

মাল্টিস্টেকহোল্ডার ফোরাম বাংলাদেশ ফর গার্মেন্টস Multistakeholder Forum Bangladesh for Garments

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Data on Social Compliance Status of Readymade Garment Factories in Bangladesh - Collection and Processing

Since the 1990s, Bangladeshi manufacturers of readymade garments (RMG) have considered social compliance to be a top priority. The Ministry of Commerce of Bangladesh and the two business associations, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) have undertaken proactive steps to safeguard the industry and ensure that all active factories in Bangladesh are 100% compliant to the revised national labor law. This is a tedious process since the number of active factories in Bangladesh is significantly large.

The Ministry of Commerce established the Social Compliance Forum (SCF) which is an apex policy making body with two major taskforces, one for labor welfare and one for occupational health and safety. The SCF also has a Compliance Monitoring Cell (CMC) which acts as a secretariat for the SCF. The CMC was also given the responsibility of compiling national data on the compliance status of the RMG factories with inputs from the business associations and the Ministry of Labor and Employment.

In mid 2006, there were some labor unrests in the RMG sector. In order to address issues which led to the labor unrests, a tripartite memorandum of understanding (MoU) was signed between the workers, government and manufacturers. This MoU focused on 10 critical points which needed to be addressed urgently. The government instructed their factory inspectors and the business associations to monitor the implementation of the 10 points of the MoU. All visits were unannounced and factories were penalized if any discrepancies were identified. Extreme violations even led to closure of the factories.

During the last 2 years, the government and business associations have proactively been monitoring the compliance status of factories. A full swing social compliance monitoring system is ongoing with the stakeholders. This paper focuses on the methodology of data collection and processing by the different stakeholders who are involved with monitoring the compliance status of RMG factories in Bangladesh.

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Ministry of Labor and Employment

The Ministry of Labor and Employment (MoLE) through (a) the Directorate of Labor, (b) the Department of Labor Inspection, and (c) the Labor Court, executes the national labor laws and regulations, and ensures compliance with the ratified international laws. The Department of Inspection of Factories and Establishment is expected to ensure the safe operations of factories and establishments in the country.

Monitoring Capacity and Coverage

For the readymade garments sector, the MoLE has 10 inspection teams in Dhaka and 5 teams in Chittagong. Each team comprises of two people. These teams carry out at least 28 inspections per month in Dhaka only.

Priority Monitoring Areas

The three priority monitoring areas which have been set out are:

1. General – dealing with welfare and working conditions of workers employed in factories
2. Engineering – focusing on industrial safety
3. Medical – supervising occupational health, hygiene and maternity benefits administration

Monitoring Process

Labor inspectors monitor the implementation of the national labor law and standards. These inspectors belong to one of three professional categories (physicians, engineers and general). They operate in teams of two, one representing the workers' interests and the other representing the "Division of Inspections" of the Labor Directorate. Three different checklists are used according to the above mentioned professional categories. Following a factory visit, the labor inspectors prepare a report identifying any irregularities observed and submit it to the factory. A deadline is set to implement the recommended corrective measures. In the event that consecutive follow-up inspections reveal no corrective action has been undertaken, then the business associations (BGMEA and BKMEA) are informed and the factory might be subject to legal action. Financial penalties ranging from BDT500-1000 can be imposed, and imprisonment for up to 3 months can be recommended.

Data Analysis System

The data collected through the checklists is not processed electronically, nor entered in a searchable database. The inspection reports and follow-up activities on each factory visit are maintained in files.

Data Distribution

The information on the labor inspections is shared regularly with the Social Compliance Forum, concerned ministries and institutions on a regular basis.

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The Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

Monitoring Capacity

- 20 trained monitors (10 teams of 2) operate in Dhaka and surrounding areas
- 8 trained monitors (4 teams of 2) operate in Chittagong

Each inspection takes, on average, two to three hours.

Priority Areas for Monitoring

Twelve priority areas have been identified by the BGMEA while assessing the compliance status of their member factories. The priority areas are:

1. Payment of minimum wages
2. Appointment letters
3. Identity cards
4. Weekly holidays
5. Casual leave
6. Medical leave
7. Festival leave
8. Maternity benefits
9. Payment of overtime
10. Fire fighting system
11. Alternative stairways
12. Open gates

Coverage

As of January 09, 2008, the BGMEA monitors have visited all 4524 member factories. Out of all the member factories, 1871 (1611 in Dhaka and 173 in Chittagong) factories are temporarily not operational.

The Monitoring Process

The monitoring visits are conducted without prior notice to the factories. These visits include meetings with factory management as well as cross-checks with factory workers. An inspection sheet (along the lines of the priority areas) is completed and signed by the monitors and the factory management. If a factory is found to be non-compliant in any of the priority areas, follow up visits are conducted until the factory is in full compliance in all areas. The BGMEA's role is to identify non-compliant factories and provide them with advisory services to rectify the identified non-conformities.

The Data Analysis System

The monitors collect the data, using the checklist, from the field visits to the factories. This data is then entered into a database. The data are processed electronically using a customized software package and records are kept in the form of both soft and hard copies. The software can generate different types of reports. These reports act as excellent monitoring tools for the BGMEA management. Reports can be generated according to status of individual factories as well as reporting on individual checklist points.

If any non-conformances are identified at the time of inspection by the BGMEA monitors, the factory management is informed in writing about these issues. A stipulated deadline is provided to rectify the non-conformances. If the factories do not address the non-conformities within the stipulated deadline, the BGMEA provides another letter to the factory requesting them to take appropriate action to address the issues. If the factories do not address the issues after the second warning, then the BGMEA stops all services to that factory. If the factories do address the non-conformities, the BGMEA monitors update their respective records on the database.

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Data Dissemination

A status report of the monitoring activities regarding the implementation of the MoU is produced monthly and submitted to the following government offices:

- Office of the Chief Advisor
- Ministry of Labor and Employment
- Ministry of Commerce
- Directorate of Labor

The compliance status reported refers to the member factories found in compliance as a percentage of the factories found in operation (not the overall number of factories).

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The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)

Monitoring Capacity

- 8 monitors assigned to 8 distinct production zones (individually responsible for assigned zones). The monitors conduct factory visits in teams of 2.
- 4 compliance officers (each supervising 2 monitors)
- 2 senior officers

Each monitoring visit takes, on average, two to three hours. The monitoring teams can cover approximately two to three factories per day.

Monitoring Areas

The BKMEA conducts its monitoring activities along the requirements of the new labor law. There are four checklists which are used to identify non-conformances and each checklist rates member factories on a scale of A to D, where A-factories are at least fully compliant with the requirements of the national labor law. The four checklists are also defined grade wise, that is, D grade to A grade. Each checklist has certain areas it covers. For example, the D grade checklist has the minimum requirements which a factory must abide by and the A grade checklist has the more advanced requirements. However, all requirements are as per the national labor law.

Coverage

As of January 2008, the BKMEA monitors have visited approximately 1000 member factories out of a total of 1350 member factories. Follow up visits have recently started. Since new members are also included, the baseline survey is a continuous process. Follow-up visits have started in September 2007 and as of January 2008, approximately 500 factories have been covered through these visits.

Monitoring process

The BKMEA's monitoring visits to the member factories are also unannounced. The monitors meet with the factory management as well as the workers. If a factory is found to be non-compliant with any areas covered on the checklists, follow-up visits are conducted and advisory support, through a corrective action plan, is provided to the management until the factory is in full compliance in all areas. The BKMEA monitors cannot issue penalties for non-compliance; rather, their activities are limited to assessment and advisory support. However, the BKMEA management regularly reviews the compliance data which is collected from the factories. The social compliance department provides weekly reports to the project management committee which is headed by the BKMEA President. The committee evaluates the scenario and takes appropriate action against the factories where non-conformities have been identified. The factory management is given two warnings regarding the issues. If the corrective measures are not addressed, even after the two warnings, the BKMEA imposes penalty on the factory depending on the degree and extent of the non-conformance. In extreme cases, the association stops all services to that member factory.

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Data analysis system

Once the data, through the checklists, are collected by the BKMEA monitors from the factory visits, it is entered into a database. When the data is entered into the system via the software, the grading of the factories is done automatically. Each monitoring team is responsible for entering the data in the database individually. In order to address the issue of information privacy and security, the software is designed in such a way that the monitors have access only to the data for the factories that are under their responsibility. Corresponding corrective action plans and their implementation status are also entered into the software. In each visit, the social compliance monitors recheck the previously identified non-conformances. The positive and negative grading is done based on the implementation status.

The BKMEA's social compliance monitoring software generates a wide array of reports which have been customized to the association's requirements. Reports may be generated in the following categories:

On general information such as factory size in terms of employment and the operation status

- Factory grading: These reports are region/zone/grade/inspection date/monitoring visit wise
- Method of payment: monthly or piece rate
- Status of training provided: how many participants took part in the trainings organized by BKMEA
- Queries based on individual monitoring points

Data distribution

Reports on the compliance status of member factories are compiled for internal use and monitoring only. External reports are submitted only upon request from authorities with prior approval from the management. Regular reports have to be submitted to the Government regarding the status of the minimum wages implementation of member factories. The compliance status reported refers to factories found in compliance as a percentage of the factories found in operation (not the overall number of factories).