



Improving working conditions in the global garment industry

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H&M's response to Tailored Wages



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Why wage needs to be negotiated on a local, national and regional level. Clean Clothes Campaign's response to H&M's comment on the "Tailored Wages" report

H&M has made a direct response to our analysis of its 'fair living wage' project published in the [Tailored Wages](#) report March 2014. H&M says:

"[H&M] believe that it is an outdated view that foreign companies should determine what a living wage is in for example Bangladesh. It is the textile workers own perception of what a fair living wage is that serves as our definition of a living wage. It is also important that the wages should be set by negotiation between the different parties of the labour market."

See [here](#) for their full response.

Just like H&M, CCC considers wage negotiations to be essential for achieving living wages and just like H&M, CCC believes that this wage should be agreed between different parties in the labour market. However it is disappointing to see that H&M seems to have adopted the view that it is neither a part of these negotiations nor has a role in ensuring these result in achieving a living wage.

Picture this. Workers are asked in a factory how much they think they need to live with dignity. They look at their wages (which are very little), and ask for that wage to be increased by 160%. This seems like a huge increase from their position, but in reality, when a living wage is 400% of the current minimum wage, this increase clearly doesn't cover living costs for a family. The factory owner says that he can't afford to increase it by this amount anyway as his margin is too small. At a national level, unions try to negotiate for the minimum wage to go up to 160% also, but the government says it is unable to increase the minimum wage by this margin because it will mean buyers relocate to other Asian countries. Workers and local unions therefore gather at a regional level and decide a living wage figure to represent them, and ask brands to negotiate on it. But brands like H&M see these figure, and say instead that it has to be negotiated at the factory level.

The stalemate at a local, national and regional level, can only be broken by brands, who work at all three levels, engaging in the wage process, making a public commitment to a wage figure, and using this to increase prices paid to factories. Public commitment to a figure opens up the space in negotiation on a national level for wage increase. The figure can also be factored into pricing, making wage negotiations on a factory level plausible and empowered.

For us this commitment should be to the Asia Floor Wage – which is a union led, democratic, transparent process to define a living wage on a regional level. If another regionally negotiated, transparent, union supported demand were to emerge, the CCC would also support this.

The importance of openly endorsing a specific living-wage figure can be illustrated by the example of Bangladesh, where H&M is the single largest buyer of garment products. In the Bangladeshi garment sector less than 2% of the workers are members of a union, and many of them are persecuted for demanding respect for their rights. Furthermore, the starting point for wage negotiations is a minimum wage of only 19% of a living wage. With the Bangladesh government unwilling to raise the legal minimum wage in the near future, an extreme power imbalance prevails between workers and employers. Without H&M clearly defining what they consider to be an acceptable living wage in Bangladesh, workers will never have the leverage to negotiate a wage that will allow a life of dignity.

By endorsing a living wage figure H&M will not be interfering with the demands of unions in negotiations. In fact, publicly endorsing a specific living wage figure has the potential to make H&M's work for fair living wages more efficient in the short term. Indeed, endorsing a living wage figure is not incompatible with H&M's focus on promoting wage negotiations. On the contrary, such a commitment would go hand-in-hand with H&M's commitment to promote freedom of association and collective bargaining.

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