



Bargaining for Decent Work and Beyond: Transforming Work and Lives Through Collective Bargaining Agreements in the Honduran Maquila Sector

A new <u>report</u> by the Center for Global Workers' Rights and the Solidarity Center **May 2022**

THE CONTEXT

Honduras is the **12th-largest exporter of garments in the world** in real terms and, on a per capita basis, the second largest, after Cambodia. In 2019, apparel exports accounted for \$3.8 billion, or 84 percent of the country's total exports.

Honduras has one of the **most developed processes of collective bargaining** in global export manufacturing. Nearly half (44 percent) of 105,000 Honduran garment workers are employed at a facility where they benefit from the terms of a collective bargaining agreement (CBA).

By the end of 2021, the Honduran export-assembly sector featured **21 CBAs covering 50,625 workers**—most of them (45,737 people) in the garment sector. CBAs benefit workers in factories owned by multinational corporations and local companies.

These conditions provided an ideal opportunity to conduct worker-driven research on the impact of collective bargaining on worker well-being in the garment sector. Through a survey of 387 workers with and without a collective bargaining agreement, the report documents **the profound and far-reaching impact of CBAs**.

While concretely showing that unionization reduces the likelihood that workers will feel compelled to migrate, the report also offers data-driven evidence that the expansion of freedom of association and collective bargaining in Honduras have resulted in better wages, better working conditions and better access to social protection schemes.

KEY SURVEY RESULTS

- In Honduras, poor work conditions—such as low wages, high production targets, long hours, forced overtime without pay and abusive treatment—workers to migrate. However, the survey reveals that workers in Honduras covered by a CBA are 25.3 percent less likely to want to migrate relative to workers without a CBA.
- When compared to workers who do not have a CBA, Honduran garment workers with CBA coverage are 67 percent more likely to always have the choice to work overtime or not. Forced overtime without pay is the labor rights violation most cited by maquila workers across Central America.
- Workers not covered by a CBA were 20.3 percent more likely to face verbal abuse.

- Female workers not covered by a CBA were 10.7 percent more likely to face **sexual harassment on the job** than workers who were covered. Notably, female workers covered by CBAs were 119.8 percent more likely to have a valid mechanism for addressing gender-based violence and harassment in the world of work.
- Most workers covered by CBAs also receive various **maternity and paternity benefits**, including extended leave.
- The data show that workers with CBA coverage at the workplace on average earned 7 percent more than workers in factories with private corporate social responsibility (CSR) inspections but no CBA coverage.
- As a result of multi-year minimum wage negotiations held in 2018, workers have been receiving a 7.5 percent to 8 percent wage increase every year. On top of this wage increase, workers covered by CBAs receive an additional 5.4 percent wage premium. In 2021, this amounted to an average 12.9 percent wage increase for workers with CBAs.
- During a 2020 COVID-19 lockdown instituted by the Honduran government, unions negotiated economic support for garment workers of 2,500 lempiras (\$104) per month from employers and 3,500 lempiras (\$146) per month from the government. However, pressure through unions was often needed to ensure employer participation and government compliance. The survey data indicates that 84 percent of workers with unions and CBAs received the 2020 COVID-19 employer wage subsidies as opposed to 65.9 percent of workers without CBAs. And 64.4 percent of workers with unions and CBAs received government payments versus 43.5 percent of workers without CBAs. Moreover, workers with CBAs were paid the subsidies for about 1.5 times longer.

Center for Global Worker's Rights, The Pennsylvania State University: The Center for Global Workers' Rights (CGWR) was established in 2012 as a research center within the School of Labor and Employment Relations. It focuses on vulnerable workers in precarious sectors of the global economy, such as workers in global supply chains in the apparel and electronics sectors. It publishes research reports, funds student projects on workers' rights, organizes scholar-practitioner exchanges, and co-hosts the Global Labor Journal. It is home to the Labor Rights Indicators, which is considered to be the most comprehensive global database on workers' rights. The center works in close association with the Penn State MPS program in Labor and Global Workers' Rights as part of the Global Labor University.

Solidarity Center: The Solidarity Center is the largest U.S.-based international worker rights organization helping workers attain safe and healthy workplaces, family-supporting wages, dignity on the job, widespread democracy and greater equity at work and in their community. Allied with the AFL-CIO, the Solidarity Center assists workers across the globe as, together, they fight discrimination, exploitation and the systems that entrench poverty—to achieve shared prosperity in the global economy. The Solidarity Center has operated in Honduras since 1997 supporting dozens local trade unions from the agricultural, apparel and domestic work sectors as well as national centers Confederación Unitaria de Trabajadores de Honduras (CUTH), Central General de Trabajadores (CGT) and Confederación de Trabajadores de Honduras (CTH).