

ILR New Conversations Project

Social Dialogue in the 21st Century Synthesis Report Executive Summary

**New Conversations Project, Cornell University
School of Industrial and Labor Relations &
The Strategic Partnership for Garment Supply
Chain Transformation**



SUSTAINABLE LABOR PRACTICES IN GLOBAL SUPPLY CHAINS



From autumn 2019, the New Conversations Project, in collaboration with the Strategic Partnership for Garment Supply Chain Transformation, will sponsor convenings to provide research analysis and an opportunity for stakeholder consultations as part of the Social Dialogue in the 21st Century project. The project aims to develop a strategic action plan for effective industrial relations in global garment supply chains. By combining groundbreaking research with extensive stakeholder consultations, the project will build a root cause analysis of barriers to impactful social dialogue and develop concrete recommendations for overcoming those barriers in the global garment industry.

Overview

Many scholars and practitioners acknowledge that 20 years of corporate-led code of conduct and audit programs have failed to provide significant and lasting improvements in conditions for workers.¹ Effective social dialogue and industrial relations systems provide an effective alternative to arms-length auditing that can deliver better working conditions, social stability, and a level playing field that regulates and rewards good corporate citizens.²

Social Dialogue in the 21st Century – a collaboration by Cornell University's New Conversation's Project (NCP) and the Strategic Partnership for Supply Chain Transformation (SP), which includes Fair Wear Foundation (FWF), CNV Internationaal, and Mondiaal FNV – aims to develop a strategic action plan for developing effective industrial relations in global garment supply chains. In order to do so, the project has conducted a root-cause analysis of major barriers to social dialogue in ten target countries.³ Ten reports, one for each of the project's target countries, mapped the relevant stakeholders, assessed their capacities, motivations, and interactions, examined current initiatives, and identified cases of success or failure. A synthesis report compiled and compared findings from all ten target countries in order to identify barriers to social dialogue, map stakeholder activities, explore innovative initiatives and models, and point out knowledge gaps. This executive summary highlights key findings from the synthesis report.

¹ See Kuruvilla 2020, Anner 2018, Brown 2017

² The project adopts the ILO's broad definition of social dialogue: forms of negotiation, consultation, or information exchange among stakeholders with the goal of promoting consensus building and democratic involvement among stakeholders.

³ Bangladesh, Cambodia, Bulgaria, Honduras, Mexico, Myanmar, India, Vietnam, Ethiopia, and Indonesia.

Stakeholder Barriers and Behavior

Lead Firms

As the country reports sought to map out stakeholders and initiatives at the country level, the synthesis report’s analysis of lead firm behavior and barriers draws from recent private regulation research by the New Conversations Project. We identify three reasons underpinning the failure of private regulation:

1. Behavioral invisibility – It is difficult for actors (brands, MSIs, auditors) to accurately measure supplier behavior. In many cases, information given to auditors is false and there are a variety of problems with the auditing process.
2. Practice Multiplicity – Lead firms implement private regulation differently. They vary to the extent that auditing is related to their sourcing practices. Lead firms use diverse audit practices to assess suppliers, and use multiple rating scales to assess supplier compliance (even when lead firms source from the same supplier).
3. Causal Complexity – The key problem is that the lack of transparent data about how private regulation works makes it difficult to identify cause and effect, and how cause and effect varies in different countries. This makes it impossible to identify what are best practices, which if known, lead firms could adopt.

Freedom of association, however, does improve compliance outcomes. Data from several sources shows strong and positive association between FOA/collective bargaining with all other labor standards. Since research consistently shows that FOA significantly increases compliance in global supply chains in the garment industry, it raises the question as to why private regulation actors place so little emphasis on the one issue that clearly works in improving compliance and outcomes for workers, which is the key objective of private regulation.

Suppliers and Employers’ Associations

There is considerable variation in the capacity of employer associations in our target countries and the table below highlights this variation.

Table 1
Employer
Association
Caption

EMPLOYER ASSOCIATION CAPTION

	Employer Associations	Role in IR	Social Dialogue Capacity
Indonesia	<ul style="list-style-type: none">• Employers Association of Indonesia (APINDO)• Korean Garment Manufacturers’ Association (KOGA)	<ul style="list-style-type: none">• APINDO active in lobbying for lower wages• KOGA very influential in influencing policy	<ul style="list-style-type: none">• High capacity to engage in labor matters

Myanmar	<ul style="list-style-type: none"> Myanmar Garment Manufacturers Association (MGMA) Various Foreign Employers' Associations 	<ul style="list-style-type: none"> MGMA – resistant to union, wants to grow exports and attract investment Asian Associations – pragmatic approach to curry favor with buyers 	<ul style="list-style-type: none"> Moderate capacity for sectoral interventions and bargaining Low capacity in pressuring individual suppliers
Cambodia	<ul style="list-style-type: none"> Garment Manufacturers Association in Cambodia (GMAC) 	<ul style="list-style-type: none"> Participates in bargaining although resistant to reform 	<ul style="list-style-type: none"> High capacity – powerful, represents many employers, and is able to engage in negotiations
Vietnam	<ul style="list-style-type: none"> VCCI VCA VITAS Various Foreign Associations 	<ul style="list-style-type: none"> Foreign companies not represented as full members in official Vietnamese employer associations. Foreign business associations coordinate amongst themselves. 	<ul style="list-style-type: none"> High capacity at the national level
Bangladesh	<ul style="list-style-type: none"> Bangladesh Garment Manufacturers and Exporters Association (BGMEA) 	<ul style="list-style-type: none"> Very influential in policy Expressed support of unions but has yet to show actual commitment to respecting labor laws 	<ul style="list-style-type: none"> High technical capacity – powerful, represents many employers.
India	<ul style="list-style-type: none"> Myriad employer associations at state levels Council of Indian Employers operates as peak national association 	<ul style="list-style-type: none"> State level employer associations such as the Karnataka Hoisery and Garment Assoc. and the Tiruppur Exporters Assoc. 	<ul style="list-style-type: none"> State organizations are powerful and even wield national influence
Bulgaria	<ul style="list-style-type: none"> Association of Bulgarian Employers 	<ul style="list-style-type: none"> Active in social dialogue. Bulgaria has extensive dialogue institutions. 	<ul style="list-style-type: none"> High technical capacity but fragmented and unable to agree on industrial agreement.
Ethiopia	<ul style="list-style-type: none"> Ethiopian Employers' Federation (EEF/EIEC) Ethiopian Employers' Confederation (EEC) 	<ul style="list-style-type: none"> Two competing confederations; both participate in tripartite fora 	<ul style="list-style-type: none"> Understaffed, limited membership, and low revenue
Mexico	<ul style="list-style-type: none"> Chamber of Commerce of the Clothing Industry (CANAIVE) 	<ul style="list-style-type: none"> Mainly a business organization Very limited role in IR since all bargaining is relegated to enterprise level 	<ul style="list-style-type: none"> Virtually no engagement in labor dialogue
Honduras	<ul style="list-style-type: none"> Honduran Maquila Association (AHM) 	<ul style="list-style-type: none"> Has engaged in good faith SD through bipartite commission 	<ul style="list-style-type: none"> Well resourced. High capacity to engage in labor matters

We see variations in the composition, capacity, and relative strengths of employer associations across our target countries, but a few patterns nonetheless emerge from this comparison. Countries like Bangladesh and Cambodia have strong employers' associations with considerable influence in national politics. Conversely, in some countries, national level employer associations are weak, fragmented, or do not engage with labor issues in

the garment industry. In Ethiopia, there is total fragmentation at the enterprise, sectoral, and federal levels. In Bulgaria, there has been no industry-wide collective bargaining agreement in the garment sector for the past 8-10 years despite industry agreements in other sectors. This is largely due to the existence of many nationally representative employer associations, which compete among themselves and have been unable to agree on common terms for signing a collective agreement with the trade union confederations. These patterns reveal **a need to assess supplier organizations and capacities before promoting regional or industrial bargaining initiatives.**

Another interesting finding is **the growing power of foreign business associations in domestic policymaking as well as in consolidating business practices** In Vietnam, foreign suppliers are closely associated with business associations of their nationalities. These associations agree upon certain common policies. For instance, all Korean firms use the same bank (Shinhan); the bigger Korean companies outsource to smaller Korean firms in the same IZ or district; both the Japanese and Korean groups agree upon the same wage package for rank-and-file workers and prevent labor poaching by not recruiting workers from other member companies. Likewise, in Indonesia, the Korean Garment Manufacturers Association (KOGA) has been successful in lobbying for its suppliers to be exempted from minimum wage increases. Some employer associations, such as in Cambodia’s garment industry, are dominated by foreign buyers.

Government Institutions

We characterize labor politics across our target countries as fluctuating, polarized, domineering, or cooperative. Fluctuating labor politics involves temporal and shifting labor politics contingent on external (international) pressures and internal power structures. Polarized labor politics involves sharp political divisions and mistrust among stakeholders. Domineering labor politics exist where governments that have sought to control the political narrative through repression of civil liberties, particularly freedom of association. Lastly, cooperative labor politics refers to tripartite arrangements where negotiations and consultations take place.

Table 2
Labor Politics
Typology

POLITICAL TYPOLOGY

	Fluctuating	Polarized	Domineering	Cooperative
Country	<ul style="list-style-type: none"> • Ethiopia • Myanmar • India 	<ul style="list-style-type: none"> • Cambodia • Indonesia 	<ul style="list-style-type: none"> • Vietnam • Bangladesh • Cambodia • Mexico* 	<ul style="list-style-type: none"> • Bulgaria • Honduras

The centrality of the garment industry, particularly Bangladesh and Cambodia, underlies variations in labor politics and has allowed for the strong political influence of garment manufacturers. Attracting FDI remains a motivating interest for governments. In Myanmar, much of the government action geared toward regulating the garment industry results from external pressures to attract FDI rather than internal pressures from a grassroots labor or social movement. The government is particularly sensitive to western buyers and

sanctions from western governments as it had suffered heavily under such sanctions in the past. We see countries choosing the garment industry as a means of development while others see it as a much-needed remedy to unemployment and economic stagnation. The Ethiopian government seeks to develop a \$30 billion a year garment industry and to open 30 industrial parks by 2025. Conversely, in Bulgaria, many workers move into the garment sector due to a lack of opportunities in other sectors despite the garment industry having among the lower salaries in the country.

Trade Unions

In comparing trade union structure, operations, and capacities across our target countries, we developed the following typology classifying the labor movement within our target countries. Union multiplicity refers to the number of trade union confederations and their presence in the garment industry. Organizing opportunity refers for the ability of workers to organize under the current industrial relations system. Union activity refers to whether unions are actively engaged in organizing or more passive actors. Union cooperation refers to how unions interact with one another, such as if they are cooperative or fragmented.

Table 3
Trade Union
Multiplicity
vs. Organizing
Opportunity

		ORGANIZING OPPORTUNITY	
		Open	Restricted
Union Multiplicity	Singular	Myanmar	High capacity at national level. Low enterprise level capacity
	Plural	India Bulgaria Bangladesh Honduras Cambodia Indonesia	Mexico*

*Mexico and Vietnam are in the midst of labor reform

Table 4
Trade Union
Activity vs.
Cooperation

		UNION COOPERATION	
		Fragmented	Cohesive
Union Activity	Active	Bangladesh Cambodia Indonesia	Honduras Ethiopia Myanmar Bulgaria
	Passive	India	Mexico Vietnam

While the tables above show varying trade union systems across our target countries, we compare specific trade union variations below.

Table 5
Trade Union
Comparison

TRADE UNION COMPARISON

	Union Structure Overview	Operating Capacity	Social Dialogue Capacity
Indonesia	Proliferation of unions. Fragmentation among garment sector unions based on political affiliation or rivalry	Strained capacity. Reliance on international donor funding.	High capacity at national level. Low enterprise level capacity.
Myanmar	Trade unions only recently legalized in 2012. Fragmentation between enterprise basic unions and confederation.	Very limited financial capacity. Trade union competition and low proportion of dues-paying membership	High capacity at national level. Low enterprise level capacity
Cambodia	60% of workers in garment sector unionized. Highly fragmented along political lines: pro-government, anti-gov/pro-opposition, independent	Independent union confederation reliant on international donor funding.	High independent union capacity at national level. Low capacity for independent unions at enterprise level.
Vietnam	Single, state-run trade union. New Labor Code allows for independent worker representative organizations	Well-funded at national level. Highly fragmented between national, regional, and enterprise levels.	High capacity at national level. Engages in national tripartite forums. Management domination at enterprise-level.
Bangladesh	Bifurcated union movement – politically affiliated national federations vs. small labor groups. Union multiplicity, rivalries and unhealthy competition in CBA elections	Very limited financial capacity due to trade union competition and low proportion of dues-paying members	Very weak, coopted at the factory level.
India	Major national federations do not wield sufficient influence and are not particularly active in the garment industry	Very constrained. Trade unions are not present at the factory level.	Limited capacity. “Traditional” unions focus on dispute resolution in individual cases rather than organizing workers.
Bulgaria	Two rival national confederations. Strong national-level dialogue mechanisms but limited presence in garment industry	High capacity at national level, little union presence in small enterprises and strong employer resistance at enterprise level.	High capacity to engage in social dialogue across levels.
Ethiopia	Confederation of Ethiopian Trade Unions (CETU) independence in flux historically. Current union has regained relative autonomy and has grown since 2010	Confederation revenue from real estate and international donor funding. Only 1/3rd comes from union dues. Federation has significantly fewer resources.	High capacity at national level. Difficulty in accessing industrial parks. CETU branch offices much more strained than headquarters.

Mexico	70-year legacy of corporatist unions. Virtually no independent unions in the garment industry.	Independent unions exist outside of the garment industry but do not engage in organizing drives	No social dialogue currently in the garment industry.
Honduras	Three main confederations come together under the Maquila Trade union Network in Honduras (RSM-H)	Receives international donor funding in addition to revenue from union dues.	RSM-H has high capacity and has been able to negotiate through a bipartite commission.

A common pattern evident in this analysis is limited financial and administrative capacities of unions and their reliance on international donor funding. We find that (1) unions are heavily dependent on international donors and have limited means of funding through dues-paying members, (2) funding is unequally distributed within unions with enterprise-level unions having far fewer financial resources, and (3) in some countries, unions rely on real estate or state revenue.

International donors – largely European and American labor unions – are a primary source of revenue for garment sector unions in our target countries with exception of Vietnam. These funds help cover union activities and overhead costs, including union staff salaries. Despite the good intentions of international donors, we find instances where funding has had unintended consequences. Firstly, because of their reliance on international donor funding, unions in Indonesia, use “dues-free” membership as a method of attracting members. Secondly, international donor funding can spur fragmentation among rival unions when one union receives funds while others do not. Finally, over-reliance on international donor funding transforms unions into organizations more like NGOs in that they become “more project-oriented.” **These findings show that top-down funding efforts, when combined with union fragmentation and general weakness, can undermine the fundamental representative duty of unions to their members.** International donors seeking to support unions, freedom of association and collective bargaining ought not stop funding but be diligent about potential unintended effects.

Freedom of Association and Collective Bargaining

Organizing Rights

We assess obstacles to freedom of association by focusing on organizing rights in practice in addition to what rights are enshrined in law. In particular, we compare the union formation process, union independence, and anti-union discrimination protection.

Table 6
Organizing
Rights
Comparison

ORGANIZING RIGHTS COMPARISON

	Union Formation Process	Union Independence
Indonesia	Burdensome. Workers subject to anti-union animus but noted improvements with FOA protocol.	Independent unions prevalent in the garment industry. Suharto era SPSI legacy unions are not seen as independent.
Myanmar	Anti-union dismissals at factory level, particularly in registering Basic Labor Organizations.	CTUM seen as independent. Basic/enterprise-level unions vulnerable to management interference and cooptation.
Cambodia	Burdensome. Trade Union Law places administrative barriers on union formation.	Contested. Independent unions compete with politically oriented and government controlled unions.
Vietnam	Uncertain. New labor code requires unions to obtain a license from a “competent authority”	Uncertain. New labor code allows for independent “worker representative organizations”
Bangladesh	Burdensome. Unions are restricted in EPZs. Workers must show 20% support to organize.	Contested. Many unions in the RMG sector are employer-sponsored or controlled.
India	Labor law easements in special economic zones. Largescale contractualization impedes organizing.	Unions independent but often politically aligned.
Bulgaria	Employer resistance most severe in small and mid-sized factories. Employers pressure workers to abandon trade union membership. No industry-wide collective bargaining agreement in the past 8-10 years.	Union confederations seen as independent.
Ethiopia	Unions are de-facto banned from industrial parks.	CETU seen as largely independent after threat of general strike in 2017.
Mexico⁴	Virtually impossible. Workers organizing independent unions subject to harassment, imprisonment, or union cooptation.	There is only one genuine “independent” unionized factory in the entire garment industry.
Honduras	Anti-union culture prevails, companies close operations in response to unionization.	Unions seen as independent from government and management control. Labor movement has unified under RSM-H.

⁴Mexico has recently implemented labor law reform seeking to improve freedom of association. The conclusions presented here represent what has been occurring up to the present. The reform process is ongoing.

Collective Bargaining

While union formation is difficult across our target countries (as described above), employer recognition and good faith bargaining (at the enterprise or industry level) presents a likewise burdensome process rife with labor rights violations. These infringements are present both in law and in practice.

Table 7
Collective
Bargaining
Comparison

COLLECTIVE BARGAINING COMPARISON

	Union Recognition and Duty to Bargain	Scope & Subject of Bargaining
Indonesia	Employers reluctant to negotiate with unions or pit multiple unions against each other.	MCCBAs Unions agree to provisions LESS favorable than the law to get an agreement.
Myanmar	No legal duty for employers to bargain in good faith. Lack provisions for CBA registration and enforcement.	Most CBAs happen in response to a specific conflict and is limited to said issue in scope.
Cambodia	Most Representative Status (MRS) restricts independent unions' ability to negotiate CBAs.	Use of MoUs instead of CBAs limit scope. Most CBAs do not exceed legal minimums.
Vietnam	Uncertain. Labor Code leaves union registration up to "relevant government authority"	56% of CBAs are copies of labor law and only 15% show any worker participation. MCCBAs signed are a good start but in practice provide minimal benefits to workers.
Bangladesh	Many factory owners have a negative perception of unions and CBAs	Very limited CBA coverage. Few CBAs provide higher benefits than law.
India	A code of practice exists requiring 15% member support.	Virtually no bargaining. Only one agreement in the form of an MOU at Shahi factory.
Bulgaria	Employers resist union organizing and are unwilling to sign CBAs at both company and industry levels. Employers pressure workers to abandon their trade union membership.	Employers do not provide necessary information to draft collective agreements or delay the CBA negotiations for months. Even with signed CBAs, some employers chose not to comply.
Ethiopia	Unions avoided and resisted in industrial parks.	Variation. Some CBAs present that provide marginal benefits above minimum standards (higher leave days or bonuses)
Mexico	Employers do not recognize and actively work against independent unions.	"Protection contracts" abound. These are CBA's written by management and "official" unions without workers' knowledge.
Honduras	Companies use "collective pacts" to avoid negotiations	53% of workers in garment industry covered by CBAs that provide 2-3% wage premiums.

Several multi-company collective bargaining experiments have recently emerged, particularly in Indonesia and Vietnam. In Vietnam, there have been three successful cases of multi-company collective bargaining: VITAS, ILO-VGCL, and CNV-VGCL. Each of these agreements have only provided marginal benefits above the minimum standards. CNV Internationaal has supported an MCCBA in Indonesia. Critics argue that the CBA provides marginal benefits, was largely top-down, and that few workers are aware of it. Conversely, proponents argue that MCCBAs are a first step and have had a positive value-added through bringing together rival unions.

Institutional Support Mechanisms

Underpinning collective bargaining and social dialogue are institutional support mechanisms necessary for enforcing agreements and resolving disputes. While there are a multiplicity of various dialogue and conflict resolution schemes throughout our target countries, we find that the majority of these mechanisms do not function properly or do not exist.

Table 8
Institutional
Support
Comparison

INSTITUTIONAL SUPPORT COMPARISON

	Legally Mandated Enterprise-Level Dialogue Schemes	Access to Dispute Resolution
Indonesia	Mandatory factory-level bipartite committees (Lembaga Kerja Sama Bipartit – LKB) are missing from most factories.	Arbitration or mediation available but not pursued as unions generally do not trust the process. Litigation through industrial relations court seen as lengthy, expensive, and complex. Court orders often not enforced.
Myanmar	Workplace Coordinating Committees (WCCs) largely do not function.	Anti-union cases treated as individual rather than collective disputes. Dispute resolution lacks sufficient enforcement, workers resort to wildcat strikes.
Cambodia	None at enterprise level aside from collective bargaining.	Arbitration Council widely respected but proceedings are time consuming and losing parties do not always follow non-binding awards.
Vietnam	2012 Labor Code reform includes compulsory labor-management dialogue. No data on occurrence or quality of this dialogue.	2012 Labor Code mandates mediation and then arbitration but formal processes are not followed. Workers resort to wildcat strikes.
Bangladesh	Workers Participation Committees (WPCs) do not negotiate over wages, overtime, working hours, or working conditions and most factories are non-compliant.	2006 Labor Act has dispute resolution provisions but these are not followed. Labor courts lengthy and administratively burdensome process.
India	Multiplicity of “legally mandated” committees (work committees, safety committee, grievance redressal committee, canteen management committee, internal committee) which largely do not exist or are not functional.	Judicial system is time consuming and ineffective. Complex and overlapping array of tripartite committees that do not exist in practice.

Bulgaria	None at enterprise level aside from collective bargaining.	National Institute for Conciliation and Arbitration (NICA) responsible for settling industrial conflicts but its work is hampered by a lack of CBAs in the garment industry. ⁵
Ethiopia	None at enterprise level aside from collective bargaining.	Formal systems, such as the workplace trade dispute commission or conciliation bodies, are arduous and time-consuming. All ad hoc. Wildcat strikes common.
Mexico	None at enterprise level aside from collective bargaining.	Government officials and “official” union representatives dominate Conciliation and Arbitration boards routinely ruling against independent unions. Labor law reform will replace CBAs with new Labor Courts and a Federal Center of Conciliation and Labor Registry.
Honduras	None at enterprise level aside from collective bargaining.	Bipartite Commission has been successful at addressing disputes at the industry level.

National tripartite processes are very fragile in all of our target countries. This is largely because tripartism is heavily dependent on the attitude of the government in power.

Table 9
National
Tripartite
Processes
Comparison

SOCIAL DIALOGUE AND TRIPARTITE PROCESSES

Indonesia	The government has not involved or ignored tripartite bodies (National Tripartite Body, National Wage Council, National Occupational Safety and Health Council) in determining labor policies. Government interaction with social partners is largely conducted on an ad hoc basis despite formal channels.
Myanmar	The government has supported tripartite institutions with the purpose of pacifying international investors and organizations. These institutions are the National Tripartite Dialogue Forum (NTDF) and tripartite national minimum wage committee. The Government however has bypassed tripartite bodies. Trade unions withdrew from the NTDF in February 2019.
Cambodia	Labor Advisory Committee skewed by dominant role of government-aligned unions, negotiations are limited to garment sector minimum wages, and unions lack complete information in negotiations. ⁶
Vietnam	National Minimum Wage Council meets to set new regional minimum wages.
Bangladesh	A variety of tripartite forums exist responding to specific issues (e.g. Minimum Wage Board, Crisis Management Committee, Social Compliance Forum for RMG to name a few). The Tripartite Consultative Council (TCC) intends to advise the government on RMG industrial relations but it is unclear if the TCC has accomplished any substantive agreements.

⁵ Fair Wear Foundation 2016 Bulgaria Country Study

⁶ Arnold 2017

India	Government has set up about 44 tripartite committees at the national level such as the Indian Labor Conference, Standing Labor Committee, and Special Tripartite Committee to name a few.
Bulgaria	History of national tripartism and established tripartite institutions. Recently, employer representatives have had difficulty coming to agreement amongst themselves in negotiations. Historically, the legitimacy of tripartite institutions has been in flux with the government choosing to ignore their suggestions.
Ethiopia	Nationally, the tripartite Labor Advisory Board issues recommendations to the Ministry of Labor and Social Affairs, rather than the government as a whole – there is no social dialogue regarding broader social and economic agendas. Influential in current labor law.
Mexico	History of corporatist national tripartite boards were controlled by executive authority. Labor law reform calls for a new system of labor courts and a federal agency responsible for certifying CBAs. It is unclear if the reform process includes provisions for national tripartite social dialogue.
Honduras	National social dialogue through the bipartite commission has led to negotiated wage increases and other benefits.

Government bypassing of tripartite bodies is prevalent in Myanmar, Indonesia, and Bulgaria. In Myanmar, frustration at the lack of government consultation prompted the CTUM and MICS to withdraw from the NTFD in February 2019. The unions eventually rejoined but the forum lost legitimacy and is laden with mistrust. In Indonesia, the government has implemented several labor policies without involving or consulting tripartite institutions. The latest example is the issuance of PP 78 of 2015 concerning Wages. The regulation arbitrarily revokes the role of unions in negotiating minimum wage fixing. Finally, in 2008, Bulgaria's two main trade union confederations withdrew from the National Council for Tripartite Cooperation because the government was acting unilaterally. CITUB and Podkrepa eventually returned to the NCTC. Overall, these examples show a constant pattern of governments bypassing tripartite institutions and frustrating social partners.

Next Steps

This report has distilled the key barriers to productive social dialogue faced by garment industry stakeholders. Brands face decoupling private regulation practices and outcomes. Suppliers face intensifying pricing and sourcing constraints and fragmentation at the association level. Governments face conflicting economic and labor politics. Lastly, trade unions must overcome union rivalry and fragmentation. Together, all these factors constrict social dialogue, freedom of association, and collective bargaining, all of which scholars have shown improve compliance and conditions for workers when compared with private regulation.

The next phase of the *Social Dialogue in the 21st Century Project* will convene key stakeholder groups, regionally and in sourcing countries, to discuss the underlying root causes to the barriers identified in this report and develop practical solutions with the intent of implementing these solutions in practice. Supporting social dialogue, freedom of association, and collective bargaining requires forums where stakeholders engage in dialogue, overcome practice multiplicity and fragmentation, assess lessons learned from success and failures, and agree to move forward on matters where they have control.



ILR School



Government of the Netherlands