



**FAIR LABOR**  
ASSOCIATION®

*Improving Workers' Lives Worldwide*

# ISSUE BRIEF

MARCH 2019

## MINIMUM WAGE ADJUSTMENTS IN BANGLADESH STIR PROTESTS AND MASS WORKER DISMISSALS FROM FACTORIES

### THE ISSUE

How should FLA affiliates respond to recent minimum wage adjustment, wage protests, and subsequent mass dismissals in factories in Bangladesh?

### BACKGROUND

In November 2018 the government of Bangladesh announced a new legal minimum wage for apparel workers. The new wage levels included an increase for the lowest-paid garment workers (grade 7) of slightly more than 50 percent to 8,000 taka (\$95) a month, and a more modest increase for mid-level tailors. Workers believe the new wage fails to reflect the rising costs of living. The government announcement triggered protests in the Ashulia, Dhaka, Gazipur, Narayanganj, and Savar city regions of Bangladesh. A large percentage of protestors were longtime workers who were not happy about declared minimum wage increase rates for their grades. A [report on wages in Bangladesh](#) published in April 2018 by the FLA addressed the gap between minimum wages and living wage benchmarks.

Protests started in December 2018 and continued until mid-January 2019. Use of excessive force by police to break-up crowds of protesting workers killed one

### FLA CODE ELEMENTS

#### Compensation Benchmarks

**C.2:** Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.

**C.4:** All wages, including payment for overtime, shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

**C.5:** All payments to workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately.

**C.19:** Employers must establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner.

#### Freedom of Association Benchmarks

**FOA.5.1:** Employers shall not engage in any acts of anti-union discrimination or retaliation, i.e. shall not make any employment decisions which negatively

*[Continued on page 4](#)*

## Bangladesh Ready-made Garment Workers Minimum Wages by Grade

*All figures in Taka*

Grade	Reference: Gross Wage 2013	Gross Wage Announced November 2018	Revised Gross Wage January 2019	Difference
7	5,300	8,000	8,000	0
6	5,678	8,405	8,420	15
5	6,042	8,855	8,875	20
4	6,420	9,245	9,347	102
3	6,805	9,590	9,845	255
2	10,900	14,630	15,416	786
1	13,000	17,510	18,257	747

*Table prepared by FLA on February 28, 2019*

worker and injured several others. In mid-January the Bangladesh government formed a committee which declared an increase in minimum wage levels for senior-level workers between grade 1 and grade 6, with the changes retroactive to December 1, 2018. The table below summarizes the difference between minimum wage levels announced in November 2018 and revised minimum wage levels announced in January 2019.

In the aftermath of the January protests, thousands of workers have been dismissed from their jobs, union leaders have been targeted for arrest, and intimidation has been used to keep workers on the job. Media reports and workers' rights organizations suggest that manufacturers have created and shared blacklists of dismissed workers to prevent a dismissed worker from finding work in another facility.

### FLA RECOMMENDATIONS

In order to address an increased risk to workers created by the wage adjustments and the related unrest, FLA affiliates sourcing from Bangladesh should exercise additional due diligence to ensure that:

1. Revised minimum wage levels have been implemented for the workers between grades 1 and 6.
2. Retrospective payment for wage differences of the workers between grades 1 and 6 has been paid on revised wage levels effective from December 1, 2018.
3. No workers were dismissed in January and February 2019 based solely on allegations the worker participated in protests or alleged criminal activities (such as vandalism).

4. There is a clearly established progressive disciplinary system in place and all disciplinary actions including termination are implemented through this system. The system should include (at a minimum):
  - A system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination.
  - The system shall be applied in a fair and nondiscriminatory manner and include management review of the actions by someone senior to the manager who imposed the disciplinary action.
  - The employer shall maintain written records of all disciplinary actions taken.
  - Workers must be informed when a disciplinary procedure has been initiated against them.
  - Workers have the right to participate and be heard in any disciplinary procedure against them.
  - Workers must sign all written records of disciplinary action against them.
  - Records of disciplinary action must be maintained in the worker's personnel file.
  - The system shall include a third-party witness during imposition, and an appeal process.
5. There is an accessible and confidential grievance mechanism within the workplace where workers can report their grievances.
6. There is an accessible and confidential grievance channel for workers to report any labor rights violations directly to the FLA affiliate.

Affiliates should note that the FLA's Third Party Complaint Procedure is open for all workers and their advocates, including trade unions and civil society organizations, who work in an FLA-applicable facility. For more information, please [follow this link](#).

### **About the Fair Labor Association**

*The FLA is a multi-stakeholder organization combining the efforts of businesses, universities, and civil-society organizations to improve conditions for workers around the world. Occasionally, the FLA publishes briefs on current issues in the global supply chain. We intend for these briefs to provide an overview of the various perspectives on a given issue. At all times, the FLA expects its business affiliates to comply with all legal requirements, as well as the provisions of its Workplace Code of Conduct.*

affect workers based wholly or in part on a workers' union membership or participation in union activity, including the formation of a union, previous employment in a unionized facility, participation in collective bargaining efforts or participation in a legal strike.

**FOA.5.1.1:** Employment decisions include: hiring; termination; job security; job assignment; compensation; promotion; downgrading; transfer; (vocational) training; discipline; and assignment of work and conditions of work including hours of work, rest periods, and occupational safety and health measures.

**FOA.5.1.2:** The use of blacklists used to contravene the exercise of the right to freedom of association, for instance blacklists based on union membership or participation in union activity, also constitutes anti- union discrimination.

**FOA.6:** Workers who have been unjustly dismissed, demoted or otherwise suffered a loss of rights and privileges at work due to an act of union discrimination shall, subject to national laws, be entitled to restoration of all the rights and privileges lost, including reinstatement, if they so desire.

**FOA.7:** Employers shall comply with all relevant provisions where national laws provide special protection to workers or worker representatives engaged in a particular union activity (such as union formation) or to worker representatives with a particular status (such as founding union members or current union office holders).

**FOA.22:** Employers shall not impose any sanction on workers organizing or having participated in a legal strike.

**FOA.23:** Employers shall not hire replacement workers in order to prevent or break up a legal strike or to avoid negotiating in good faith.

### **Employment Relationship Benchmarks**

**ER.18:** Employers shall provide all legally mandated compensation to all eligible workers within the legally defined time periods. In addition, all compensation shall be calculated correctly.

**ER.27.1:** Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline

(e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).

**ER.27.2:** Employers shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.

**ET.27.2.1:** The disciplinary system shall be applied in a fair and nondiscriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action.

**ER.27.2.2:** Employers shall maintain written records of all disciplinary actions taken.

**ER.27.3.3:** Disciplinary rules, procedures and practices shall be clearly communicated to all workers. Any exceptions to this system (e.g. immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers.

**ER.27.3.1:** Workers must be informed when a disciplinary procedure has been initiated against them.

**ER.27.3.2:** Workers have the right to participate and be heard in any disciplinary procedure against them.

**ER.27.3.3:** Workers must sign all written records of disciplinary action against them.

**ER.27.3.4:** Records of disciplinary action must be maintained in the worker's personnel file.

**ER.27.4:** The disciplinary system shall include a third-party witness during imposition, and an appeal process.

**C.13:** Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show:

- earned wages, (C.13.1)
- wage calculations, (C.13.2)
- total number of hours worked, (C.13.3)
- regular and overtime pay, (C.13.4)
- bonuses, (C.13.5)
- all deductions (C.13.6)
- final total wage (C.13.7)