

Final Project

LIVING WAGES IN BANGLADESH (GARMENT INDUSTRY)

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perma wage

DAILY SELF-REPORTING

✓ ANONYMOUS

Date: 04/10/2022

HOURS WORKED (EXCLUDING OVERTIME)

10

OVERTIME HOURS WORKED

2

BREAKS RECEIVED

3

WERE YOU TREATED WITH RESPECT IN THE WORKPLACE TODAY?

Yes or No

DID YOU FEEL SAFE IN THE WORKPLACE TODAY?

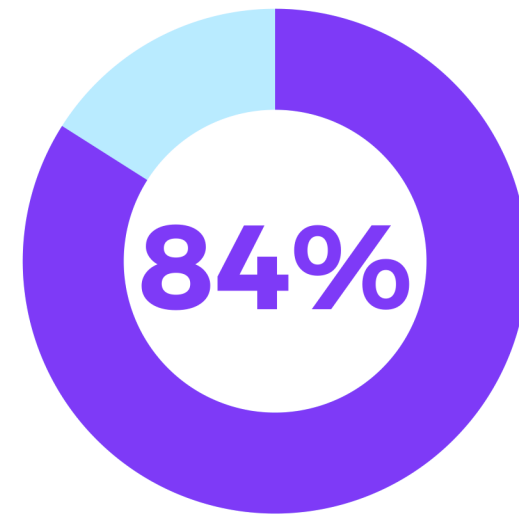
Yes or No

PLEASE SHARE ANY ADDITIONAL INFO BELOW

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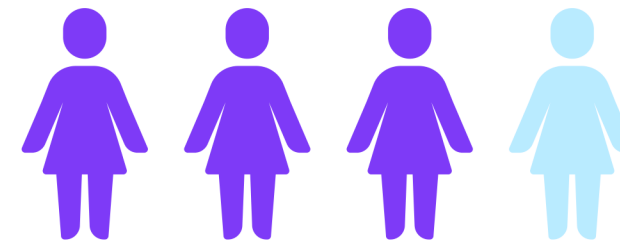
SUBMIT

THE READY-MADE GARMENT INDUSTRY IN BANGLADESH



The (RMG) industry accounts for 84% of Bangladesh's exports

3/4 ARE WOMEN



Out of 4.2 million garment workers in Bangladesh, 2.5 million are women

MIN WAGE INCREASE

- In recent years, the Bangladeshi government has attempted to increase minimum wage
- Unfortunately, cost of living is rising faster than they can increase minimum wage
- Minimum wage income is not enough for workers to afford their required cost of living
- Brands must be held responsible for ensuring LIVING wage to garment workers

WHY THIS PROBLEM EXISTS



COMPLEX SUPPLY CHAINS

Industry is highly **globalized** and **fragmented**, with production occurring in **low-cost** countries where **labor laws** are **weak** or **not well enforced**. This makes it difficult for brands and retailers to know what is happening at the **factory level** and to ensure that workers are being treated fairly.



RACE TO THE BOTTOM (PRICES)

Fashion companies often pressure suppliers to **keep costs down**, which can lead to **suppliers cutting corners on wages**.



RELIANCE ON LOW-COST LABOR

In order to **compete**, fashion brands are constantly looking for ways to **cut costs**. This often means that they source their products from countries where **labor is cheap**. This directly impacts the workers as they are **paid less than a living wage**.



LACK OF TRANSPARENCY

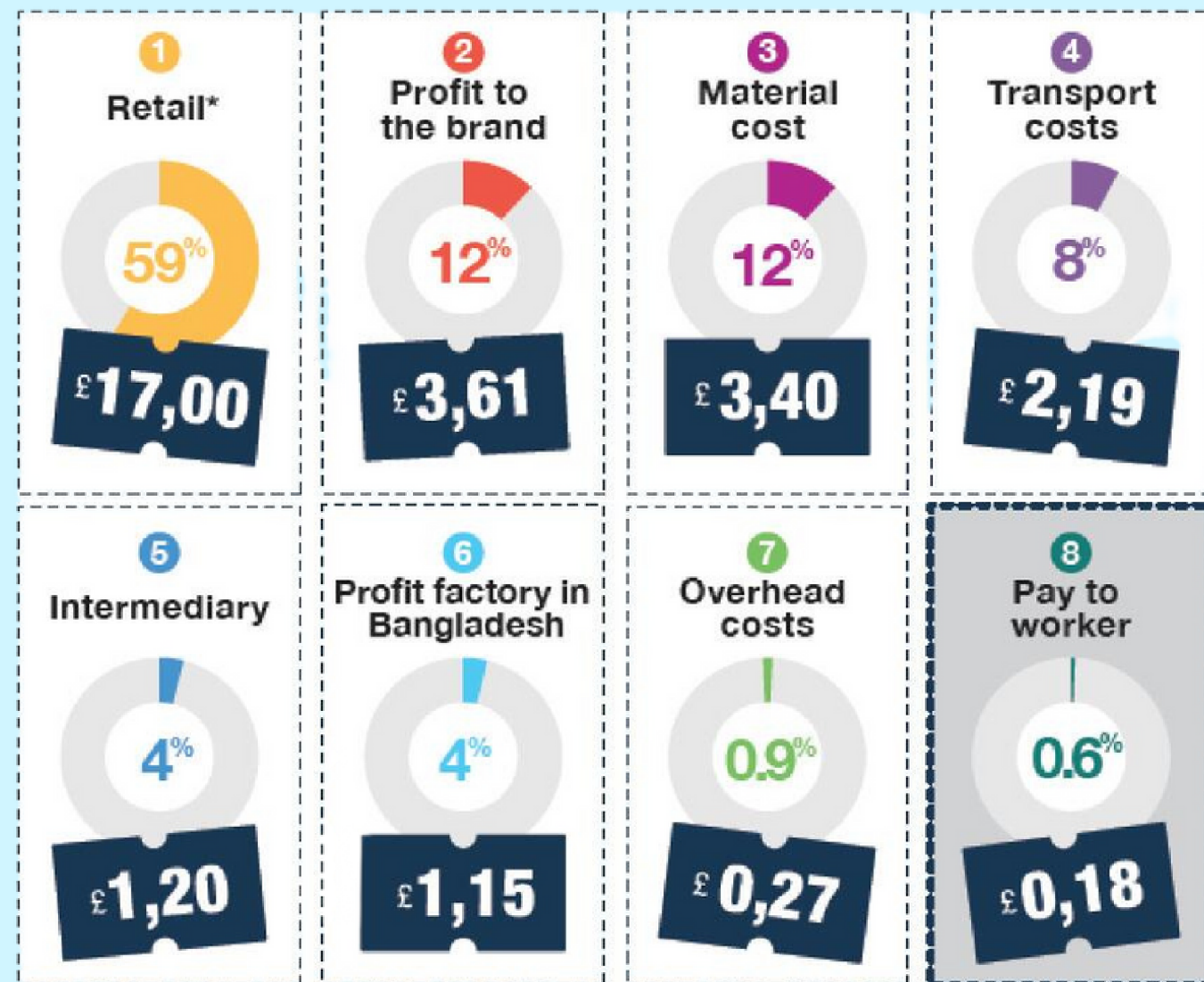
The **complex supply chains** make it difficult to **track** where **products are made** and **by whom**. This lack of transparency makes it difficult to ensure that workers are paid a **living wage**.



LACK OF REGULATION

This means that brands can **get away with** paying workers **less than a living wage**.

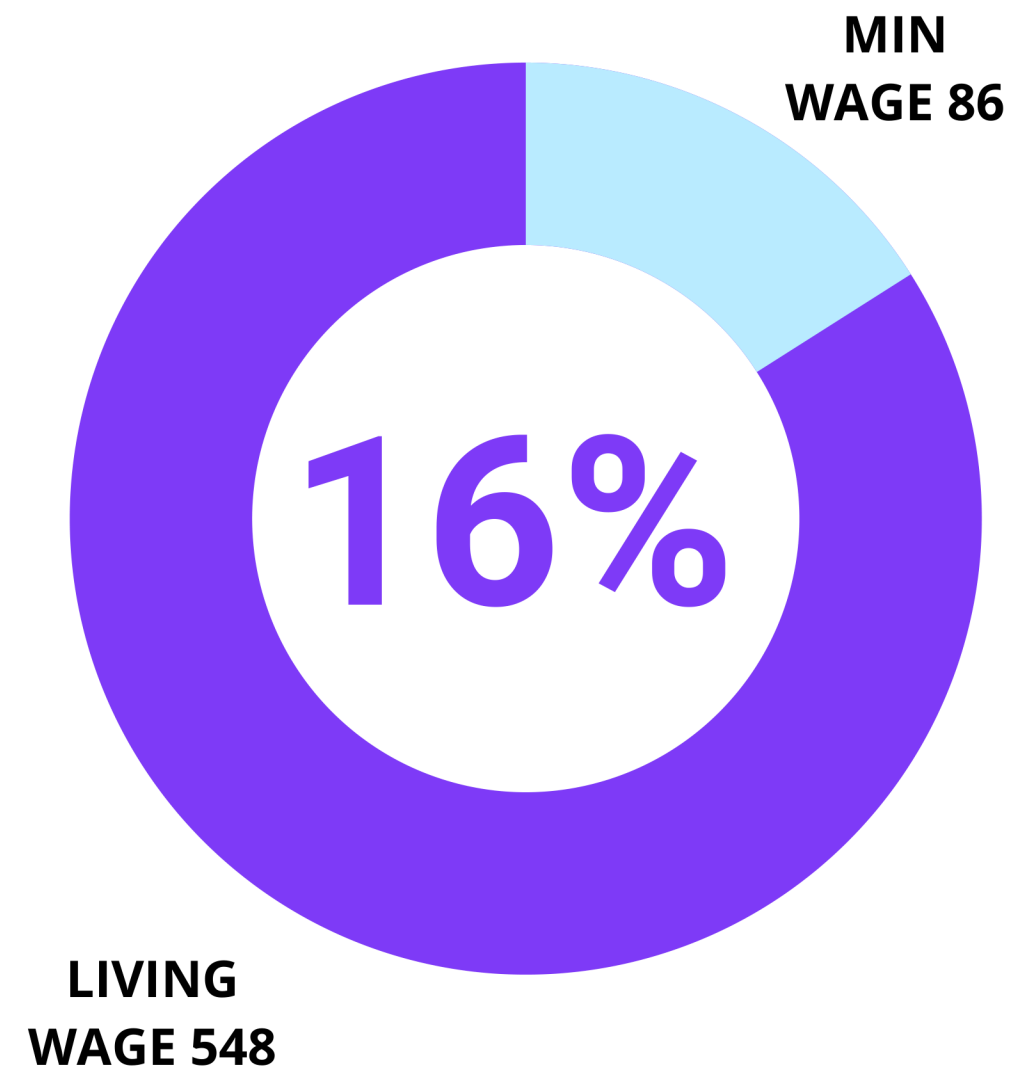
COSTS OF A T-SHIRT



* Includes all costs at a retail level including staff, rent, store profit, VAT etc.

Source: Fairwear Foundation

MIN WAGE VS LIVING WAGE



EXISTING PAST SOLUTIONS

ACT (“Action, Collaboration, Transformation”)

agreement between global brands, retailers, and trade unions to achieve living wages for workers

H&M

negotiation with factory owners to create a "sustainable" business model that ensures a living wage is paid

IDH, The Sustainable Trade Initiative

social enterprise to co-create sustainable solutions in the working environments of global industries

PITFALLS

LACK OF STAKEHOLDER INVOLVEMENT

Many solutions are often **one-sided**, not considering **all parties involved**, such as the H&M Fair Wage Campaign

WEAK ENFORCEMENT

Voluntary initiatives have **challenges** being enforced since there is no **legal obligation** to do so

SLOW CAPACITY BUILDING

Factories and suppliers often lack the **necessary funds** and **resources** required to enact **structural change**: this is especially without support from brands and governments

CHALLENGING SCALABILITY

With many organizational-driven initiatives, the **constrained resources** makes it difficult to **scale up** business efforts, restricting their impacts on a large-global scale and only being able to target a select few brands/factories

MOST NOTABLE

BANGLADESH FIRE ACCORD

- Legally binding agreement between brands, retailers, trade unions, and factories to improve fire and building safety in the garment industry.

ENFORCEABLE WAGE AGREEMENT (EWA)

- Global, legally-binding agreement
- Arranged and signed by trade union organizations, international brands, and retailers in the garment and footwear industry.

WAGELY (STARTUP)

- Indonesian tech startup that provides early access to wages
- "Earned Wages"
- Removes need for risky loans to be taken out
- Provides fair access to wages and eliminates large time delays of payment

PROVENANCE & GANNI PARTNERSHIP

- Using blockchain to verify sustainability for garments
- Gives a digital ID attached to garment
- Consumers can scan QR code and see where an item was produced

THE MAIN PROBLEMS TO ADDRESS



LIVING WAGES

Despite working excessive hours, factory workers are not being paid enough to support their basic needs and livelihood



TRANSPARENCY

Suppliers often hide or purposely miscommunicate their wage records to brands



ACCOUNTABILITY

No agent keeps both suppliers and brands accountable in making sure they are treating garment workers fairly

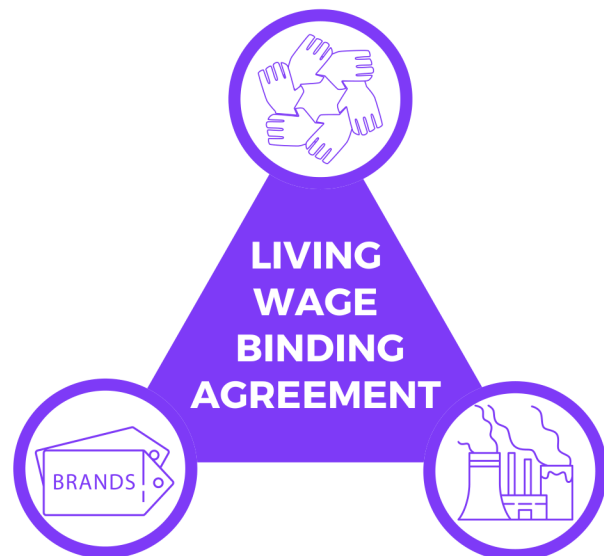


LEGISLATION

The country lacks a strong, legally binding agreement between government and stakeholders to enforce fair wages

OUR SOLUTION

A dual initiative, implementing a binding agreement while creating a supplier-brand accessible app to monitor wages paid in Bangladesh



BANGLADESH LIVING WAGE ACCORD

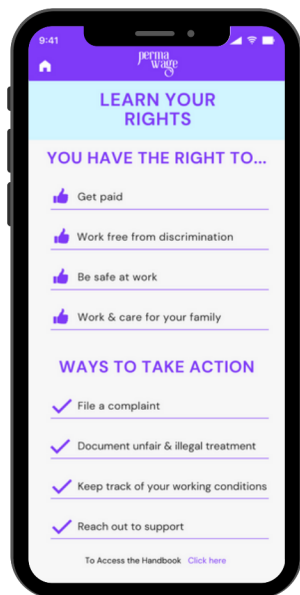
Implement a legally binding agreement between brands and suppliers in which brands have an obligation to keep their suppliers accountable in paying their employees timely, fair wages.

Correspondingly, suppliers must publicly and accurately disclose their wage payments to brands

WAGE APP: PermaWage

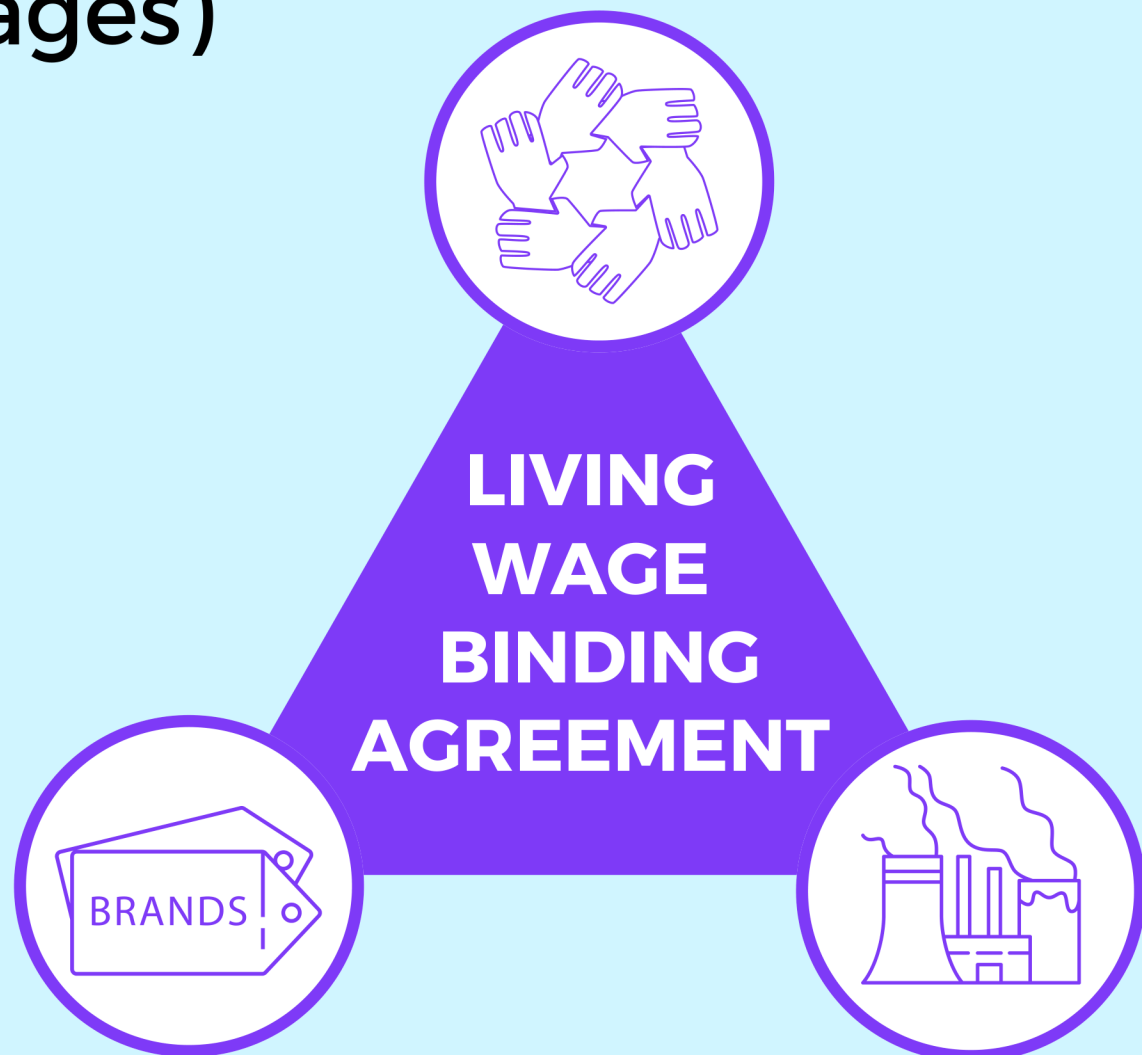
A tool marketed towards brands to continuously monitor wages being paid in their factories: allows for identification of potential gaps or inabilities to meet the agreements outlined in the Accord

The app is a resource for workers to better understand their rights, how their wages are calculated, and a method to report wage fraud



LIVING WAGE ACCORD

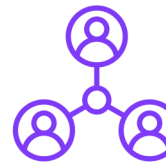
Binding agreement between brands and suppliers that focuses on pay transparency and brand accountability (living wages)



MODEL/IMPROVEMENT OF BANGLADESH ACCORD

The Accord on Fire and Building safety proves it's possible for brands to make changes throughout their supply chain

Buyers and suppliers need to create a symbiotic relationship: This relationship is key in creating an equal global economy and progress toward a sustainable future



KEY STAKEHOLDERS INVOLVED

Brands
Suppliers
Workers
Trade Unions
NGOs



KEY OUTCOMES

Transparency
Accountability
Shared Financial Risk
Time bound and target bound strategy

TRANSPARENCY

BRAND OBLIGATIONS:

- Annual report on their strategy and implementation
- Collective Bargaining
- A standard 48 hour work week, excluding overtime
- Inform workers of their rights
- Require pay slips to be given

PUBLIC DISCLOSURE OF:

- Production units and processing facilities
- Site Adresses
- Number of workers (range)
- Weekly entry level take home salary

ACCOUNTABILITY

FAIR PAYMENT TERMS

- Payment to suppliers in line with agreed time frame
- Changes only made when it's mutually agreed
- Do not impose penalties outside of purchase agreement
- Implement internal monitoring to track terms of payment

PURCHASING PRICES INCLUDING WAGES AS COST

- Compliance with collective bargaining agreement into purchasing agreement
- Indirect and direct labor costs in cost calculation
- Reflect increases in negotiated wages in labor component of cost calculation

PURCHASING PRICES DEPENDENT ON DEMAND PROJECTIONS

- If brands forecasts are wrong, consequences are not borne on suppliers alone
- Distribution of financial risk and reward that are equitable and proportional to value added in chain

FAIR WAGE AUDIT RESULTS: WORKER ISSUES

1

Pay Slips and Excluding Overtime

Pay slips are not given to workers at time of payment. In other factories, slips only mentioned the calculation of legal working hours, but did not include excessive overtime hours worked. As a result, workers lack an understanding of how wages are calculated.

2

Delayed Payment and Lack of Benefits

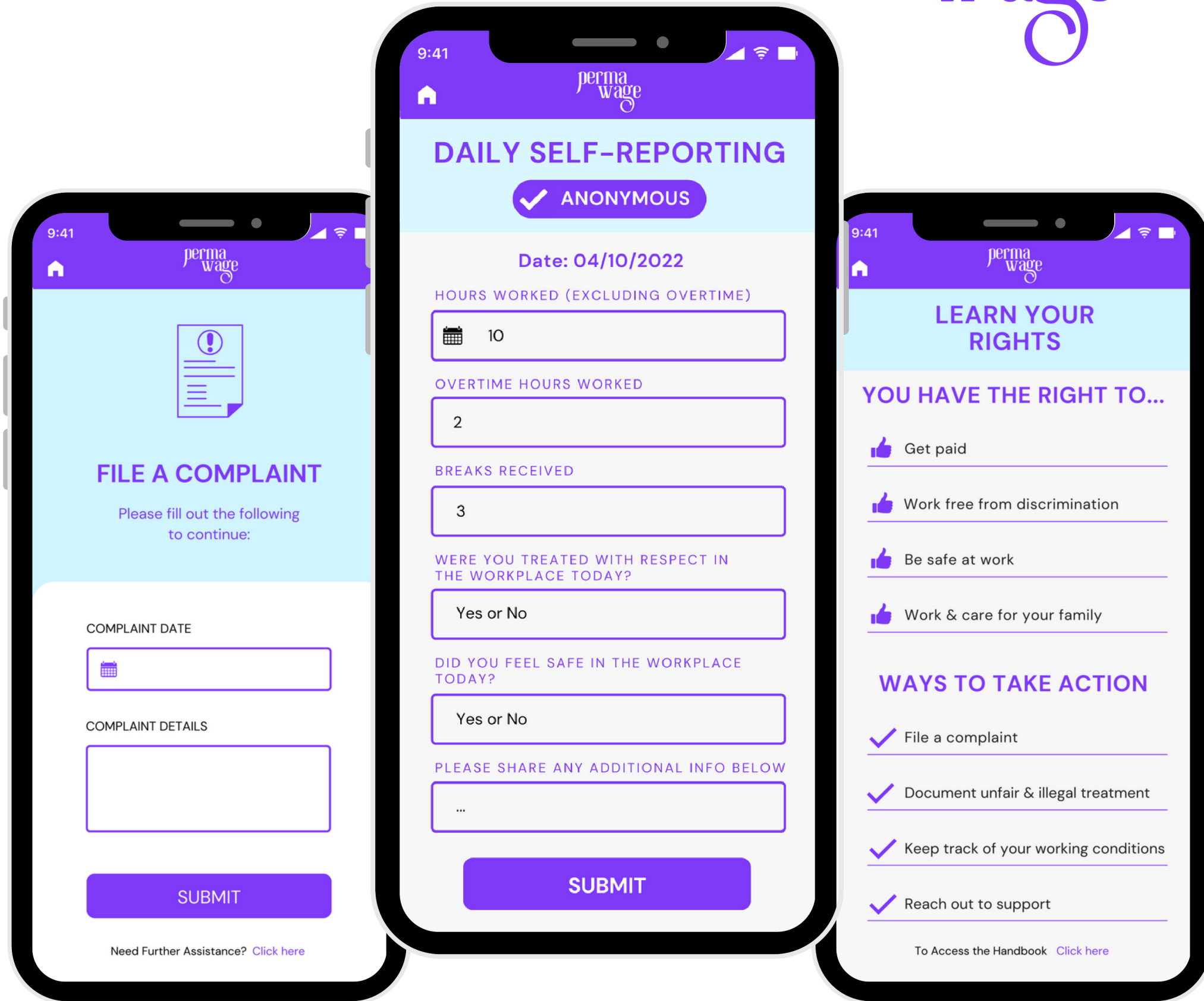
Some factories delay paying workers' wages, especially overtime is often paid late. Some factories do not pay earn leave, maternity leave, or benefits to workers.

3

Unaware of Rights

Management does not consult with workers before announcing overtime. Workers are unaware that overtime work should be voluntary.

Living Wage App: *perma wage*



Real-Time Self Reporting

Garment workers are able to self-report their hours worked, wages received, potential missing payments, etc.



Complaint Feature

In cooperation with NGO's, Workers can contact support to report wage fraud identified via tracking their wages in the app. The reports will be investigated & brought to the attention of the retailer and supplier.



Info on Workers Rights

Workers will be given resources to the rights they may not be aware they have, such that they have the right of freedom of association and that overtime work is voluntary

Brand-Specific Portals

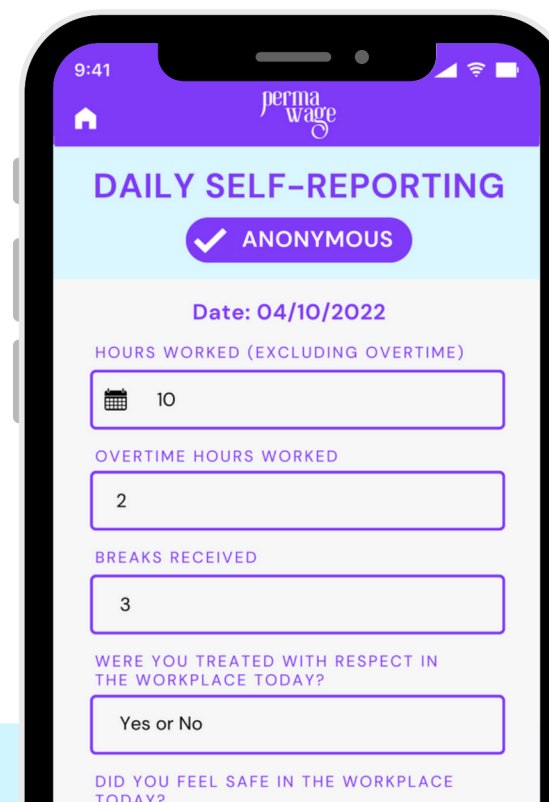
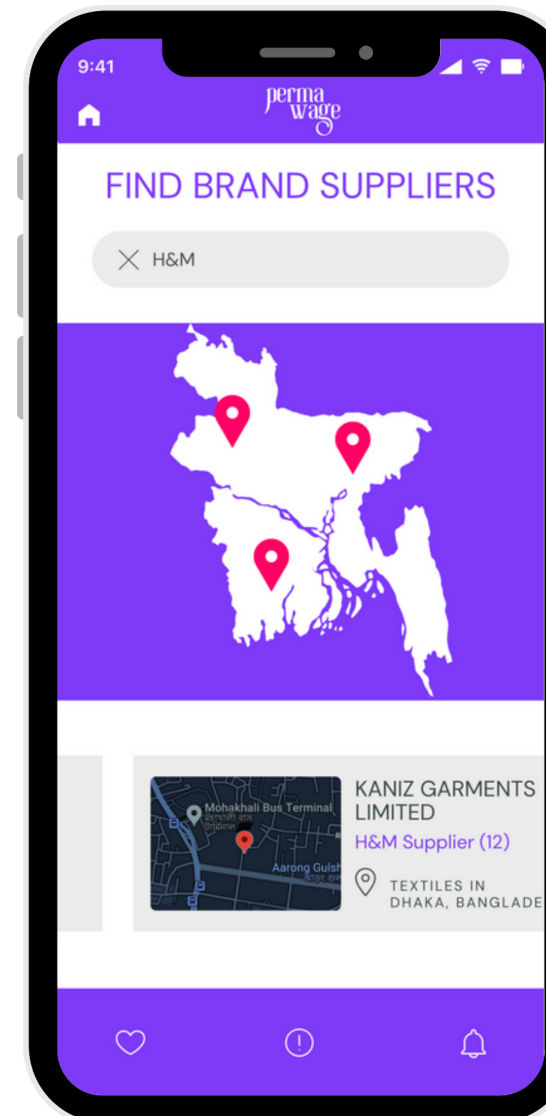
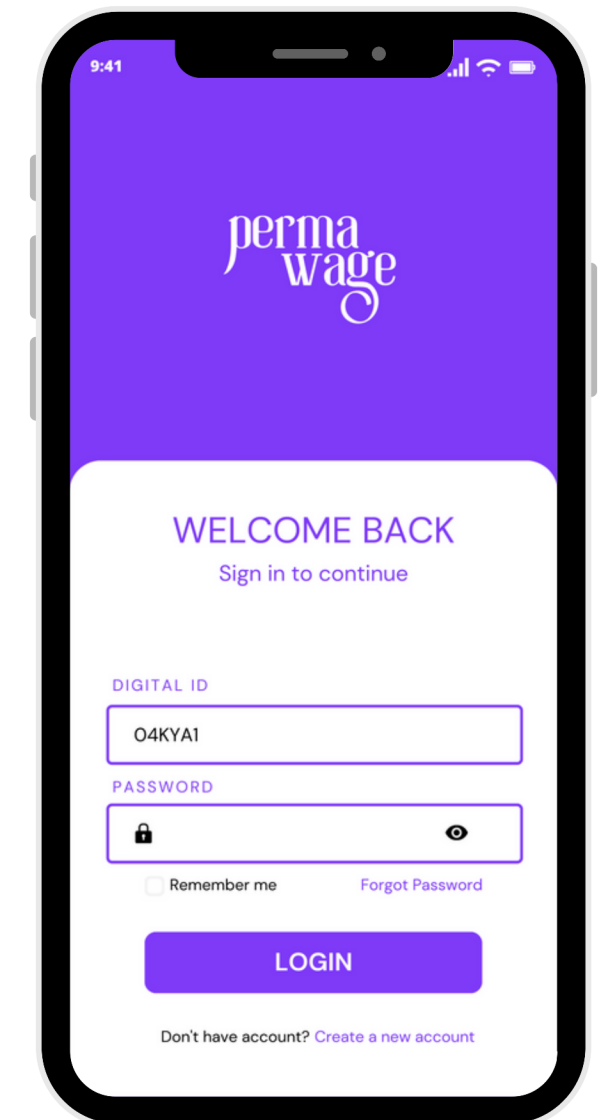
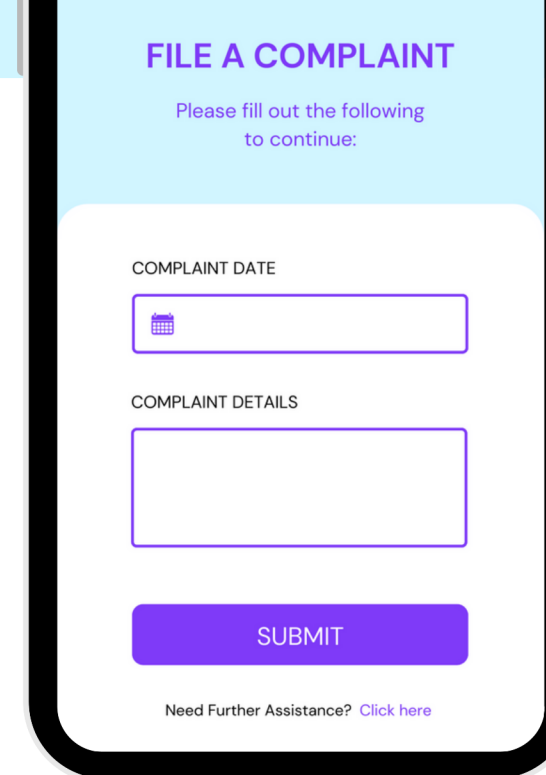
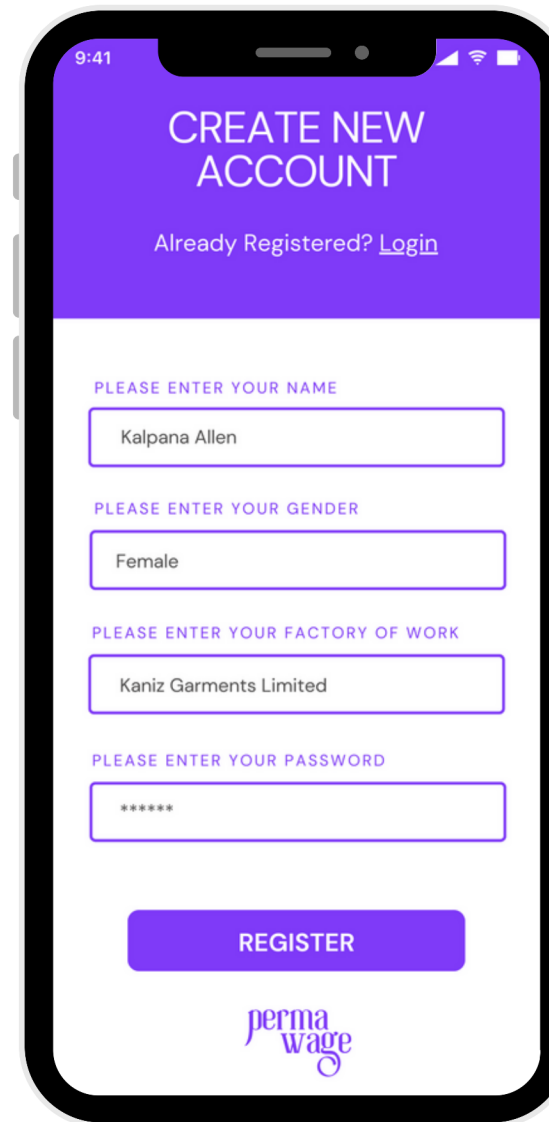
- Each participating retailer can log into their personal account and check specific supplier updates

Easy Access to Supplier Data

- The app eliminates lag time between brand-to-supplier communications with wage data

Accurate Time Sheets

- Through self-reported data, brands can access accurate, real time information without any manager interference



SOLUTION GOALS



Worker Empowerment

Give workers **autonomy** and **security** by providing them clear access to their hard earned wages and an avenue to communicate wage misconduct



Dual Accountability

The responsibility of paying fair wages does **not** fall on one stakeholder; both through this solution, both **brands and suppliers** keep each other accountable on making sure garment workers are treated fairly



Safety and Security

Through **anonymously** self-reported records, garment workers do not have to fear the potential repercussions of being honest about the hours worked and wages received, a factor currently **lacking** in the garment industry

Thank You!

Questions?