chittagong Chamber of Commerce & Industry

Thank you very much, in today's session we have discussed about the impacts of incentives on productivity and we have got the opportunity here to listen to different stake holders: the labour representatives, the entrepreneur's representatives, trade body leaders and so on. So in today's Round Table discussion, it has created some awareness among us to get some brainstorming to think about the matter into deep. Later on maybe we can pass the message to our respected leaders who are making the policy and taking the decision in particular sectors. In that case I think that we can arrange one or two more Round Tables on the same subject to come to some unanimous decisions for implementing them in the particular sector to get the expected benefit from the discussions and the decisions. Thank you very much.

**Haran Kanti Chowdhury,**

Sr. Supplier Development Specialist - Walmart Global Sourcing

Actually this idea is very large with the wages administration idea along with working hour also. This idea we can amalgamate with our discussions with this idea with the inclusions of communications and feedback mechanism. Because the issue raised by the trade union is WPC inactivation. How to activate the WPC in the factory level we can include that things with this discussion. So this is my suggestions: Worker participation committee (PC). Thank you.

**Mr. Nazrul Islam,**

Country Manager - MQ Retail AB, Dhaka Liason Office

This is Nazrul from MQ, actually for today's Round Table meeting a lot of topics we were discussing, mostly in order to achieve this healthy industry and the productivity. The main important role has to be played from the supplier side. What I believe especially in today's agenda, topics mostly discussing like profit sharing, work study, quality circles and the happy workers, healthy workers is mostly to be done by the supplier sides and they have to pay strong wages. I think we cannot finish this discussion in only one day, it will be an ongoing discussion each and every day and as well as for the workers participatory committee and WWC as well. My suggestion is we can discuss more at the next Round Table to be on this agenda as well and also we can add, because this is a good things, the women health & hygienic issues. We can add this for the next Round Table as well. Thank you very much.

**Mr. Md.Sultanul Alam,** CSR Responsible (Bangladesh & Pakistan) - Lindex Bangladesh Liaison Office

This is Sultanul Alam from Lindex, today's topic I like to point out so far we discussed many important issues and my view is that if social compliance is included or exercised in the ileum of production or social compliance is included with the efficiency and productivity, then a company or industry would grow to a healthy industry. My point is that social compliance not outside the production ileum it's help to increase and regarding the next discussion, my point is social compliance and environmental management could be discussed next.

**Mr. Mehbub Hossain,**

Comliance Officer Bangladesh, Pakistan – PVH Corporation

This is Mehbub from PVH. I have learned quite a lot of things, lot of experiences of how to increase the productivity, challenges that our suppliers face and also the problems that our worker leaders also shared with us and different ways how to look at the activities. These were all very vast issues and I think we can go very specific about sometime technical things to increase the productivity that will involve workers benefit as well. How to ensure benefit for workers to be more productive that will ultimately also benefit the factory management, the factory owners also. The good

thing that can be a very good topic of the Round Table is how to ensure the pre flow of communication within the factory from the workers level to the top management and the top management to the low level. Thank you.

**Ms. JennyFagerlin,**

CSR Program Developer - H&M Bangladesh Liaison Office

I am Jenny from H&M, it was my first time I joint this Round Table, but I am very happy and to summarize it: I feel lot more confidence in the sense of that H&M and our huge growth goal in Bangladesh. We can all agree that we all understand that social compliance is part on the side of productions including in the production in order to have an industry that is sustainable, that I am very happy to hear. What I will take from this session today practically is the PIB system and when we work with the productive? efficiency program at H&M, I will actually see if it is possible to put in component PIB system in a more correct way to calculate also, because I also understand that it is not used, utilized 100% today. So that we can see from a brand perspective if this is something we can help to calculate together, with the supplier. To further discussion I still feel that we did not really discuss each and everyones responsibility in order to keep the competitive advantage in Bangladesh with the low price. Because we all agree that the salaries have to increase, so what does that mean in order to still be competitive and this I feel can be further discussed and then may be take away the means of incentives and income benefits only have the healthy industry contributing to productivity as a topic and that is what I hear.

**Mr. Chandon Kumar Paul,** Environmental Sustainable Auditor -  
H&M Bangladesh Liaison Office

Thank you. This is Chandon from H&M, no comments.

**Mr. Md. Mahbubur Rahman,**

Environment Executive – Salim & Brothers Ltd.

Environmental Compliance is also under the Social Compliances and it should be discussed in the next Round Table. About today's topic my observation is healthy industry is only possible with healthy workers.



**Ms. Ferdowshi Begum,**

HR & Compliance Manager - Farzana Fashion Ltd.



I am Ferdowshi Begum, HR & Compliance Manager from Farzana Fashions Ltd. I think if we apply the law (Bangladesh Labour Law) properly, then workers will be happy with the industry aspects. For an healthy industry I think work study and other production engineering techniques are important as well. Most of the workers are illiterate, thereby they do not understand the machinery functions properly, in that cases if the factory technical guys talks with the workers and makes them understand about the functions of the machines, it will be helpful to achieve good quality production. Another important thing is communication skill of the mid level management. Mid level management need to work both with the top level & workers, so if the mid level management can be trained on the effective communication tools and techniques, it will be better for them. Thank you very much.

**Mr. A.M. Nazim Uddin,** President – Chittagong Division,  
Bangladesh Jatiyatabadi Sramik Dal (BJSD)

First of all I would like to thank brother Mitzlaff and his better half Farhana and LIFT Standards e.K. to organize such a Round Table here in Chittagong as a result of which we different types of stake holders has come here in this room. I would like to request one thing that in the next Round Table can be conducted on freedom of association, collective bargaining, social dialogue and decent work. If you conduct such themes at the Round Table that would be very much helpful for us. Thank you all.

**Sukanta Dutta,** General Secretary – TUC

I am Sukanta Dutta and I do agree with our owners intetntion to build this country as an industrial one. Sometimes the mid level managemnet makes the owner and workers relation sour. What is the problem to establish CBA in the factories? If CBA is there, then the management needs not to talk to every worker rather they can talk with the leaders on any problem and it can be solved. In many factories appointment letter and leave was not given to workers. I will request to BGMEA and BKMEA to look at the workers from the human point of view.

**Ms. Ayesha Khatun, Compliance Executive – 4H Group**

I am Ayesha, I come from 4H group. Actually I think if we maintain labour laws and regulations properly that time we can get productivity and we can increase our production. So I think this discussion can be fruitful if we use it properly and I think our next discussion topics can be: How can we reduce working hour?

**Participant**

Thank you sir, I think it is a good learning for me to hear such types of delegates come here all around the corner. I learned a lot and I think it was a good discussion. Thank you very much BSCI & LIFT Standards e.K. I want to know that these suggestions from this Round Table must go to the proper authority to implement, otherwise this meeting will be remain in our head also only. I request the chair to disseminate the suggestions from this Round Table first of all and thank you very much for arranging such type of Round Table, I think it is fruitful for everybody. My last comments, this type of Round Table should be continue and next meeting should be healthy industry in Bangladesh by maintaining without environmental hazard. This is my request to you because Bangladesh is going first by industry, lot of industries is growing up, but environment is not addressed properly. So I think you are good enough to arrange such type of Round Table in the future. Thank you very much.

**Mr. Mostak Ali Chowdhury, Clinic Manager - Surjer Hashi Clinic**

Thank you. I am Mostak Ali, Clinic Manager – Surjer Hasi Clinic. I would request to put the next round table topic as “workers health”. Healthy industry requires healthy workers means workers possess physical fitness to work for. As I work in health sector, I will emphasize health issues, BGMEA representative mentioned here about the hospital initiative at Saltgola and Muradpur, also Surjer Hasi Clinic stands beside you and if you contact with us we can support you with health services including family planning, Tetanus, EPI doses etc.

**Participant**

Thank you Lift Standards, Thank you BSCI. I am happy to be here. Actually this is a very excellent platform to meet different level of people about the productivity of our industrial sector. Thank you very much.

**Mr. Karim Ullah Chowdhury, Deputy Secretary - BGMEA**

Thanks to the organizer for the session. Through this session the interaction from all participants here we have talked about a lot of things, so my suggestion is beginning the session there should be 5-6 minutes power point presentation on the relevant issues, so that the participants should be concentrated on the relevant topics. Especially I think in the future my suggestion is to give a presentation (power point presentation for 5-6 minutes) regarding the agenda. In the future I think the session

may be the role of mid level management for healthy workplace that is Supervisor, Floor in-charge, PM, Personnel manager, HR manager and Factory manager also.

### **Shahid Uddin Ahmed Azad,**

Managing Director – H&W Apparels Ltd.

Thank you. My name is Shahid Uddin Ahmed Azad, I am the Managing Director of H&W Apparels Ltd. and representing BKMEA. Thank you organizer LIFT and support by BSCI. Basically we learned a lot of things, we discussed in the morning, so many peoples, so many talks, we are discussed so many things. So next agenda what I think is mid level management and this is very important mid level management to workers level to owners level. What is the gap between mid level management and the worker is very important I think so. Thank you.

### **Showkat Osman,**

Managing Director - Precision Knitting System Ltd.

The next session whatever topics, we need people to give decisions instantly. This will be more fruitful to us. The audience should be from a bigger area. To talk about the environment, the environment minister should be here, in health, health minister officer of this city not ornamental chief like our city mayor or police commissioner if law & situation, police commissioner must be here. So, he must know the point and he can give decision instantly. Thank you.

### **Mr. Md. Yousuf Ali, Inspector - Ministry Labour & Employment**

Good afternoon, this is Md. Yousuf Ali, Inspector of Factory & Establishment, Chittagong Division. This is a good occasion, I am very happy to be here, it is question that a healthy mother produces healthy child, a healthy industry produces more and productivity will be more. If we implement strictly existing Bangladesh Labour Law 2006, then all things are covered. Thank you very much.

### **Prof. Muhammad Sekandar Khan, Moderator**

I remember when we met last in this hotel in a different room and quite a few of us also present in that meeting also. What we wanted to achieve is to bring together, reduce the gap of understanding of each other, of the different stake holders and this is an arrangement to actually make everybody feel easy to talk out whatever they want to tell. This time also we wanted you labourers and owners and people from the government side and small NGO's and others to tell what they can do, what they can contribute to the improvement of productivity. We have heard a lot about the complaints each have against the other and we have not heard as much about how I, what we can do to for the other. That is what is also important. I am sure the people who represented the different groups, they talked out quite sincerely and quite seriously, but today the garment factories, the apparel industries are not in a good shape in Bangladesh. Yesterday you have seen in the newspaper the US

Ambassador was here, he was telling all whatever he gathered from his home, from his recent visit of USA and all those that he spoke out was not very good for us for the industry. So we must have to be very careful about how we deal with each other here in our country and I am sure the discussion here is made many things clear to us about what is actually happening in the industry and a culture change has to be there. The culture change is I put pressure on my workman so that he gives me more service on the other hand I give more benefit to him so that he feels like giving me more service. We shall have to choose between the two, it is an old culture that we are still sticking to, we shall have to slowly get into the new culture of making the other side happy and also thereby make him give more service so this. I can improve and the history in the west also was like that. There was a stage when England was known for extracting from workers those were the days after industrial revolution in the country, now they have gone into a different culture and if they have gained by adopting this new culture, we must also be able to gain from this new culture. But it is an evolutionary way, not suddenly, we won't give up everything that we are doing today and get into a new kind of system. We shall have to evolve, but the way is there and we must have to slowly proceed even though slowly to the right direction, not sticking to the old values. Those old values have to be changed and from both sides we shall have to change our attitude. This meetings are there to make us feel what my other side thinks about me and how can I improve my contribution by listening to the kind of things, allegations or complaints he has against me. And he also must be able to rectify himself and slowly come closer to me. So that we meet at a place where we both win. We don't blame anymore, that is a win-win situation. Thank you, that is what actually we are aiming to do, Thank you very much.

### **Mr. von Mitzlaff, Organizer**

Yes I only want a few words adding to what has been said and also from your conclusion Prof. Sekandar Khan. There is the general believe that the RMG sector needs the customers, the manufacturer needs the workers and the worker needs decent earning. We all agree on this and probably we might also agree on the World Bank report on Bangladesh, which has only released this July in 2012 with the title "consolidating and accelerating exports in Bangladesh". A very interesting among other constrains which the World Bank pointed out in their report, which are heralds for the acceleration of this industry is the believe that Bangladesh is continuing has a comparative advantage in the low labour cost. So it has been mentioned before, the understanding or the belief the lower labour cost can be continuing export slogan for Bangladesh is in one point conflicting with the aspiration to become a middle income country and also to produce good of higher value. So in that context our topic has been of the interdependency being of higher productivity and then gives also motivation to the workers. So we can say in future Bangladesh is continuing to have an efficient production and efficient workers and that is where the comparative advantage lies in the future. So in that regard I thank you for coming and I hope you will like to contribute in those dialogue in the future because I think that is probably on the way of understanding and coming to a solution. That's all. Thank you and please follow the invitation for lunch.



VI. Pictorials





**SOCIAL COMPLIANCE**  
**round table**  
গোল টেবল বেঠক



## VII. Media Coverage

19.07.12



### **THE WOMEN WORKERS KEEP A SPECIAL CONTRIBUTION IN ECONOMY OF BANGLADESH**

A good industry means an industry which produce abundant good products or healthy workers work in healthy atmosphere self independence good health treatment and good wages system prevails. If all above facilities prevail in a factory there production will be increased undoubtedly. At Saint Martin Hotel in Chittagong a Round Table conference was held and in that conference the Mayor Mr. Monjur Alam of Chittagong City Corporation said this statement. This conference took place by LIFT Standards e.K. of a German based authority. He added that the women workers keep a sound position in the economy of Bangladesh. He requested the owners of mills and factories to give a special care for the women wokers. At present ten lakh women workers are working in this sector. Besides this more ten lakh women workers are also needed in this line women workers demand their satisfactory wages. He also hope that in this conference they are try their best to mitigate all these demands. In this conference all related members were present who were connected in garments industries. The assurance to fulfil the demand of workers. Each and every aspects of this conference were parcel of BSCI of Brussels LIFT Standards e.K. Managed this programme. They have been working better of the fate of the workers in Bangladesh.

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Documentation: LIFT Standards e.K.