From social auditing to social dialogue:
implementing workplace social dialogue in the Bangladesh Garment Industry

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1. Foreword

Current business practice – social auditing of factory compliance with a pre-defined set of standards – has largely failed to improve labour conditions in global supply chains despite companies devoting up to 80% of their ethical sourcing budget to it. In fact, social auditing has been ineffective in preventing fatal disasters, as the 2013 collapse of Rana Plaza (killing over 1100) highlights despite factories audited against the Business Social Compliance Initiative (BSCI) standard. This has forced a rethinking of the “social auditing model”. While social auditing focuses on external auditing and has no role for worker input, it has been recognized that meaningful change has to come from within the workplace and involve meaningful employee voice. Social dialogue is a promising vehicle because it has been recognized as a mechanism for developing better workplace relations and helping to address safety issues from within factories.

By examining social dialogue, this report aims to produce a series of practical recommendations underpinned by relevant research expertise. The report forms part of a wider programme of research conducted by Professors Donaghey and Reinecke at Warwick Business School, University of Warwick, UK. It is funded by the Warwick -ESRC Impact Acceleration Account and has been conducted in collaboration with the ETI to derive lessons from the Joint ETI Social Dialogue pilot programme that was launched in 2015. During 2015 and 2016, field trips were made to Dhaka, Bangladesh to participate in stakeholder workshops, interview factory staff, local brand representatives, union representatives and trainers involved with the Joint ETIs social dialogue programme, and to visit participating factories and participate in on-site social dialogue training sessions. Additional interviews were conducted with brand, NGO and union representatives at the global level. We thank all respondents who participated in and facilitated this research.
2. Executive summary

Social dialogue is a promising mechanism to enable workers’ voice in global supply chains where labour representation is weak. Social dialogue has been defined by the ILO as including ‘all types of negotiation, consultation and exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.’ According to the ILO, the “main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work”.

Without doubt, worker representation functions best when carried out through collective bargaining with independent trade unions but is incremental in nature and takes time. In a system of immature industrial relations, social dialogue has the potential to improve relations between employers and workers at the workplace, prevent, address and resolve workplace issues through dialogue, whilst recasting the responsibility of buyers within the industry.

Yet, there are challenges to its implementation. Using the context of the Bangladesh Ready Made Garment industry, the report sets out the parameters for a measured transition towards social dialogue and recommends a “layered” approach to its implementation. This layered approach realises the value of continuing to use social auditing until such time as the conditions within the industry can support dialogue alone. Using the ready-made garment industry in Bangladesh as a case study, the report identifies the immature industrial relations, the capacity of small and medium-sized firms to manage the transition to social dialogue without external funding or support, and the time-lag required for training as limiting factors. As the state remains unable to commit the resources to facilitating this transition, an independent third party would be well placed to improve trust, transparency and long-term commitment to this process to ensure the successful development of social dialogue for all actors.

The report makes several recommendations:

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Brands can contribute to effective social dialogue in their supplier factories through the following changes:

- Select factories and encourage participation of targeted suppliers,
- Supporting social dialogue and election processes,
- Commit to social dialogue in the long-term,
- Being transparent and sharing audit results with Participation Committees and factory management,
- Attending social dialogue meetings if desirable,
- Rethink attitude to non-compliance revealed through social dialogue: Need to address issues raised in social dialogue meetings without immediately punishing suppliers,
- Reviewing buying practices that may be root cause for workplace issues,
- Integrating CSR staff to positions where they can affect change,
- Reducing competition between brands over OSH cost reduction,
- Implementing social dialogue in collaboration with other firms to reduce programme fatigue.

3. Introduction

In the wake of multiple serious disasters, what if anything can be done in the Bangladesh Ready-Made Garment (RMG) industry to give a voice to workers in global supply chains? Making the industry safer for workers is not simply a question of tweaking and adjusting the existing systems, but requires the fostering of a new approach entirely. As codes of conduct and social auditing have failed to address deep-seated problems, the reconstruction must come from buyers, NGOs, factory managers, and importantly, from the workers themselves. Thus, increased attention from organisations including the Ethical Trading Initiative is placed upon developing meaningful mechanisms for social dialogue to raise concerns over safety issues from within factories. A number of similar interventions have been made to improve the level of social dialogue in the Bangladesh RMG sector. H&M – the largest single buyer from Bangladesh – has developed an initiative to introduce social within their 200+ Bangladesh based suppliers. In 2015, the ILO announced a project “Promoting Social Dialogue and Harmonious Industrial Relations in Bangladesh Ready-Made Garment Industry” (2015-2020).

Bangladesh exemplifies many of the problems suffered by workers at the upstream end of the global supply chain. A series of devastating industrial disasters, including the Rana Plaza factory collapse in 2013 (killing over 1100 workers), illustrate the deep-seated safety problems and demonstrate the urgent need for worker voice to play a larger role in the industry. If a better mechanism for worker voice had existed, the deeply tragic tragedy could have been prevented. Workers would not have felt threatened to come into work in the first place or enter a building that had shown large cracks the previous day. Bangladesh has, since the 1980s, grown to become the second largest RMG producer, after China, with about 4300 factories generating US$25.5bn (>80% of total) in annual exports in 2014-15. The industry employs about 4 million workers with a minimum wage of US$68 per month, of whom about 80% are women. Despite international efforts to support union organising, union coverage remains low with little change in sight as industry and government actors resist unions. Thus, the great majority of RMG workers lack any meaningful mechanism of voice. It is generally well recognised that union-based collective bargaining provides the most comprehensive approach to worker representation. However, in contexts where developing a sustainable system of industrial relations is difficult, a social dialogue approach involving union or non-union representation is better than the status quo.

Social dialogue, an approach that originates in the Northern European tradition of industrial Relations, has the potential to introduce elements of worker involvement and participation into the supply chain. At the same time, there are many factors present within the industry that impede a full scale and immediate change towards this new process. Social auditing, the current system, has let the industry down in its current form, partially because of inherent flaws with the practice but also in its practical application to the local industry context: at least two factories within the Rana Plaza complex were audited just weeks before collapse occurred.3 While supported by the legal framework in the form of “participation committees”, social dialogue is challenged by the underdeveloped industrial relations practices that exist in Bangladesh. There is a need to build the capacity of workers and employers to engage in social dialogue, which is crucial for it to sustain and provide a meaningful mechanism for workers’ voice.

“Bangladesh specifically has proven to me that the future is beyond audit. Auditing is a tool for visibility…but tick boxing is not the way forward.”

Buyer interview – July 2016

To succeed, implementing social dialogue needs to be a collective and coordinated decision. Creating a process of social dialogue and social auditing is imperative to generating change across the whole industry, not just in a few factories. To remove auditing without the proper replacement, and commitment to social dialogue, risks leading to a completely unregulated industry. This reports put forward the creation of a “layered” approach to social dialogue and social auditing that is accompanied by a series of recommendations that are relevant to all actors within the industry, from buyers to NGOs to suppliers to aid in its implementation.

This report seeks to clarify the strengths and weaknesses of the current practices in the garment industry, and suggests meaningful ways to implement change. First, the current industry standard, social auditing, is examined and its weaknesses highlighted, asking what if anything is salvageable from the practice? Second, social dialogue is introduced as an alternative to social auditing. Social dialogue is a process designed to create an inclusive employment environment and has the potential to transform the industry. By demonstrating the potential of dialogue as an alternative, the report recommends the move towards dialogue, but with certain caveats to its implementation. These include the need to recognise social dialogue as an inherently Western approach that requires a specific set of cultural, political and economic conditions in place to achieve its full effect.

Analysing this change in the context of Bangladesh allows to us to examine closely the potential of social dialogue as a tool for change in a country that needs industrial reform. The report offers core recommendations to the implementation of social dialogue in Bangladesh, which may be adapted for different country contexts. Proposing a process-led approach to industrial change, the report suggests an incremental approach to developing social dialogue, that incorporates social auditing during the initial phases. This process is revealed through a suggested time-line approach, managing change through a series of phases that help to define the modified roles of the state, brands and buyers. Implementing social dialogue is not without its challenges, including ‘programme fatigue’, but it is a necessary change for the industry to protect workers from exploitative practices.

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4. The Failure of Social auditing

Social auditing has been the standard practice to help companies manage their supply chains, gain greater visibility of workplace issues in the supply chain and demonstrate commitment to labour standards and the codes of conduct of individual buyers. In developing countries where there is weak enforcement of employment and human rights law by the state, and where workers are not protected from inhumane and unfair working practices, auditing aims to perform a social function to ensure that production is carried out in accordance with the law. Even where the national legislation is in place to protect labour rights, weak capacity and/or the fear of driving away foreign investment often means that legislation is not fully implemented. In Bangladesh, where the government’s labour inspectorate used to have fewer than 100 inspectors for more than 24,000 factories in all sectors, 3 million shops and two major ports, the gap between state capacity and market need is at its most acute.5

Auditing ranges from zero tolerance of serious offenses such as child and forced labour to corrective actions for improvements in health and safety, which account for typically 80% of their ethical sourcing budget to the practice. Its implementation is bedevilled by low quality inspections, poor value for money, unnecessary duplication of audits, inconsistent corrective action plans and ‘audit fraud’. Voluntary monitoring has been argued to divert attention from underlying systemic problems, substitute government and union interventions, and to be designed to limit the legal liability of global brands and provide a veneer of moral legitimacy to prevent damage to their reputation. The practice has increasingly been criticized as clinging to a ‘box-ticking’ exercise or compliance-driven ‘check box culture’, with firms being more interested in ‘covering their backs’ than in improving workers’ welfare.

These limitations are the result of structural flaws in the practice of social auditing. Specifically, social auditing is an individualistic, externally-driven and profit-driven approach to labour regulation. Firstly, social auditing encourages an individualistic approach to implementing standards within factories. Individual buyers enforce discrete, self-created codes of conduct rather than buyers collectively adopting a code of conduct across the industry. At first this individual approach appears to give buyers more power in the buyer-supplier relationship, but the reality is this leads to weak buyer bargaining power, low buyer enforcement incentives and supplier audit-fatigue. Suppliers will take orders for garments from multiple buyers, with even large retailers often only comprising a small percentage of total factory production. For factory management, splitting production across multiple clients provides business security as changes to purchasing contracts by a single supplier does not significantly lower profits. This power-balance dis-incentivises both parties to commit to and enforce codes of conduct, further reducing accountability. Similarly, when a single buyer has recognised that there is a problem with the code of conduct there is little incentive for them to enforce it. This is because enforcing change disrupts the supply chain, could potentially delay orders and reduce profit, particularly when Just-In-Time methods are used. Furthermore, companies typically separate their social auditing functions from their sourcing and purchasing functions, placing the former into Corporate Social Responsibility (CSR) departments which have very limited power within the corporation to end or alter contracts when the auditing code is violated. Furthermore, from the supplier’s perspective, audit fatigue can quickly set in, with one supplier interviewed reporting being audited once a week.

Secondly, auditing is flawed because it is a profit-driven enterprise. It has been estimated to be a US$80 billion global industry and has expanded from apparel to a variety of industries, including electronics and agriculture. Myriad companies, both ‘for-profit’ and ‘not-for-profit’, offer social auditing services to the garment and shoe industry on behalf of Transnational Corporations (TNCs). This blurs the lines between the NGOs and TNCs, between business and civil society, to create an ‘NGO-industrial complex’ in an unregulated ‘soft-law’ environment. For the factory manager, this system allows multiple buyers to demand implementation of their own unique codes. Whilst there is a drive to adopt an international standard, the SA8000, this too has serious failings as a top-down system which fails to empower workers at the bottom of the industrial complex by removing them from the dialogue.

Finally, social auditing is flawed because it is an externally driven process. The codes of conduct used in social auditing are designed and enforced by buyers, are hierarchically implemented, and are rarely the result of collaboration with factory management. This creates a passive compliance-based culture: rather than creating a ‘good management’ culture it develops a ‘box-ticking’ attitude. This is exemplified in the way that Occupational Health and Safety (OSH) is viewed. Seeing OSH as an engineering problem that is concerned with good building structure and fire safety does not guarantee maintenance. Seeing OSH as a compliance issue, compliance changes depending upon ‘who is in the room’. This becomes evident in oft-repeated anecdotes that depending on which auditor/buyer is present during the audit, a fire extinguisher is positioned differently or the labels are changed on utility rooms to suggest its purpose is a medical or meeting room to achieve code compliance. In the long term, OSH cannot be achieved through engineering and compliance alone but requires commitment from within the workplace. While social auditing focuses on externally driven audits from individual suppliers with no structural space for worker input, meaningful change has to come from within the workplace and incorporate employee voice.
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5. What is Social Dialogue?

5.1. Definition of Social Dialogue

Social dialogue has been defined by the ILO as including ‘all types of negotiation, consultation and exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.’ According to the ILO, the “main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work.”

In many European countries, social dialogue exists at three levels:

• Tripartite at the national level with government, employer and unions,
• Bipartite at sector level with employers and unions,
• Bipartite at the company-level, with employers and workers, as typified by the works council model in Northern European countries.

This report focuses on company/workplace level social dialogue. A point to note here is that at the organisational level, the term “Information and Consultation of Employees” is used. For ease of consistency we use “social dialogue” as this is the term used by the Ethical Trading Initiative.

5.2. Origins of Social Dialogue

Social dialogue rests on the idea that both workers and management are involved in joint discussions over organizational level problems in an attempt to find solutions that are of mutual benefit. Ideologically it is not about replacing capitalism but reforming the worst ills of capitalism for the benefits of wider society. Social dialogue has been attributed with many positive effects. Firstly, social dialogue promotes peace and reduces hostility between all parties potentially preventing unnecessary division. Secondly it can play a positive role in overcoming potentially combative scenarios between parties. Thirdly, social dialogue creates an environment of good governance. This is embedded into the process because by definition social dialogue requires the inclusion of multiple actors being given voice.

Developed through northern European principles of Information and Consultation, social dialogue is typically embedded in a supportive framework of industrial relations. According to Warwick Researchers, Hall and Purcell (2012), six factors are necessary for carrying out effective social dialogue:

• the ability to influence management decisions must be present, entailing that consultation takes place while these decisions are still in a formative stage;
• both management and workers must be able to bring issues to the forum and the scope must be sufficiently wide to allow this to occur;
• consultation must take place at all organisational levels, with senior management showing commitment to the process by attending;
• consultation must be complementary to other direct and indirect organisational involvement and negotiation practices;
• worker representatives must have the capacity to build capability, with the support, but independent of management, including training, time off and the ability to communicate with their constituents;
• trust must be generated between the parties, up to a level of trust that allows confidential information to be shared.

When these conditions are not met and where there is strong distrust between parties, the effectiveness of implementing social dialogue is limited. It is easy to advocate worker voice but unless the voice is made effective through training and capacity building and unless it yields concrete results – ‘it is no more than window dressing for employer unilateralism.’

5.3. Content of Workplace Social Dialogue

Social dialogue is purposefully a broad concept, defined as a formal or informal system of participation by stakeholders who recognise each other’s legitimacy in being part of the discussion on labour issues. There is an implication within social dialogue to ‘recognize each other’s legitimacy to resolve conflicts and establish policies through dialogue, rather than [physical or legal] force’. It differs from other concepts such as collective bargaining because it can encompass an exchange of information without being a negotiating process right up to full decision making by workers.

As outlined in Figure 1, there are four levels of social dialogue, which escalate in strength from Information sharing to joint-decision making.

1. Information Sharing mechanism – Parties share information and provide updates on change. This is valuable in building trust and developing a collective understanding of critical issues within the group, as well as promoting transparency.
2. Consultative Mechanism – Consultation between parties which is designed to generate issue based problem solving. This allows parties to be made aware of and create more effective policy/legislative change through dialogue, increasing consensus around proposals and enhancing sustainability.
3. Negotiation Mechanism – Builds upon the previous arrangement to increase the input from each party to with a concrete aim to find resolutions.
4. Joint-decision Making – This incorporates all the previous stages to create a decision-making platform that is formal with the aim of creating lasting, binding change such as change in legislation.
By its very nature social dialogue encourages a more transparent and flatter structure of governance. This increases the likelihood that final decisions are adhered to because there has been willingness, consent and unified action occurring throughout the process. This collective attitude is important precisely because it is what separates social dialogue from previous efforts to create change in the garment industry.

A criticism of social dialogue has been that it can fall someway short of full worker representation through trade unions engaging in collective bargaining. As such, social dialogue has been criticised as being a mechanism which can substitute for independent trade unionism. This occurs when non-union forms of social dialogue are used, and which are explicitly based upon the value of the exchange of ideas, rather than necessarily being about achieving a rebalance of power relations within the workplace. However, the evidence on this is far from clear and in fact mechanisms of social dialogue, such as Works Councils, can have strong reinforcing effects on the development of unions. For example, in Germany where trade union density is about 20% more than half of all works councillors are trade unionists, thus giving unions much greater coverage than they would have without this form of social dialogue. Social dialogue may not mean that the parties reach an agreed position but they should understand better the perspective of the other side. In addition, social dialogue and the development of worker representation can be an important step in the development of trade union representation. One area where a broader social dialogue approach has been generally viewed as successful has been in the area of OSH. Worker representation through OSH committees has been viewed as a positive stimulus in terms of workers developing their own independent agency through other forms such as trade unions.

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17 R. Hyman, ‘Social Dialogue’, p.11.
6. Social dialogue in the Bangladesh context

While the Bangladesh Labour law provides an important foundation for social dialogue, social dialogue is likely to face severe obstacles until the need for change is acknowledged by all actors in the system. Immature industrial relations create many of the social conditions affecting Bangladesh: lack of trade union power and coherence; nature of the workforce; labour legislation; poor government oversight; and poor union-management relations all contribute to poor working conditions and persisting safety problems.

6.1. Bangladesh labour law

The Bangladesh Labour Law supports the principle of social dialogue with its provision for participation committees (PCs) in establishments where fifty or more workers are normally employed, making PCs at least on paper mandatory. The Law recognises two types of worker representatives: Trade Unions and members of Participation Committees (PCs). If a registered union is present, it is the union’s prerogative to nominate PC members. Where no registered union is present, representatives shall be determined by means of election.

The Law prescribes that worker and employer representatives shall be of equal numbers and PCs should meet at least every two months. The law commits the employer and the trade union to take the necessary steps to implement the specific recommendations of the participation committee. The law recognises the PC as a mechanism for workers to pursue their interests, stating that (in absence of a trade union) PC worker representatives “may carry out the activities related to the interests of the workers until a trade union is formed in that establishment.” It also forbids management to “take retaliatory measure against the workers’ representatives for anything done in good faith while carrying out the activities related to the duties of the committee.” However, the law also frames the activities of the PC in quite managerialist terms, stating that the “main function of the participation committee shall be to inculcate and develop sense of belonging to the establishment among the workers and employers and to aware the workers of their commitments and responsibilities to the establishment.”

The requirement for worker representatives to be elected by workers rather than nominated by management was one of the eighty-seven amendments to the 2006 Labour Act which the Bangladeshi government adopted on July 22, 2013 under international pressure following Rana Plaza. At their core, the 2013 amendments were designed to improve working conditions through the promotion of trade unions and collective bargaining. Formulation of the rules of the amendment clarified the position of the state on the law for factory managers, and the government increased the number of inspectors in the factories, as well as the training available for them. Trade union regulation also changed. Employers could no longer receive the names of those trying to form unions, and workers no longer needed factory approval to form a union. The right to-to-strike was also amended, so that a two-thirds majority was required before a union could strike.

The results of the Amendment have been mixed. The changes have made it slightly easier to form unions, as factory owners are no longer allowed to veto union formations. Yet, trade union activity is still suppressed by the government. According to the AFL-CIO Solidarity Centre, the Bangladeshi government rejected more than 50 registration applications out of 111 in 2015, many for unfair or arbitrary reasons. This is in stark contrast to 2013, when 135 unions applied for registration and the government only rejected 25 applications, and to 2014, when 273 unions applied and 66 were rejected.

A report by the International Trade Union Confederation, IndustriALL Global Union and Uni Global Union showed that the recommendations surrounding unions and collective bargaining made by the ILO tripartite committee had not been enacted by the Government of Bangladesh. Similar concerns about the failure of the government to implement change have been voiced by the European Parliament and the EU Trade Minister Cecilia Walstrom. In essence, the report from the three global unions gives a damning portrayal of the role of the state in responding to Rana Plaza:

“In our view, a serious lack of political will, failure of intra-governmental coordination, high levels of corruption and the extraordinary dominance of the garment industry in governmental institutions have meant that the hoped for responses to the catastrophes of 2012-13 have been quite limited.”

24 ITUC, UNI Global Union & IndustriALL (2016), An Evaluation of the Bangladesh Sustainability Compact January 2016 Update’, p.1
25 ITUC, UNI Global Union & IndustriALL (2016), An Evaluation of the Bangladesh Sustainability Compact January 2016 Update’, p.2
6.2. Poor government oversight and law enforcement

Bangladesh generally is regarded as having a weak government in terms of implementing standards in the area of human and labour rights. Its garment industry has grown faster than its government is able, or willing to, monitor or enforce standards. Government lacks adequate resources to regulate and inspect its 4000+ registered (and even more unregistered) RMG factories. Before the government agreed steps after Rana Plaza, it had fewer than 60 inspectors. It upgraded its Directorate of Inspection for Factories and Establishments (DIFE) and by 2015, it had recruited 218 new inspectors, bringing inspector count up to 285. Moreover, many factory owners are represented in parliament, who tend to regard profit and protection for workers in opposition, and have shown little political appetite to improve labour and health & safety standards. In an example of the gap between rhetoric and action, the government commissioned factory inspections after Rana Plaza and declared that 80 per cent of the factories that were inspected by the state were safe, findings which contradict the inspections carried out by the Bangladesh Accord and the Alliance which found critical issues in every single factory.26

“There is a lot of resentment amongst brands that we have been left to sort out what is a fundamentally an infrastructure and government issue in Bangladesh”

Buyer interview – July 2016

Thus, there is a fear that even where the 2013 amendments to the Labour Law have been positive on paper in improving workers’ rights, the implementation may render it ineffectual. For example, amending the Labour Act to prevent union representatives being disclosed to employers does not take into account the scale of corruption or the ability of employers to pay bribes for the information.27 Often there is little discussion of penalties for breaking the rules, creating an uncertain regulatory climate and room for tactical avoidance of the legislation.

6.3. Trade Unions in Bangladesh

Freedom of association – workers being able to join trade unions that are independent of government and employer influence – constitutes one of the ILO core Labour Standards and typically forms a key provision in buyers’ codes of conduct or social audits. Yet, in practice freedom of association is not guaranteed in the Bangladesh RMG sector, with many compounding factors. The 2013 amendments to the law go some way to ease burdens for the creation of unions, but local trade unions in Bangladesh continue to have little power and face opposition from factory management and government alike.

First, trade unions have low structural power in the supply chain.28 Bangladesh specialises in low quality, mass-produced garments that require low skill levels to manufacture. As a result, workers are highly dispensable to their employers. Further compounding this problem, the majority of the work force is comprised of young women who have few alternative sources of income, thereby creating a weak position for bargaining.

Second, trade unions have low associational power. At most, about 6% of the Bangladeshi garment workforce is covered by unions. Low coverage is in line with estimates that, generally, 92 per cent of workers in the garment industry do not belong to a trade union.29 The ILO (2015) reported a rise to 437 factory unions in the Bangladesh RMG sector by March 2015 (up from 132 as of 2012) in 4296 garment factories registered with the BGMEA.30 Yet, questions remain about their effectiveness due to both employer resistance and lack of organising capacities. Further complicating matters, unions are sometimes not-self financed but instead rely upon international donors to organize.

Low associational power is also aggravated by structural factors. In Bangladesh, union membership is tied to a particular factory. In order to register a union, 30 percent of the workforce must join. But requirements to demonstrate 30% support can be prohibitive. And once a worker leaves a factory, they can no longer retain their former union membership. Research has shown that this model of enterprise-level unionism consistently leads to low density and coverage, and high levels of fragmentation in between unions.31 When this model of unionism is used in conjunction with high-labour turnover it significantly weakens the ability of unions to retain members. Within the garment industry alone there are a total of 19 trade union federations, who represent between 1 and 63 affiliated factory unions.32 And some factories have more than one union. As a result, unions lack a coordinated voice.

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32 Information compiled by AFL-CIO Solidarity Center
33 Khan argues that the decrease in global demand and appreciating Bangladesh currency accounted for the decline of the jute industry post-privatization in Khan, Farida Chowdhury. “A Decade of Trade Liberalization: How has Domestic Industry Fared in Bangladesh?” Journal of Bangladesh Studies 2, no. 1 (2000).
Third, unions and worker representatives operate in a harsh environment. Trade unions are often blamed for the decline of the once-flourishing Bangladesh jute industry. This debatable fact is frequently cited as justifying employer opposition to union organization. Trade union organizers have spoken of being beaten and harassed by factory managers preventing them from unionizing. The government does not yet have the capacity (and appears to lack the political will) to ensure that unions are able to function free from harassment. Further compounding this climate of fear and harassment is the creation of the Industrial Police by the Bangladesh Government in 2010 whose effects have been central to the prevention of unionisation.

Fourthly, workers are barred from joining unions in Export Processing Zone (EPZ), effectively denying them representation. During the 1980s, Bangladesh joined many other developing countries in creating an Export Processing Zone (EPZ) which created a free trade export area with no duty paid on imported raw materials or tax paid on exported manufactured goods, yet also exemptions with regards to labour provisions.

In principle, the Bangladesh labour law on PCs resembles the “Works Council” model central to the German system of Industrial Relations. In most European countries, but particularly Germany, works councils are seen to complement an active, representative trade union organisation, rather than substituting it. For instance, the 1958 German Works Council Act contained a provision which constrained works councils from engaging in collective bargaining as a means to protect the domain of trade unions from works council and non-union representatives coming into their area. In Bangladesh, there is a similar provision in the labour law which prohibits PCs from engaging in collective bargaining. However, when placed in the Bangladeshi context where there is a lack of support from the state for the establishment of trade unions, such a provision becomes restrictive to the growth of collective representation. However, some level of worker voice may be better than none in a context so hostile to union organization. Yet it is important to make sure that social dialogue provides a meaningful mechanism for voice, and that buyers’ commitments to freedom of association is honoured should workers’ wish to form a trade union.

In sum, the lack of unions has left Bangladeshi workers with a lack of a coherent mechanism for meaningful worker voice. As such, while not the optimal method of worker representation, the PCs are a potential mechanism for developing greater worker voice. In Bangladesh, the PCs differ substantively from trade union representation, as it is explicitly not a mechanism for collective bargaining, rather it is a method of worker consultation and information. The law is also very clear that where registered trade unions exist, it is their sole prerogative to nominate the members of the PCs. Yet, questions and confusion about the relationship between workplace “social dialogue” and trade union representation persist and create reluctance to the development of the practice from various angle. Does social dialogue substitute or complement the development of collective bargaining? Or does it encourage the formation of trade unions, and support existing ones? For employers, the prospect that social dialogue mechanisms may encourage the formation of trade unions may explain much of their resistance to the practice. To be clear, nothing in the legislation allows the existence of a PC to block or prevent the establishment of a trade union in a factory.


There is a persistent adversarial culture preventing the development of mature industrial relations in Bangladesh, instead creating a vicious cycle of mistrust and lack of communication between management and workers. Management is generally hostile to involving workers in decision-making because of perceptions of worker voice as a threat to their decision-making power. Many owner-entrepreneurs have built the factories from the beginning and there is a reluctance to cede decision-making to workers. Whilst second generation management are commonly more open to alternative organisational styles and techniques, founding entrepreneurs are typically more concerned with the centralisation of power to retain control over management.

Weak industrial relations and the reluctance to negotiate often leaves unions with no mechanism to operate through recognised channels of communication with the state and factory management. In this adversarial climate, unions have been reported to use strike action, often in the form of wildcat strikes, as a first rather than last resort, which can seriously disrupt production and reports of strikes turning violent on occasion. This mixture of adversarial union management, political pressure and resistant management creates an environment which strongly deters the development of meaningful dialogue.

6.5. Nature of the workforce

Many of the problems of worker voice stem from wider issues within Bangladesh. Workers employed in the readymade garment sector come from rural and economically disadvantaged areas, and often have low levels, if any, of literacy. This movement from country to town is part of an on-going urbanisation of the population and contributes to the high turnover of workers in the factories; the steady stream of new workers to region makes it an employers’ market, and does little to encourage staff retention policies. Because over 80% of the workforce is female there are gender specific challenges in the RMG sector. Existing societal patriarchal values of Bangladeshi society are replicated in the trade union structures with the leadership being majority male in most unions. However, the additional household labour and emotional labour expected of women at home, further limits their time available to commit to union/participation processes. Changes are occurring; the creation of female-led networks and labour NGOs within the community are providing opportunities to expand worker voice, and connection to the international supply chain, albeit at a slow and incremental rate. Basic steps such as making disenfranchised female worker aware of their rights and of the labour law still need to occur in order to increase participation.
The aim of the Joint ETIs (DIEH, ETI and IEH) Social Dialogue Programme is to contribute to developing better industrial relations at the workplace in the Bangladeshi Garments and Textiles Sector, through promoting bipartite workplace and social dialogue. In 2015, they launched a pilot programme to develop a scalable and replicable model of social dialogue. Brand members of the Joint ETIs were invited to participate and suggest suppliers who would be willing to participate. This led to the social dialogue programme being piloted in 10 factories from varying sizes, with two participating suppliers having a recognised and registered trade union.

The JETI Social Dialogue Programme builds on the established structures and processes of PCs, which are mandatory for factories with a workforce greater than 50. Yet, recognizing that in its current form PCs do not allow for a meaningful and independent workplace communication platform, the programme aims to help factories to improve their forums for workers and employers to raise issues of collective concern with management. In many ways, the focus of the programme has been to train and develop skills to enable the development of more effective PCs.

This was achieved through a range of interventions (see flowchart below):

- Recruitment of participating brands/factories
- Verifying that the PC is elected OR accompanying the process of PC elections
- Stakeholder engagement workshops & information sharing between partners
- Providing information & support to participating factories, brands and unions
- A series of capacity development training sessions for elected PC members

A designated capacity development training programme helps integrate social dialogue into factories with and without union representation, for factory management, union office holders or elected worker representatives:

- Training for elected PC worker representatives (4 days, off-site)
- Extra training for elected female representatives (off-site)
- Training for PC management representatives (1 day, on-site)
- Combined training for PC worker and management representatives (0.5 day, on-site)
- Training for production staff to understand Social Dialogue (1 day on site)
For participating suppliers having a recognised and registered trade union, the JETI Social Dialogue Programme offers separate training delivered by an experienced trade unionist for the union committee and office bearers as well as factory managers at different levels (e.g. high-level, mid-level and supervisors) on industrial relations and how to conduct collective bargaining.

Basic Training Contents for JETI Social Dialogue Programme

- What is social dialogue? What is the business case for social dialogue?
- Human relations in the factory (”theory X and theory Y”)
- Understanding Labour Law and how to use the law
- Understanding ILO conventions/buyer’s codes
- Handling problems at work (e.g. grievance mechanisms and discipline handling)
- Representing workers in meetings
- How to conduct disciplinary and grievance meetings
- Formal meeting procedures
- Rights and responsibilities – own and that of the counterpart
- Collective bargaining
- Gender equality

Interviews with participants suggested that the JETI Social Dialogue Programme was a positive experience. It is currently moving into its second phase to scale up social dialogue in a larger number of factories in the Bangladesh RMG sector. The following sections of the report will draw on research carried out into the programme.
8. Challenges to Social Dialogue

The following challenges are a recognition of the key difficulties that participants encountered in enacting social dialogue in Bangladesh’s RMG industry. The purpose of highlighting these challenges is to reflect on the experience and derive recommendations for developing sustainable bipartite workplace and social dialogue.

8.1. Lack of Commitment from Factory Management

The concept of bipartite Social Dialogue at the workplace either through trade unions or elected PCs is a challenging thought for the employers due to there being a lack of voice in the industry since it emerged. Yet, the commitment of factory management is crucial to making it work. As outlined, the law requires PC representatives to be elected democratically. However, in practice, many workers serving on the committee are appointed by management who are hostile to independent worker voice. There is strong resentment from many factory managers over the elections of union and PCs. Typically, PC members can lack representative legitimacy as well as credibility to discuss issues with management on behalf of the workforce.

However, since the publication of the implementing rules to the Bangladesh Labour Law, which re-confirmed the need to have elected PCs in place, factory management as well as the exporters’ association, BGMEA, have begun to accept and promote the principle of elections. In addition, many buyers now monitor whether there is an ‘elected PC’ in social audits, making the lack of elected PCs non-compliance. In practice, however, it may remain challenging to verify that democratic elections were held. In the pilot programme, the ETI and buyers accompanied and observed elections taking place. What has been particularly helpful has been when brands intervened with factory owners to ensure that free and fair elections have been held.

For Social Dialogue to be sustainable in the long term, it needs to be beneficial for both workers and management. Participating factory managers are further concerned whether a functional PC would be helpful for compliance; and whether workers’ demands would be acceptable, affordable and implementable. They also repeatedly stressed the need to address the responsibilities of workers in balance with workers’ rights, reflecting a deep-seated fear of worker resistance and unrest. Factory management recognized that if PC members are knowledgeable, communicate well with co-workers and if a PC is functioning well it can positively affect the overall scenario in a factory. Specifically, participating factories highlighted the following positives outcomes of social dialogue:

- Potentially reducing the number of audits
- Improving workplace relations
- Ability to attract other buyers

8.2. Proliferation of Programmes

After Rana Plaza, Bangladesh has seen an intensification of private programmes and initiatives, including inspections and development of occupational health and safety committees (which the law specified to be sub-committees of the PC) under the Accord and Alliance. Understanding which area to focus on and how these programmes relate to each other can be difficult for buyers, factory managers and worker representatives alike, with key issues being approached from different perspectives.

The proliferation of initiatives, inspections and social audits is both a challenge and opportunity for social dialogue. There is a very real concern that instead of creating synergies between programmes, more programmes are added in ways which replicate or contradict each other. This would add to fatigue within factory management who already often complain about the multiplication of audits seen as a waste of time and money. Factory management reported that in practice, each buyer will do initial audit, and one follow-up audit. This leads to a situation where many factories see 12-20 audits per annum. At present, social dialogue is typically used alongside social auditing rather than instead of it, which whilst auditing may be improved through dialogue, adds more layers of bureaucracy for the supplier. Participating factory managers raise concerns about increasing costs and compliance demands, which, in reality are borne by the factory as respondents felt there was little opportunity to raise prices. A few brands have reportedly stopped auditing and replaced it with social dialogue, even though the present research did not encounter a single factory where this was the case. Thus, the way in which social dialogue will interface with existing programmes and social auditing, and reduce the need for multiple audits, needs to be an important consideration.

8.3. Unknown Concept in a Low Trust Environment

One of the hardest parts will be communicating what social dialogue actually means and what it will look like in a local context that is not familiar with the concept. It is essentially a leap of faith for factory management. One brand representative interviewed for the project suggested that there was a problem with the name ‘social dialogue’ and instead chose to refer to ‘workforce dialogue’ in a bid to overcome some of these communication challenges. Moreover, social dialogue is essentially a trust-based system. However, there is little trust between actors in the Bangladeshi RMG industry. Factory management lack trust in the ability of workers to discuss issues constructively and in the response of buyers to non-compliances that are potentially unearthed by dialogue. Brands lack trust in their suppliers to solve problems. Unions and worker representatives lack trust in factory management to raise issues without fear of retribution and in brands to take substantive interest in their welfare beyond cheap labour. Some unions are hostile to the strengthening of PCs that they believe may be designed to replace the role of unions within the industry.

Donaghey, J and Reincke, J (2017, forthcoming) “When Industrial Democracy meets Corporate Social Re-sponsibility – A Comparison of the Bangladesh Accord and Alliance as responses to the Rana Plaza disaster” British Journal of Industrial Relations
8.4. Non-Compliances revealed through Social Dialogue

Brands often complain that social audits often do not unearth real issues that they know or suspect exist in their supplier factories. But once empowered workers start putting their ‘real issues’ onto the agenda of PC meetings, such as overtime or refusal of holiday leave, social dialogue is likely to reveal non-compliance. Yet, this can create tensions in the relationship between factories and brands. Factory management are reluctant to share openly grievances and compliance-related issues raised in PC meetings with their buyers or record them in PC meeting minutes (which the law requires, see Appendix) for fear that they will lose business. The fear was thus that if “brands know about problems they won’t accept the product” and stop orders. If social dialogue is seen as a threat to compliance, rather than helping with it, open dialogue is more likely to be suppressed, impeding problem-solving.

“When I ask ‘What is good?’ – ‘Yes, everything is good, I never work longer than 5 hours.’ – ‘Isn’t there one bad thing?’ – ‘No, everything is good.’ It is hard to pick up issues from the workers’ side.”

Brand CSR Manager – April 2016

Participating buyers expressed that they ‘want to see that the social dialogue system is working and that grievances are addressed.’ This challenges brands to rethink how they deal with non-compliance. And removing non-compliance is sometimes not in the immediate interest of workers unless systemic conditions are changed. For instance, workers often financially depend on working overtime to top up their salary. Adopting a zero-tolerance policy to overtime may be a useful tool for plausible deniability, seen as common with the American legalistic approach, that helps brands to deny wrongdoing if things go wrong. But it may not be helpful to identify problems, in this case extremely low wages, and their root causes and address them collaboratively. Brands stressed that it was important to work closely with factories, meet with top management to investigate problems and find solutions.

However, investigating root causes may also raise questions about the role of brands and their buying practices. Buying practices, including aggressive price negotiations, frequent changes in specification and short lead times with high fines for delays, put time and cost pressures on suppliers that are eventually passed on to workers.

“I want to see that the compliance system is working and that grievances are addressed.”

Brand CSR Manager – April 2016

8.5. Beyond the Low Hanging-Fruit: Making Social Dialogue effective

PC are often criticized as ‘chai and samosa’ or ‘tea and toilet roll’ committees for their tendency to focus on the easier, non-conflictual issues (‘soap’ / ‘water is dirty’ / ‘lights not working’). Moreover, inexperienced worker representatives find it easier to focus on solving individual problems, such as individual instances of aggressive supervisor behaviour or harassment, rather than trying to address systemic causes within the system. To initiate social dialogue as a workplace practice, it may be easier to start with less conflictual issues that the workers may be familiar with from welfare committees. However, the question is how to progress towards resolving more serious workplace grievances through dialogue? Workers need to learn that it is acceptable to speak up and do so in a constructive way. Significant capacity building is key to educating worker representatives to look beyond the smaller daily issues and to challenge the larger issues.

But discussions may be challenging because worker demands may clearly compromise production targets. For instance, a common area of workplace conflict is the issue of festival leave. Around religious festivals such as Eid, workers request several days (7-10 days) of leave to visit their families in the countryside. Factories struggle to make tight deadlines set by buyers. But their denial to grant leave leads to absenteeism and aggravates workplace conflict. Social dialogue here has the potential to generate agreements that are more beneficial to both sides. However, where agreement cannot be reached, this should not be viewed as a failure of the approach.

8.6. From Training to Practice

Another challenge is how to translate training into everyday action. What may seem plausible to demand in a training session, may be a daunting thing to ask in front of managers when the trainer or brand representative is no longer present. For instance, the JETI capacity building programme trains worker representatives to develop an agenda and how to bring it to the PC meeting. In combined training, worker and management representatives engage in a mock PC meeting. Under the eyes of the friendly and familiar trainers, brand representatives and other observers, worker representatives felt comfortable to bring up contentious issues and factory management felt obliged to act responsive to the demands made. Yet without ongoing attention from trainers and buyers it is undeniably more challenging to sustain effective social dialogue, which will require building and maintaining a trusted environment in which worker representatives are able to propose agendas and discuss workers’ grievances without retribution. Thus, many respondents stressed that even with intensive training, the job is not finished.

In sum, social dialogue if practiced well is likely to uncover some uncomfortable truths about the down- and upstream end of the supply chain, which require brands to rethink their attitude to non-compliance and their role in creating them.

Hall and Purcell, “Information and Consultation”
8.7. Gender Balance
Throughout interviews, the importance of correcting the gender imbalance between a largely female workforce and often more male-dominated worker representation was central to the discussion. But there was a strong sense that gender and representation needs to integrated into every stage of social dialogue to generate the trust of the workforce. This needs to be considered from the beginning, not as something that needs to be ‘added’ at a later stage once the framework of social dialogue has already been implemented. Interviewees spoke of the lack of gender parity, but simultaneously noted the difficulty in making changes to worker representation on PCs /union committees after elections had taken place. To criticise a democratically elected worker or election process after-the-fact, on the basis of gender, was seen to create unnecessary tension between buyers and workers.

8.8. Size and Scale
As factories have several buyers, a single brand may not have enough leverage to initiate changes with suppliers. To expect these firms to implement social dialogue on their own when they do not have the buying power, political power or financial resources to implement social dialogue in its entirety leaves them vulnerable to damaging criticism and a target of social expectations. But a large systemic overhaul from social auditing towards social dialogue is beyond the reach and resources of any single brands; they are financially able to implement problem solving approaches but are not able to change large political structures. Furthermore, there is concern amongst firms about the quality and cost of the trainers that are available to them for implementing social dialogue within factories. An exception is H&M, the largest single buyer from Bangladesh. The firm has made significant progress in the implementation of social dialogue through its own programme, but it is able to do so because of its relative size, buying power and resources. A collective approach where market power and costs are pooled may thus overcome issues of size and scale. This approach already has proved popular with brands in the Accord where utilising economies of scale around a unified approach has been central.38

8.9. Stakeholder Communication
A key challenge faced by the industry is the communication of progress to outside stakeholders and the media. While codes of conduct and strict zero tolerance policies are easier to communicate, social dialogue is not as easily marketable in an understandable ‘package’. The tendency for the media to present simplified stories to the public can have a negative effect upon transparency, and discourages the publication of detailed information about the supply chain. Particularly small and medium sized businesses are concerned to legally or publically expose themselves through the adoption of new practices. This reinforces the need for a credible communication strategy, so that media partners can see the movement towards social dialogue as a positive change in reaction to disasters of previous years, rather than a cost-saving measure.

9. Recommendations

Social dialogue is already being implemented in some factories across Bangladesh, albeit on a limited scale. Throughout the majority of interviews conducted for this report there was positive support expressed for the introduction of the practice across the industry, but there were caveats to this support, with differences of experience expressed by different types/sizes of business.

These considerations are reflected in the following recommendations. They focus upon facilitating a sustainable and enduring approach to implementing social dialogue, to develop an efficient, equitable industry that gives voice to workers. Many of these concerns will be applicable to other supply chains, and serve as an entry point for those interested in implementing social dialogue in other countries.

9.1. Strategic Layering of Social Auditing and Social Dialogue

Social dialogue expands the ‘tool box’ of managing supply chains. Yet, how will it relate to existing tools, especially that of social auditing? Social dialogue can be layered with social auditing to create a mutually reinforcing approach to industry governance in Bangladesh. Ideally, social dialogue in conjunction with greater levels of unionization would create a mature system of industrial relations in which workers can negotiate working conditions. But social dialogue is an archetype, and it requires a supportive operating environment to function. It provides the best practice to create a self-governing industry, but if it is not implemented in a supportive environment, social dialogue can become a platitude that masks bad practices and fails workers. ‘Strategic layering’ of dialogue and auditing to create a structured transition towards social dialogue would enhance trust in the process. ‘Layering’ is a term used to describe processes of gradual organisational change, but it can also be considered a technique for managing/creating change in its own right. Institutional layering is concerned with creating stability between two (or more) phases, in this case between social auditing and social dialogue. Layering helps to understand and appreciate that the new process being applied.

The purpose of social dialogue is to create better quality industrial relations, through maintaining a good balance between efficiency, equity, and voice. However, there are impediments and contradictions. Because social dialogue is a process, social dialogue is a means to an end, rather than the end itself, and should not be fetishised at the expense of reaching the end goal.

“Audits might always be there, but maybe not as the only tool. Otherwise you will have the hammer there all the time. But sometimes you need a screwdriver.”

Brand CSR Manager - April 2016

9. Recommendations for Implementing Social Dialogue:

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Similarly, whilst auditing has failed to resolve deep-seated problems in supply chains, there are aspects of the practice that have improved working conditions. There is more than one way to implement auditing and that there are possibilities to improve the practice. Auditors can be empowered and trained to use a commitment-based approach in long-term programmes as opposed to the compliance attitude towards creating one-off ‘box-ticking’ audits. Existing models of social auditing can be harnessed to create a more useful and effective practice; long-term projections, commitment orientated approach, contextual understanding of factory issues and investment in human resources. These changes in themselves do not guarantee a successful audit, nor do they mitigate the systematic issues within the approach, but they could make auditing more complementary with social dialogue to create a more sustainable approach to industrial relations.

9.1.1. Compatibility

For many brands, due diligence remains a key concern. In the event of an emergency situation, how can firms show that they are accountable, and have been checking on the conditions of workers? Rather than seeking to remove auditing altogether, and risk creating a regulatory vacuum, the recommendation here is to create a dual approach which can be in place until such time as it is possible for social dialogue to be mature enough to deal with issues internally in factories. Under the rules change that accompanied the Bangladesh Labour Law and Code, buyers included a condition that PCs be democratically elected. The top-down approach of the audit helped to enforce change and make factory management more susceptible to the need for worker election, rather than management selection. During interviews, brands described examples of positive feedback from factory management once they were able to see the process of democratic elections taking place, and as a result are able to appreciate the outcomes that this change has created, lessening their earlier scepticism about other aspects of introducing change through social dialogue.

Furthermore, until workers have the training and skills to be able to self-identify problems, there is a danger that social dialogue will be used to tackle only the ‘low-hanging fruit’. By creating systems in which social dialogue responds to the issues raised by the auditing, the two can become complementary. This also helps to mitigate social dialogue’s agenda being ‘hijacked’ by more powerful stakeholders, preventing issues being delayed or left unresolved. However, the relationship between auditing and dialogue needs to be one where issues raised by come to social dialogue committee being ‘hijacked’ by more powerful stakeholders, preventing issues being delayed or left unresolved. However, the relationship between auditing and dialogue needs to be one where issues raised by come to social dialogue committee for consideration but without transforming the audit into simply a mechanism for solving problems raised by audits.

9.1.2. Layering in context

Layering social dialogue with auditing through a conscious plan, rather than in ad hoc fashion requires support of both buyers and of factory management. Within this model, social dialogue and social auditing would cover different aspects of governance, allowing the successes that are achieved in dialogue to gradually take over from auditing in a controlled, staggered programme, once previous stages are achieved. Social auditing highlights the issues that need most urgent attention, whilst social dialogue provides the platform for resolution. It is important to consider that for factory management a key motivation to take social dialogue seriously is the prospect of reducing the number of audits they are facing if they can demonstrate a well-functioning PC, with the hope that the social dialogue model could become cost-beneficial. Producing a clear timeline of events and goals regarding social dialogue and social auditing, and agreed upon collectively by factory management and brands, allows factory management to see the movement to social dialogue as part of an ongoing and committed approach from the industry to reduce social auditing.

9.2. Third Party coordination

Interviewees stressed the importance of guidance and support from a trusted third-party as being key to implementing social dialogue highlighting the need for credibility from a trusted partner that could help in negotiation with factory managers. It was emphasized that brands were not neutral actors, but had a commercial relationship with supplier factories, and are not appropriate actors to represent either workers or management. They were thus wary of rolling out programmes on their own, fearing that they would be seen as ‘pursuing an agenda’ by factory management. Brands expressed they would feel ‘safer and stronger’ implementing social dialogue as part of a group, and with a partner organisation to guide the project.

“Social dialogue and [social] auditing are complimentary tools”

Buyer interview - July 2016

The ETI platform is an example of an alternative non-partisan platform. In doing so, it mitigates some of these potential conflicts of interest from the process of social dialogue and encourages trust within the community.

“I would rather that you have a social dialogue programme al-ready in a factory, that is set up by the ETI... Instead of auditing I go into a factory and know that there exists an elected worker committee which has social dia-logue.”

Buyer Interview – July 2016

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43 Ibid., p.343.
9.3. A Collaborative approach

Implementing social dialogue on a unilateral basis is practically challenging. A single brand may not have enough leverage to persuade factory management to participate in a new and potentially challenging practice. And it requires both capital and oversight. In Bangladesh, where many of the fundamental concepts and structures that are required to enact social dialogue are missing from the supply chain and wider society, the costs of creating these conditions can be prohibitive for factory management and buyers alike.

“We would be very interested in rolling out this project to other countries, but only if the ETI continued their pilots. We wouldn’t do it alone”

Buyer Interview – July 2016

Additionally, even if unilateralism were achievable, it is not desirable. Multiple brands implementing their own social dialogue programmes could lead to multiple programmes imposed upon factory management, similar to the auditing process, but with even greater potential for confusion. Different training requirements, training systems and monitoring points would create a complicated and confusing operating environment for the supplier.

Unilaterally implementing social dialogue may also create unintentional bias. The presence of a large market retailer leading this process has the potential to alter the industry through the weight and strength of its market share potentially in a positive manner, but it also has the potential to skew the process in a single brand’s favour. When one entity funds the dialogue and training, and selects the training and trainers, decides how training techniques are replicated from one country/factory to another, social dialogue becomes unilaterally defined and enforced. This can both alter the meaning of how we define social dialogue itself, but also to create a system that favours the market leader.

The Accord creates a strong precedent for the effectiveness of collaboration between brands in the Bangladesh RMG sector and piloted a model of ‘lead brands’. Each participating factory is assigned a lead brand, which acts as a coordinator for other brands buying from the same factory. This commitment has been enacted and brand interviews suggest that this has been a positive change within the industry, for buyer and supplier alike.

“Collaborative shared interest in specific subject matter is key, whether that be [regarding] wage negotiations or OSH or worker’s rights or worker voice. There is a general consensus across the industry within ethical compliance that we will only achieve impact through working together.”

Buyer Interview – July 2016

Brand collaboration has two positive impacts. Firstly, there is a very real danger that more programmes are ‘added’ on top without coordination, fatiguing factory management. A unified approach from brands increases their ability to generate factory commitment, generate regulatory change and generate cost-saving benefits. Secondly, when the costs of regulation, such as OSH, are shared between brands it ceases to give brands a competitive edge to reduce production costs.

9.4. Consistent and continuous training

Capacity development training will be a significant investment, both in costs for trainers and training time-off for PC members. But participants agreed that training there was no short-cut to capacity development trainings to create and sustain functioning committees. Throughout interviews, the need for buyers to keep training factory managers over a period of sometimes years to establish new practices was made evident. Similarly, workers starting from low levels of knowledge and skills need ongoing mentoring and training support to build capacity in order to be effective representatives for workers. Ideally, refresher training would be offered on a regular basis based on a factory specific assessment of training needs in order to ensure continued progress. But even regular PC elections in conjunction with high worker turnover in factories generate an ongoing need to replicate training for newly elected PC members.

“Implementing a social dialogue programme really depends upon the trainers”

Buyer Interview – July 2016

Capacity development training needs to be consistent with the concept of social dialogue; it should deliver a message of social dialogue being a continuous process, not a quarterly meeting. Social dialogue is an ongoing process and as such is fundamentally distinct from social auditing. Social dialogue is the result of daily practice, of creating a process which can respond quickly to changes on the shop floor, rather than building up to single, large discussions. If issues are left unresolved for long periods of time there is a danger that social dialogue will lose momentum and of committees disintegrating into a ‘glorified suggestion box’.

“Finding trainers that are unbiased, under-stand the ETI, knowledgeable of Western ethical trading initiatives is so rare that when you do find them they are incredibly expensive”

Buyer interview – June 2016

The quality of capacity development training was repeatedly highlighted as important factor, which may make replication and scaling challenging. If training is to become an ongoing process, then a bigger pool of trainers need to be created such as by drawing on in-house factory trainers. Buyers were concerned about the quality of training available to them in the past. Some buyers reported that they were recommended trainers that had very little or no country knowledge of the local destination. Poor quality training can lead to programme fatigue on the part of the buyer and eroded confidence within the process. Quality control will be necessary to build a bigger pool of trainers, such as trainer certification.
In terms of training costs, it was highlighted that factories do not fully value and support training if it is provided for free by the brand. At the same time, simply passing on the costs to factories is unlikely to generate the needed commitment to social dialogue. This report recommends a cost-sharing approach but one which will generally be loaded towards brands until social dialogue embeds. A key feature of this is that a reduction in audits will inevitably lead to significant cost savings by the brands. However, such savings should play an important part in terms of meetings the costs of the social dialogue approach to enable sufficient levels of training of both factory management and worker representatives to make the dialogue process meaningful.

9.5. CSR Integration and Leadership

During the interviews, there was a strong commitment from CSR staff and local brand representatives to improve substantively worker voice, but frustration was expressed about the role of CSR within the brand’s organisational structure, and its lack of integration within business strategy. It was felt that this prohibited staff from being able to make changes to other areas of the business that could significantly benefit the supply chain.

Commitment from all divisions is essential as changing the system will require broad changes to many aspects of business, from design to sourcing. For example, implementing social dialogue might flag-up a tension between health & safety in a factory and the supplier struggling to respond to deadlines. Rather than zero-tolerance approaches, what is needed is a collaborative approach to identify some of the pressures that may underpin non-compliances or worker grievances, such as overtime or poverty wages. To implement the necessary changes that will reduce the pressure placed upon factories over deadlines or frequent changes in specifications, which is ultimately borne by workers, will require understanding from the perspective of designers, retailers, accounting, and need to be considered when creating forecasts and strategic objectives. Furthermore, it signals to suppliers that this is a truly collaborative process in which the buyer will internalise the practices they are requesting of the supplier, preventing social dialogue becoming yet another top-down implemented and buyer-led scheme.

9.6. Monitoring

There was a strong sense that effective monitoring of social dialogue was necessary to ensure its proper functioning and prevent it from becoming just a ‘glorified suggestion box’, specifically to ensure that:

- Regular PC elections are held
- Regular PC & OSHC meetings are held
- Workers can bring items to the agenda
- Factory management takes it seriously
- Problems identified through social dialogue are addressed and fixed
- That social dialogue progresses continuously
- Capacity development needs are identified

“We need the buy-in of senior directors, of executives and legal teams… who feel that a bit of social dialogue or compliance by itself is enough, but actually we can be quite isolated within the company.”

Buyer interview – June 2016

Yet, monitoring needs to be compatible with the values of social dialogue as a practice and needs to support the social dialogue process. Auditing and social dialogue are seen as incompatible in their approaches, with auditing being the ‘stick’ and social dialogue being trust/commitment-based. While auditing can identify whether and when PC elections take place and meetings are held, monitoring of the dialogue itself is more of a diagnosis of a situation with the aim of identifying remedies, rather than a compliance assessment. Thus, monitoring of social dialogue needs to be independent of social auditing and focus on the process of social dialogue. This would be facilitated by the development of a ‘diagnostic tool’, which allows for comparison and enable learning across several participating factories. While in many ways similar to auditing, a diagnostic approach would highlight issues of concern but would also seek to highlight ways in which the concern could be addressed. In particular, it would seek to be a mechanism that would encourage more focussed training and/or dialogue depending on the nature of the issue.

Brands can play a positive role in supporting monitoring, such as through periodic participation of brands in PC meetings or facilitating follow-up on outcomes and agreements, thereby signalling to factory management the importance of functioning social dialogue to the brand but also willingness to help factories solve grievances and non-compliances that may be revealed.
9.7. Grievance / Complaints Mechanism

Previous experience in the Bangladesh context has shown that exercising worker voice can lead to reprisal by management, with direct consequences for the affected workers’ jobs and livelihoods. The mere fear of reprisal can prevent workers from exercising voice and render social dialogue ineffective and potentially counter-productive. Impartial external mediation and conflict management will be vital to the process, especially when incidences arise that cannot be met by the PCs. In addition, buyers expressed concern from suppliers that implementing social dialogue would ‘open the floodgates’ of complaints. Without a strong focus to discussions, it was suggested there would be a stream of complaints that management would be unable to process and increase conflict within the workplace. Thus, there is the need to establish an independent complaints mechanism to address problems before they escalate and prevent conflict between worker representatives and management.

To compare with existing industry practice, both the Bangladesh Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety have clauses in place that protect workers from reprisals against workers who speak up on safety-related issues. With a focus on collective voice, the Accord operates a health & safety complaints mechanism to remedy safety concerns which are not effectively addressed at the factory level. With a focus on individual voice, the Alliance operates a helpline as a 3rd party reporting channel where workers can anonymously and confidentially voice safety concerns. The use and uptake of these mechanisms demonstrates the need for a process to be in place, even beyond health & safety. A key point about any such mechanism would be that in general complaints would be focussed on issues around the process of social dialogue rather than being complaints about the failure of social dialogue to solve particular issues. Parties must recognise that not all demands of either side will always be resolved. However, workers must not be victimised for raising issues of concern to their constituency. Similar to the Accord and Alliance, having the third party coordinator involved as a “one-stop-shop” for handling these complaints is important. Once received, the coordinator could involve brands to ensure that the rights of representatives are upheld.
10. Stakeholder roles in layered social dialogue

As the brands, factory management and third party organisations move towards social dialogue, as outlined in 8.1., their roles change considerably. Together the process is about learning to communicate needs and expectations, rather than demand changes.

10.1. Role of the brands

At present social auditing forces brands to act as market regulators. In doing so it distorts the role of the buyer from one of responsibility to ensure good practice within their supply chain, to become the arbitrator of the industry. However, if the brands are to take a reduced role in industry regulation, they must be more responsible for their role in unsafe practices within the industry. At present, the demands placed upon factory management in expectation of delivering products to market are encouraging unsafe practices. A decision at ‘head office’ to alter a product or change the timing of the delivery has a direct impact upon the well-being and livelihood of vulnerable workers, and can encourage unsafe practices to be exercised by factory management. The key role of the buyer therefore is to ensure that their own demands on the supply chain are not contributing to the ongoing industrial disasters that blight the industry.

In terms of supporting social dialogue as a process, long-term brand commitment and involvement acts as a crucial, inspiring incentive for suppliers to think positively about social dialogue.

Brands can contribute to effective social dialogue in their supplier factories through the following changes:

- Select factories and encourage participation of targeted suppliers;
- Supporting social dialogue and election processes,
- Commit to social dialogue in the long-term,
- Being transparent and sharing audit results with PCs and factory management,
- Attending social dialogue meetings if desirable,
- Rethink attitude to non-compliance revealed through social dialogue: Need to address issues raised in social dialogue meetings without immediately punishing suppliers,
- Reviewing buying practices that may be root cause for workplace issues,
- Integrating CSR staff to positions where they can affect change,
- Reducing competition between brands over OSH cost reduction,
- Implementing social dialogue in collaboration with other firms to reduce programme fatigue,
- Mentoring on a continuing basis supplier factories in developing effective social dialogue.

In effect, the success of social dialogue will depend on brands acting as “guarantors” for the initiatives.

10.2. Role of Third Party Coordinator

Third party actors, such as the ETI, can act as a point of trust and stability during a period of change for the industry. Its key functions in this transition is to provide networks, training and forum for problem solving for factory management, workers and brands. In doing so it has the opportunity to shape the process of dialogue, and encourage factory management to embrace the practice. It can enable this by engaging in the following ways:

- Creating training to help workers understand what can be achieved in dialogue, and what form it should take,
- Support workers in understanding content of audits during transition phases to dialogue (especially for illiterate workers),
- Creating networking events where management already engaged in social dialogue can meet and discuss the transition with resistant factory management, and encourage positive testimony from within the community to be shared,
- Help create timeline with management and workers for transitioning to dialogue,
- Create a forum for management to transparently discuss where they are not meeting requirements,
- Providing a joint forum for problem solving to be reconciled with trusted third party support,
- Providing joint role play and training around social dialogue.
- Offer guidance for brand representatives on the role of brands in the SD process

10.3. Role of Factory Management

The key, and perhaps the most difficult, change for management will be to allow worker voice to enter social dialogue. Brands often speak of the difficulty in engaging with factory management to adopt new practices. Indeed many of the changes that can be made factory management are not new, they are simply to implement practices that have already been identified as central to improving working conditions. Embracing this as an opportunity, rather than a threat, can be exemplified through:

- Using the commitment of the industry to make investments that will improve the future of their factories,
- Training of junior and middle management to respond to health and safety challenges, to be knowledgeable of the worker PCs,
- Allowing workers time to take part in PC and OSH meetings and training,
- Holding regular meetings,
- Dealing with issues raised during PC in a timely manner,
- Accepting a period of change as the transition from auditing to dialogue continues.
11. Conclusion

Social dialogue has the power to have a significant positive effect on the garment industry, and contribute to the development of more harmonious industrial relations in supplier factories. But can workplace social dialogue become self-sustaining and replace social auditing? Can it ensure labour standards including health & safety beyond external interventions? In a context like Bangladesh, it is unlikely that government regulation and proper system of industrial relations will develop and mature to an extent that they can provide the mechanisms that are needed to safeguard workers’ rights in absence of external intervention in the foreseeable future. However, workplace social dialogue can substantively reduce the (over-)reliance on social auditing, improve workplace industrial relations, and allow workers’ a voice in the process to ensure their own benefits. To be sure, the benefits of improved worker voice can only be achieved if there is a considerable commitment from all actors in the supply chain and to a collaborative industry-wide approach. This report proposed a ‘strategic layering’ approach to transition from a system in which brands rely on social audits to manage their supply chain, to one in which social auditing becomes supportive of a workplace-based mechanism of industrial citizenship.

There is much here that can be taken and applied to other country contexts. As firms enter new markets, such as Myanmar, there are opportunities to ‘get it right’ from the beginning. In Bangladesh there are practices that have long been in place that are harder to change after the fact. Making gender a more central focus of industrial relations in new factories will circumvent many of the problems that have become entrenched within the factories in Bangladesh. Similarly, there is an opportunity to implement social dialogue from the very beginning of the creation of the relationship between buyer and supplier, especially if buyers operate collaboratively within the factory.
# Appendix: Staged approach to implementing social dialogue

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Task list</th>
<th>3rd party Coordinator</th>
<th>Factory</th>
<th>Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social dialogue</td>
<td>Generating interest and participation. Identify concerns to be addressed by dialogue.</td>
<td>Liaise with factory and brands to negotiate participation. Hold information &amp; networking events. Timetable for implementation.</td>
<td>Attend information &amp; networking events. Commit to participate and declare intentions within factory staff. Timetable for implementation.</td>
<td>Encourage participation. Liaise with factory and share experiences from other factories.</td>
</tr>
<tr>
<td>Social auditing</td>
<td>Inclusion of dialogue criteria (elections of PC elections) in social auditing process.</td>
<td>Assess election status and identify support needs.</td>
<td>Address audit results with SD elements.</td>
<td>Follow-up on audit results with SD elements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 2</th>
<th>Task list</th>
<th>3rd party Coordinator</th>
<th>Factory</th>
<th>Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social dialogue</td>
<td>Building the social dialogue mechanism. Scope the discussion - health and safety concerns, electrical standards, building safety regulation. Providing capacity development training. Provide ongoing advice and other support necessary.</td>
<td>Organize PC elections, if necessary. Establish PC and OSHC, and hold regular meetings. Provide time off for workers for PC duties (preparation, training).</td>
<td>Demonstrate commitment to the process of social dialogue in meetings with factory. Attend training and role play social dialogue activities.</td>
<td></td>
</tr>
<tr>
<td>Social auditing</td>
<td>Inclusion of dialogue criteria (elections of PC elections) in social auditing process.</td>
<td>Continue regular support.</td>
<td>Address audit results with social dialogue elements.</td>
<td>Follow-up on audit results with social dialogue elements.</td>
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</tbody>
</table>
### Phase 3

**Social dialogue**

- Making dialogue effective.
- Expand scope of SD discussion to include issues beyond Health and Safety (holiday time off, overtime).
- Audit results discussed in dialogue meetings.

**3rd party Coordinator**

- Assess further training needs.
- Provide continual training.
- Provide forum for problem solving activities.
- Discuss/agree on transition from auditing to social dialogue with factory and brands.

**Factory**

- Hold regular PC & OSHC meetings. Hold regular PC elections.
- Provide time off for workers for PC duties (preparation, training).
- Implement dialogue outcomes/agreements.
- Providing opportunities for regular dialogue as issues arise.

**Brand**

- Demonstrate ongoing commitment and maintain involvement (e.g., attend PC meetings to offer brand support).
- Support problem solving activities and ensure implementation.
- Review buying practices that damage the supply chain/are identified as root cause of workplace issues as fed back from PC dialogue process.

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### Phase 4

**Social dialogue**

- Sustain dialogue. Social dialogue performs majority of functions originally achieved by audits.

**3rd party Coordinator**

- Assess further training needs.
- Provide continual training, carrying out needs assessment in factories.
- Monitor elections.
- Provide forum for problem solving activities.

**Factory**

- Hold regular PC & OSHC committee meetings. Hold regular elections.
- Provide time off for workers for PC duties (preparation, training).
- Implement dialogue outcomes/agreements.
- Providing opportunities for regular dialogue as issues arise.

**Brand Action**

- Demonstrate ongoing commitment and maintain involvement (e.g., attend PC meetings to offer brand support).
- Support problem solving activities and ensure implementation.
- Review buying practices that damage the supply chain/are root cause of workplace issues as fed back from PC dialogue process.
- Discuss/agree on transition from auditing to social dialogue.

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### Social auditing

#### Minimize/phase out auditing

**3rd party Coordinator**

- Monitor and ensure ongoing functioning of social dialogue.

**Factory**

- Address audit results with social dialogue elements.

**Brand**

- Restrict auditing to “red flag” issues (e.g., structural building safety).
- Address non-compliances collaboratively.
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