



WORKER RIGHTS CONSORTIUM

Case Summary: Dada Dhaka and Max Embo (Bangladesh)

November 1, 2008

The WRC conducted an investigation of labor rights violations and carried out remediation work at two facilities in Bangladesh that are owned by the Korea-based Dada Corporation. Dada Corporation is the world's largest supplier of baseball caps to the U.S. and Europe; it has claimed to supply one of out of every four baseball caps sold in the West. The two plants are known as Dada Dhaka and Max Embo.

A WRC inquiry found serious violations of workers' right to freedom of association at both facilities. Significant progress was ultimately achieved – attributable in part to the intervention of the factories' parent company, which acted swiftly in response to the WRC's recommendations to ensure corrective action was taken.

Dada Dhaka

Dada Dhaka is a major manufacturing facility located in the Savar region of Bangladesh's capital city, Dhaka. The plant, employing roughly 1,200 workers, produces for top U.S. sportswear brands, including Nike and Adidas/Reebok, as well as lesser known companies that specialize in caps, such as Top of the World and Twins Enterprise. Each of these companies produces university logo goods for WRC affiliate universities at the Dada Dhaka plant.

In early May 2007, the WRC received a complaint from the Dhaka-based NGO Bangladesh Center for Worker Solidarity (BCWS), alleging grave violations in the area of freedom of association, including threats of violence against workers by factory managers. In response, the WRC launched an investigation. The complaint alleged that the plant had carried out targeted firings of a group of workers who had attended labor rights trainings held by BCWS and had sought to organize a trade union at the plant; the complaint further alleged that factory managers threatened the workers with violence at the time of their dismissals. The WRC conducted on-the-ground fact gathering in May and June of 2007, including taking detailed testimony from each of the dismissed workers, as well as other employees, and reviewing relevant documentation, including dismissal letters, severance forms, and written statements from workers. The inquiry documented severe violations of workers' associational.

The WRC found that facility had indeed conducted a targeted firing in mid-April 2007 of workers who had taken part in worker rights trainings and sought to organize a union to improve working conditions. Of particular concern was the manner in which terminations

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were carried out. Factory management specifically told the workers that they were being dismissed because they had learned about labor law and they then threatened some workers with physical harm if they did not accept their dismissal and the severance payments offered by the company. In the case of the first worker dismissed – a woman in her mid-twenties who had suffered a severe hand injury as a result of an accident with an ironing machine in the factory several years prior – the factory’s human resources manager threatened that he would injure her already marred hand again if she did not sign the dismissal documents. In the case of another worker, who had served as leader in recruiting workers to participate in the labor law trainings and nascent union, the company aggressively interrogated the worker, under threats of violence, about the names of other workers whom she had recruited to participate in the trainings. When she refused to identify her co-workers, management called another worker into the meeting, who confirmed that she had been a leader and named the names of workers who participated with her. Later that day, the company dismissed the majority of the workers who had been named. Management publicly announced to the workforce that the workers who had participated in the trainings had been fired.

The WRC outlined its findings in a detailed memorandum to plant management and the plant’s parent company in Korea and urged that the workers be immediately reinstated with back pay and that all threats against workers cease. The rapid reinstatement of the dismissed workers was necessary not only to undo the harm done to them, but also to stem the chilling effect on the exercise of associational rights by other workers in the factory that tends to result from (and is often a goal of) such targeted firings of worker leaders. The return of such workers to the workforce is often the most compelling message to other workers that some accountability over management practices exists and that the firing of workers for exercising associational rights is not an action management can take with impunity. To buttress this message, the WRC also asked management to make a statement to the workforce committing, both verbally and in writing, to respect the right of workers to join a union of their choosing and making clear that no worker will be the subject of reprisal for doing so. The WRC noted to Dada that further recommendations on freedom of association and other issues would be forthcoming following successful corrective action with respect to the firings. The WRC decided to wait to notify the factory’s customers in the hope that the prospect of avoiding such notification would motivate the company to act swiftly. The WRC informed management that a refusal to act would result in immediate notification of the buyers.

Within four days of receiving the WRC’s initial memorandum, Dada Dhaka management agreed to reinstate the workers with back pay and to make the freedom of association statement recommended. The WRC then facilitated a negotiation between worker representatives and management regarding the specific terms of the reinstatement – with a focus on ensuring that the workers would suffer no loss of seniority as a result of the dismissals. On Saturday July 14, 2007, the majority of the dismissed workers returned to the factory and were reinstated to their jobs. The WRC’s Bangladesh investigator was present at the factory to monitor the reinstatement process.

Since the workers' return, and after further dialogue between the WRC and factory management, significant improvements have been made in a number of areas, including factory policies and practices related to overtime and treatment of workers by supervisors. The prospect of sustaining these improvements is significantly enhanced by the presence of the reinstated worker leaders, who monitor events on a daily basis and who are now in a position to act on behalf of other workers without fear of retaliation.

A key challenge in the Dada case was the difficult political context in Bangladesh. Since November 2006, the country has been ruled by a military-backed "caretaker" government. In implementing martial law in January 2007, the government formally prohibited all collective political activity, including trade union activity – a curtailment of basic civil liberties that has been sharply criticized by human rights organizations and governments around the world. During this period, employers throughout Bangladesh's apparel sector have sought to take advantage of the situation to dismantle unions and retaliate against worker leaders. Dada management, in expressing regret for the unlawful firings, stated that it believed its plant managers were acting in compliance with current domestic law when they dismissed the worker leaders.

Max Embo

In the same time frame as the WRC's investigation of Dada Dhaka, the WRC conducted an investigation and remediation work at another facility in Bangladesh owned by the Dada Corporation, known as Max Embo. The facility has carried out embroidery work on baseball caps for such clients as Nike and adidas/Reebok, including work on university licensed products. Employing roughly 300 workers, it is a significantly smaller operation than Dada Dhaka.

The WRC received a complaint regarding labor practices at the firm in early May 2007, at roughly the same time the Dada Dhaka complaint was received. The primary allegation was similar: that the factory had carried out an illegal firing of worker leaders. In response to the complaint, the WRC conducted an investigation which involved extensive interviews with roughly twenty Max Embo workers and a review of relevant documentation.

As in the case of Dada Dhaka, the evidence available constituted an overwhelming case that the allegations were accurate. Each of the four firings in question took place on the same day in late April 2007. On the morning of this day, management had organized a meeting among all production employees to discuss labor issues and asked workers to explain their grievances. The president of a recently formed union at the plant came forward and listed a range of alleged worker rights violations. However, his comments were cut short by the general manager, who announced that the meeting was being postponed and ordered workers back to their posts. Later that day, the union president was summoned by the human resources manager and was informed that he was being fired; he was told that the reason for his dismissal was that management was unhappy that he had organized a union. On the same afternoon, the factory dismissed the union's general secretary, vice president, and secretary of press.

The interviews carried out with workers as part of the investigation of the alleged violations brought to light additional violations in the factory. Of most concern, workers complained of severe sexual harassment. Workers testified that managers routinely degraded individual workers in front of the workforce by calling them prostitutes and announcing that particular workers who had missed work had been selling their bodies to managers (in the specific cases identified, the actual reasons for missing work were the health emergencies of workers' children). Additional violations documented involved verbal harassment and excessive and forced overtime; the WRC found that workers had routinely worked six shifts of twelve hours per week, totaling 72 hours per week.

In moving to correct the violations, the WRC focused initially on ensuring that the worker leaders dismissed unlawfully were promptly reinstated. In response to the WRC's findings and recommendations, Max Embo management agreed on June 29 to reinstate the workers with back pay and no loss of seniority, pending the withdrawal of legal suits brought by the workers before Bangladesh's labor court system. Following this commitment, the WRC brokered an agreement between the workers and management whereby the workers would withdraw the lawsuits in return for a clear commitment to reinstate the workers as soon as the cases were dropped. The workers were reinstated on July 23, 2007. The WRC was present to observe the reinstatements. As in the case of Dada Dhaka, the reinstatement of the workers led to significant progress with respect to other labor rights violations.

In Spring of 2008, the WRC received a new complaint from a group of workers regarding developments at the Max Embo facility. The complaint concerned a substantial number of dismissals and layoffs that were carried out at the plant over the past several months. The complainants alleged that the lay-offs were motivated by retaliation for workers' union activities and were targeted at union members.

The WRC conducted an inquiry and did not find evidence that the company had engaged in discrimination against union members or union activists in conducting the lay-offs. The lay-offs did not disproportionately affect any particular group of workers. Many workers voluntarily resigned and were paid severance at or above that required by law, but we did not find credible evidence that workers were coerced to resign.

Conclusion

The violations of workers' associational rights at Dada Dhaka and Max Embo that were the source of the initial complaint have been effectively corrected and progress is being made in other areas. Indeed, the remediation that has been achieved at both facilities is considered by many local observers to be an important precedent for code of conduct enforcement in the Bangladesh labor scene, where violations of this kind occur with great frequency. In view of this, it is appropriate for licensees to continue to source from both facilities and to encourage further progress, and it is important that they do so. Notwithstanding the disturbing nature of the original incidents, it would be

counterproductive for any licensee to withdraw at this juncture. Continued progress for workers depends on continued support from the factory's customers.