

**PROBLEMS OF SMALL AND MEDIUM SCALE
INDUSTRIAL WORKERS: A STUDY OF KHYBER
PAKHTUNKHWA, PAKISTAN**

Amir Alam¹, and Muhammad Ibrar²,

Abstract

This literature based article has been conducted with the objectives to know about the different problems faced by the industrial workers and limitations in social security benefits in Peshawar, Khyber Pakhtunkhwa. In KP there is no heavy industry and mostly are of cottage or small scale nature industries located sporadically in different Industrial estates in the province. Not only the recent militancy has negative impacts on the industrial sector in terms of closure of many industries and factories but also of the structural and in-built problems like labor dissatisfaction with their wage structure as well as the fringe benefits after and during service which has marred their efficiency and proficiency and made life a burden for them. This study recommends that all the industrial workers shall be considered as secured and shall be provided with all the social security benefits as it is their constitutional right.

Key Words: Labor, Wage, Social Security, Industry, Labor Welfare,

Introduction

Job or work is necessary for human survival. As job or work on one hand meets our needs and on the other hand it determine our status in social structure. However, only job can't fulfill ones' needs as human beings have to face numerous unforeseen contingencies where they need other source that can help satisfy their problems. This source or means is called Social Security. In the life of working class or wage- dependent laboring people the most unbearable period or times are those when the regular income from wages or work suddenly stops or disrupted. In the contemporary world, in order to overcome these like problems the states

¹Lecturer in Social Work, Shaheed Benazir Bhutto University, Sheringal, Upper Dir, Khyber Pakhtunkhwa. Email: malakamiralam@gmail.com

² Assistant Professor in Social Work, University of Peshawar. Email: ibrarsworker@uop.edu.pk

have to play a positive and effective role in ensuring the continuity of the earning or subsistence. This role is in the form of legislation and practice of Social Security measure which include fringe benefits like housing, medical provision in case of emergencies, pension in the post-retirement period, children education, transportation to and from the working place etc.

Social Security are programs which are designed to protect the wage-dependent individuals and their families from loss of regular earnings due to retirement, disability, or death (Jutting, 2002). Article, 38 of the Islamic republic of Pakistan has termed the Social Security to be the right of every Pakistani. The same has been an important tool for the wellbeing of the labor class. However, this scheme covers only a fraction of the labor class (Irfan, 2003). In Pakistan labor class has compelled to live an awful lifestyle. Though labor class is considered to be the backbone of a state economy but laborers have lot of problems (Azid, 2001) and very little cosmetic type and halfhearted efforts are made by the state to put off the labor class on meager security measures like a lollypop to a child to lull him.

Industries play a significant role in the economic development of a society. Every industry provides people with facility in the form of products (Ozarslan, 2003). This is the reason that states permit the industrialists to invest and serve the state. Industries run perpetually due to the industrial workers. Workers are the actual producers of the products and have been proved to be the assets of a nation. Their success has led to the development of a country, because the fight and effort of this class determines the prosperity of this country. The more the laborers are satisfied the more would be their capacity of productivity. However, in Pakistan, the labor class has been deprived of their legal and constitutional rights (Ghayur, 1996). Social Security is the right of every Pakistani but the labor class has also been ignored in the provision of social security benefits. Providing social security is a daunting problem, and in the world, more than two billion people do not get any form of social security network, among this number, a huge number are of the labor class. Throughout the world the social safety nets programs exist in 172 countries (Jutting, 2002).

The problems of the laborers are numerous i.e. job security, low wages, poor role of the labor unions, discrimination on various grounds, worst behavior of the employer with their employees, poor working environment, corruption of the labor welfare department and anomalies in the pension system. These are observable problems faced by our industrial workers. However, both the federal and provincial governments have failed to provide the laborers with their legal rights. Labor Unions have not been effective in its role. Workers are unable to keep their body and soul together as their income is not enough for their subsistence requirement. This and like other problems have compelled the workers to be poor, vulnerable and socially excluded which need special attention.

Objectives of the Study

This study has been carried out with the following objectives.

1. To know about the different problems faced by the industrial workers in Peshawar, Khyber Pakhtunkhwa.
2. To analyze limitations/drawbacks in various social security benefits for industrial workers.

Some Labor Statistics

The industrial division accounts for 20.8% of the country's GDP. It is also a main source of government revenue and has made a significant contribution to the employment opportunities for the labor force. According to the 1998 census, Khyber Pakhtunkhwa (KP) has 344,176 workforce. Of which the labor population is only 2518368 people, the remaining 923408 people unemployed, the number of unemployed 26.8 people. Also in large and medium-sized manufacturing and commercial sectors, one-third of employees are engaged on contract base (Jamal, 2010). In industrialized countries, more than 90 per cent of the population is covered by organized social security systems in different countries, but in developing countries such as Pakistan, 50 per cent of the population still faces basic risks (Jutting, 2002).

Major Problems/Issues faced by the Industrial Workers

As aforementioned, the labor class has been vulnerable and faced with numerous problems. These problems have been described in details.

Minimum wages fixation and enforcement problems

International Labor Organization Article 1 of the Convention No.95 has defined the term “wage” as:

“Remuneration or earning, designated or calculated, capable of being expressed in term of money and fixed by mutual agreement or by national law or regulation, which are payable in virtue of a written or unwritten contract of employment by in employer to an employed person for work done or to be done or for services rendered or to be rendered” (Ghoshen, 2012; p.2).

The issue of minimum wage exists around the world particularly in developing countries where 45% of the paid labors are receiving a lesser amount of wages. This is a permanent issue and it seems to be continued. In Pakistan, each legislature has set up the lowest pay permitted by law for laborers; yet the lowest pay permitted by law approach is likewise out of line since it doesn't meet the fundamental needs of the workers (Irfan, 2003). The tripartite board (consisting on the representative of Government, employers and employees) too did not succeed in fixation and implementation of the minimum wage (PILDAT, 2009). Similarly neither the central nor the provincial government is serious in the implementation of minimum wage.

Job Insecurity

An overwhelming majority of the industrial workers are working to be insecure. Workers who are working on daily wages, working on contract, and seasonal workers are considered to be insecure. Both in public and private industries, almost 95 percent of the workers are working on contract or daily-wages basis (Ahmad, 2013). These workers are not supposed to get the social security benefits for which only the secure workers are entitled. These benefits include free health services, stipend for the children of the secured workers, jahaiz fund, gratuity fund, housing facility, leave and pension etc. The employers do prefer to induct the workers on contract or daily wage bases because they will not be bound to contribute for the concerned employees. Secondly, the employer can fire him any time. Thirdly, they are chief workers (*Los Angeles Times, 1997*). This is why in the large and medium-sized commercial and manufacturing sectors, one-third of the personnel are involved in contract base (Jamal, 2010), which upsurges the likelihood

of worker poverty (Majid, 2012). According to the ILO report, 60 per cent of women and 70 per cent of males in several countries do not have any employment contracts (ILO, 2012).

Working Environment

Humane and conducive working environment is the key to industrial development. However, in Pakistan, industrial workers do face various occupational health hazards which seriously affect their efficiency and life period (Asad et al, 2013).

“Article 37 of the constitution of Pakistan provides for securing just and humane conditions of work. In Pakistan, the workers are conditioned to work in such a working environment that is against the labor rights. Since majority of the workers have no idea about the unhygienic condition and threats that can appear any time at work place. The textile sector, for example, is the largest manufacturing activity in Pakistan, also displays a poor and hazardous working condition” (Ghayur, 1996; p.1).

The Factory Act, 1934 prescribe that adult workers shall not be allowed to work in industry for more than fort eight (48) hours in a week. Furthermore, the constitution of Pakistan, Article 37 too prohibits women and children from working in inhuman condition.

However, in Pakistan, the laborers are working for more than sixty hours a week. More than 90 percent of the industries are not registered under the Factory Act 1934 which reflects that the government doesn't have the basic database on the concentration of industries in different parts of the country .Majority of the workers are illiterate and ignorant and because of lack of awareness and lack of proper security measures, many of industrial workers lose their lives (Ahmad, 2013).

The deprived working conditions include unjust compensation, unreasonable work schedule, inadequate occupational measures, limited opportunity for professional skills and growth exposure to hazardous chemicals, inadequate leave benefits, and weak and unstable employment status (Asad, et al, 2013).

Discrimination/Deleterious Cultural Practices

According to the article 25 of the constitution of the Islamic Republic of Pakistan 1973 “all are equal before the law and prohibited the discrimination on the ground of sex alone”. However, it is hard to find a free discrimination industry.

In the year 2005, the labor force participation in Pakistan was 45.23 % wherein 82% were male labor force and just 18% were female. This proportion reveals the fact that women are not encouraged to be economically sound and thus depends on male. This can be a cultural as well as religious matter which does not allow male to send his female (wife/daughter/sister/mother) for earning jobs (PILDAT, 2005).

The International labor Organization (ILO) has strictly prohibited discrimination and according to its fundamental principles (1998), all states should promote employment without discrimination. However, discrimination is the peak, when the industry in the recruitment, compensation and promotion process occurs, you can measure this discrimination. Especially women are victims of discrimination (Khan, 2001).

Women, due to its feminine feature are not considered to be fit for industrial work as men are strong and industrious. This scenario has led to unemployment for women in Pakistan (Ibid).

“A male worker normally gets high wages as compared to a female worker; however, women are more punctual and quality conscious than their male counterparts. Likewise, they are deprived of equal opportunities for career advancement. Women workers, even in the formal sector are not free from sexual harassment(Khan and Khan, n.d; p.9).

Age factor too restrict the economic development of a worker (Week, 2007). Research indicates that employers prefer those who are neither old nor too young (Hussain, 2000).

Poor Role of the Labor Unions

In accordance with article 23, section number 4 of the Universal Declaration of Human Rights 1948, everyone has the right to organize and take part in trade unions to protect his/her interests. The union is an

organized group of workers designed to promote decent working conditions and ensure workers' legal and constitutional rights (Li, 2012). Trade unions protect workers from arbitrary management decisions. As trade unions, wages and working conditions are improved.

Illiteracy of the labor class has led to countless problems for them since this class did not defend their rights due to illiteracy. In Pakistan, Legislation has permitted the non-industrial worker to be the leader of the labor union and collective bargaining agents of the workers so that educated person can defend their rights. However, due to the affiliation with political parties, these leaders have never been succeeded to resolve the problems of the industrial workers rather mostly they try to gain personal interest and to accomplish their political objectives rather than welfare of the workers (Baig, 2005). Labor unions have done no contribution that could change the living standard of the working class (Ghayur, 1996).

Employers do not hire workers who wish to join trade unions. For this reason, most industrial workers have to work under the domination of employers, and why 95% of industrial workers in Pakistan do not have the right to participate in any union (Bagwandas, 2012). Thus, a considerable number of employed labor are in a weak position, one in eight Employees are working poor (Ghualm (2011).

Employer and Employee's Relations

Smooth and sound employer and employee relationship is mandatory for industrial development. Owing to this relation workers can get facilities and amenities from the institutions responsible for the welfare of the workers i.e. WWB, ESSI and EOBI as the employer contribute for the workers to these institutions (Baig, 2005). However, employers did not play any satisfactory role and the laborers have huge concerns and grievances about their rights and job security.

Job security leads to motivation and sincerity on the part of the workers (Ibid) hence employers normally fired the daily wagers and unsecured workers without showing any genuine reasons.

Good relation of workers and management is a prerequisite for industrial development (Centre for public policy and governance, 2012). However, research indicates that workers have huge concerns over their

management and employers that they are not fair and loyal with the workers' rights.

The religion of Islam stresses the rights of the workers. Hazrat Umar (RTA) says "The best officer is the one whose subordinates are happy with him and the worst is that whose subordinates groom under his offensive hands (Verma, 1992).

Transport Problem

Lack of transport facility is one of the substantial labor problems. Provision of transport facility is the labor right, however, workers are deprived of this facility (Centre for public policy and governance, 2012). Owing to lack of this facility workers spent a reasonable amount on transportation. Industrialized nations like United Kingdom have worker's train and the workers pay half of the normal fair (Qureshi, 1989).

If it is not worthwhile to provide transport facilities to workers who need the same job, the facility will not have any profit base. Sometimes the staff (people in remote areas) leave this job because he / she cannot afford to buy justice and cannot save the amount that can support his / her family (Ghayur, 1996).

Housing Problems/ Facilities

Living near to work place has great advantages both to industrial production and for the worker. And ultimately this will lead to industrial development (Qureshi, 1989). Housing facility is the worker's legal right and employers are supposed to provide the worker with the said facility. Provision of this facility on one hand will save money and on the other hand the worker will have more time to work.

"Normally it is observed that those workers who are living away from the workplace their work get suffered due to decrease in their stamina and on the other hand they lose a huge amount of their salaries" (Ibid; p.3).

A considerable number of workers were deprived of the rights of the workers' welfare committee. Similarly, illegal workers in the labor sector and trade unions led to a large number of houses.

Labor Colonies, which are meant for the industrial workers only, have been occupied by illegal or outsiders. Even the Worker Welfare Board is unable to vacate these homes from the outsiders as these outsiders are either the relatives of the concerned authorities or they have affiliation with political parties and thus the deserved and poor workers are deprived of this facility.

Similarly, houses provided by the WWB to workers are not enough for the workers' families as Pakhtun have normally a large family size. Thus lack of housing facility and less capacity of the houses have furthered the labor problems.

Gaps/Loopholes in Labor Laws

In order to provide humane and fair working environment to workers, labor laws have been formulated. However, in Pakistan most of the labor laws are complex and overlap in scope and contents (Ahmad, 2013). In countries especially in low income, labor standards are neither established nor enforced effectively while in the developing countries have done this to an extent (Salim and Rozental, 2012).

Many of the labor laws are not encouraged and even not adequately implemented. After the eighteen amendments, every province is bound to formulate their own labor laws and manage the labor affairs. This is too hard for KP government as this province can't meet even the administrative cost of the labor welfare institutions (Impacts of 18th Constitutional Amendments on Labor Rights 2010).

“labor laws were not been properly implemented and after the failure of the central government the affairs of the labor ministry has been handed over to provincial government and the provincial government are not in a position to manage the inherited labor problems” (Mian, 2012).

Corruption in Labor Welfare Department

Corruption is the big problem of the today's society. Official corruption has been legalized and institutionalized. Even this curse has become a fast spreading culture of the contemporary Pakistani society. Industrialists with the complicity of the officials of the concerned department have been denied the legal and constitutional rights of the poor workers (Irfan, 2003).

All the labor welfare institutions are involved in corruption. According to a report, two hundred million PKR have been spent and the beneficiary of this amount is not been proved. Similarly plots in labor colonies have been allotted to the illegal and outsiders. Scholarships have awarded to students who are not the children of the industrial workers. The EOBI case of corruption of millions of rupees is the naked example of the corruption of labor welfare department.

The factory inspector who is responsible for inspecting the factory is selling for the benefit of its own. An employee of the labor department informed the researcher that he was reluctant to disclose his name.

“The coverage of all welfare schemes is extremely limited and the deserving and poor workers are deprived of their due rights. Though the state machinery is well aware of the realities and has been instituting commissions and task forces since late 1970s to come up with recommendations for improvement, however, these reports gather dust and never put into effect” (PILDAT, 2005).

Pension Scheme

Pension is alternative means of financial support in old age (Mayhew, 2001). And this system exists almost around the world including developing countries (Stewart, 2009). Pension is considered to be the right, assets and a source of income for a worker in old age. In many low income countries, the old age pension coverage rates are low (Williamson et al, 2008).

The retired industrial workers termed the current pension rate to be low and demand for reasonable and genuine pension scheme. They felt their pension is not enough even for their substantial requirements and they hardly fulfill their needs. This indicates that the laborers' labor and efforts are not admitted in the country. In addition to the above problems, pensioners face more problems, including the registration or registration of EOBI issues, pensioners, pensioners must wait a few hours, especially the Internet system chaos, non-cooperative administrative behavior etc.

Conclusion

The problems of the industrial workers are numerous. Job security is the foremost and substantial issue for workers. Workers are known by many titles as secure workers, insecure workers, daily wagers, and seasonal workers. The secured workers are entitled for social security benefits while insecure or contract employees are not for the same. Even the secured workers don't have a contract letter thus he/she may be fired any time. The labor unions, which are established for the protection and preservation of labor rights, do not care of the workers problems. Discrimination on the base of sex, grade, region and language can be seen in many industries. The workers-employer relationship is worst which is harmful for the industrial development. Corruption is on its peak. The industrialist, with the unfair support of the labor welfare department, have handed over the plots to their near and dears and outsiders. Unlike other developed nations, our labor class is deprived of transport facility. A reasonable amount of their income goes waste in fairs. Labor colonies are meant for the laborers, however, plots in labor colonies have been occupied by those who don't deserve. Pension is an ultimate source of income for the laborer in old age. However, getting pension is a hard job for them due to the location of the pension office. Similarly the amount of pension is not enough for the pensioner's family as the amount is less for the satisfaction of their subsistence requirements.

Recommendations

In order to provide the laborers/workers of Pakistan with their rights, the following suggestions are recommended. All the industrial workers shall be considered to be secured. This will allow all the workers to be entitled for all social security benefits. Fair and reasonable/maximum wages shall be fixed positively and federal and provincial government shall constitute monitoring teams to be responsible for the inspection and confirmation of the minimum wages. Leaders of the labor unions must be elected from the labor class and must be held responsible to the members of labor union. In order to eradicate the curse of corruption, the labor laws must be strictly implemented and the offenders must be punished. Transport services for the workers shall be introduced by utilizing the fund of worker welfare board (WWB). Discrimination on any ground should be avoided and each and every worker shall be

treated equally and with parity. The Employees' Old Age Benefits Institutions (EOBI) shall treat the pensioners by keeping in account the physical and age factors of the pensioner. Thus it is recommended that an easy and approachable office shall be established for the pensioners. This will be beneficial for pensioners in terms of time and money. Moreover, the government shall initiate a program that can prove to be effective in establishment of positive and purposeful relations between the employer and employee. Ultimately the workers production capacity will be enhanced and the employers will too get more. In order to have industrial development in the region, the energy crises shall be managed. By doing so, the foreigner will also invest in this region and eventually the industrialization will be on its peak.

References

- Ahmad M. (2013, May,1). May Day Today. *The Frontier Post*.P.6.
- AzidToseef (2001). The Concept and Nature of labour in Islam: A Survey. P.96.
Retrieved on,
Jan 20,2103, from 2013 from <http://www.pafkiet.edu.pk/LinkClick.aspx?fileticket=FGsUswzta71%3D&tabid=149&mid=1544>.
- BaigZaheer (2005). *Employer-Employee Relationship in Pakistan*. Retrieved on
February, 27,
2013 from <http://www.pafkiet.edu.pk/LinkClick.aspx?fileticket=FGsUswzta71%3D&tabid=149&mid=1544>
- Basit B. A, Z. Muhammad, Faridi, Imran. S. Chaudhry (2009). *An Analysis of the Determinants of Male Labor Force Participation and Employment Status in Pakistan: The Case of Bahawalpur District*. Pakistan Journal of social sciences (PJSS), Vol.29, No.2, p.190.
- Bhagwandas (2012, may,2). Workers hold Programmes to mark may Day.
Peshawar: *Dawn*.P.04.
- Centre for public policy and governance (2012).*Industrial Policy in Punjab: A Case Study of Sundar Industrial Estate*. Centre for Public Policy and Governance. P.14.
- Embler R Carol and Embler Melvin (1990). *Anthropology*. (6th.Ed.). United States of America: Englewood Cliffs, New Jersey 07632.
- Ghayur, S (1996). "Labor Market issues in Pakistan: Unemployment, Working Conditions and Child Labour" in *Pakistan Development Review*, 35 (4), p.801.
- GhoshenNajati (2012). *Wage Protection Legislation in Africa*. Geneva: International labor office.
- HaroonJamal (2010). *A profile of Social Protection in Pakistan: An Appraisal of Empirical Literature*. Retrieved on january 31,2013 from <http://www.bi>

- sp.gov.pk/charts/finalpaper/a%20profile%20 of%20social%20protecti
on%20in%20pakistan%20an%20appraisal%20of%20empirical%20lite
rature.pdf
- Hussain Iffat (200). *Problems of working women in Karachi, Pakistan*.
Newcastle upon Tyne, Cambridge Scholars Publishing.
- Impacts of 18th Constitutional Amendments on Labor Rights(2010).Islamabad:
Paksitan Institute of lagislative Development and Transpirancy.
- International Labor Organization (2012). *Partnerships for Decent Work*. Geneva:
P. 2. Retrieved
on August,25, 2013 from http://www.ilo.org/wcmsp5/groups/public/---asia/---robangkok/documents/publication/wcms_167491.pdf
- Iqbal S, Jubeen S and AsadRubina (2013). *Effects of Industrial Environment on Health Status of Workers. A Case of Noon Sugar Mill Bhalwal*. Sargodha: savap
- Is the Bloom Off the Rose of Contract Workers? (1997, February, 24). *Los Angeles Times*.
- Jamal, H. (2010) *A Profile of Social Protection in Pakistan: An appraisal of Empirical Literature*. Etrieved on 31.1. from <http://www.bisp.gov.pk/charts/finalpaper/a%20profile%20 of%20social%20protection%20in%20pakistan%20an%20appraisal%20of%20empirical%20literature.pdf>
- Johannes Jutting. (2002) *Social security systems in Low income countries: Concepts, Constraints and the Need for Cooperation*. Retrieved on, May, 15, 2013, from <http://onlinelibrary.wiley.com/doi/10.1111/1468-246X.00102/abstract>.
- Khan Ayesha (2001). *Women and Paid Work in Pakistan*. Karachi: Pathways of Women's Empowerment South Asia Research Programme Pakistan Scoping Paper.
- Khan Sabrina and Khan Fouzia (n.d). *Public/Private Sector Policies Pertaining to Female Employment in Textile Sector of Pakistan.A Case study of Karachi textile factories*. Retrieved on june, 25, 2013 from <https://www.google.com.pk/search?q=Public%2FPivate+Sector+Policies+Pertaining+to+Female+Employment+in+Textile>
- M. Irfan (2003). *Poverty and Social Safty Nets: A case study of Pakistan*. Islamabad: Pakistan Institute of Developemnt Economics),P.11
- Majid N. (2012). How to count the employed in developing countries. Geneva: International labor Office, Employment Sector, Economic and Labor Market Analysis Department, p.27.
- Mayhew Les (2001). *Public Participation and the Pension Policy Process: The Citizen and Pension Reform*. London:SEERL - Birkbeck College, University of London.

- Mian Bakhtawar (2012, April 30). *Economic condition of labourers deteriorating*. Karachi, Sindh, Pakistan. Retrieved on Feb, 21, 2012 from <http://dawn.com/2012/04/30/economic-condition-of-labourers-deteriorating-fm/>
- Ozarslan D.D, Altay C.M, Arabaci A, Altay Faith, SivreiNuket (2003). Effects of High Economic Importance of Industrial Branches on Human Life Quality and Environment. Istanbul: *International Journal of Electronics, Mechanical and Mechatronics Engineering*. Vol.2 Num.1 pp. (86-91).
- Pakistan Institute of Legislative Development and Transparency (PILDAT) (2005) *Understanding Labor Issues in Pakistan*. Islamabad. P.13.
- PramodaVerma (1992). *Industrial Labour in India: An Empirical Approach*. New Delhi: Mohan Primlani.
- Qureshi I Anwar (1989). *Economic Problems Facing Pakistan*. Karachi: Pak Publishers Ltd.
- Rozental F and Salem S (2012). Labor Standards and Trade: A Review of Recent Empirical Evidence. United States International Trade Commission. *Journal of International Commerce and Economics* .p.6.
- Shujaat, Farooq and A. M. Ghulam,. (2011). *Background Paper for the IDB Group MCPS Document for Pakistan Poverty, Inequality and Unemployment in Pakistan*. Pakistan Institute of Development Economics (PIDE), Islamabad. P.41.
- Stewart Fiona and Yu-Wei Hu (2009). Pension Coverage and Informal Sector Workers: International Experiences. France: Financial Affairs Division, *Directorate for Financial and Enterprise Affairs Organization for Economic Co-operation and Development* 2 Rue André Pascal, Paris 75116,
- Weeks Kathi (2007). Life Within and Against Work: Affective Labor, Feminist Critique, and Post-Fordist Politics. *Ephemera: theory & Politics in Organization*. volume 7(1): P. 233-249
- Williamson B, Lohanson, Jessica K,M (2008). Universal Non-Contributory Pension schemes for Low income Countries: An Assesment. *International Series on Social Security*. Belgium: Vol.13. P. 195.
- Xiaoyang .Li (2012). *Workers, Unions, and Takeovers*. SpringerScience+Business Media, LLC 2012.