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Labor Standards, Labor Policy, and Compliance Mechanisms: A Case Study in Pakistan

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ABSTRACT

This article examines labor standards, policies, and compliance mechanisms in Pakistan, focusing on the textile industry, a critical economic sector. Utilizing the International Labor Organization (ILO) framework, it assesses the alignment of Pakistan's labor policies with international standards and investigates enforcement challenges through a qualitative case study of the 2012 Ali Enterprises factory fire in Karachi. The study addresses three questions: (1) What are labor standards under the ILO? (2) Does Pakistan's labor policy align with ILO standards? (3) How can compliance be improved to protect workers' rights? By integrating theoretical frameworks, empirical data, and visual aids, the article proposes strategies to enhance compliance and safeguard labor rights, emphasizing systemic reforms in Pakistan's labor governance. Additionally, it explores theoretical implications for compliance theory, contributing to academic discourse on labor regulation.

Introduction

Pakistan's textile industry stands as a cornerstone of its economy, contributing 8.5% to the national GDP and employing approximately 15 million workers, or 40% of the industrial workforce (Pakistan Economic Survey, 2022). As a major exporter to markets in the EU, USA, and China, the sector generates over 60% of the country's export earnings, underscoring its critical role in economic growth. However, beneath this economic success lies a troubling reality: widespread labor rights violations, including unsafe working conditions, substandard wages, and suppression of union activities, particularly in informal and small-scale factories. These issues reflect a significant disconnect between Pakistan's labor policies and the international labor standards set by the International Labor Organization (ILO), which emphasize fair wages, safe workplaces, and fundamental rights such as freedom of association. This article examines the state of labor standards, policies, and compliance mechanisms in Pakistan’s textile industry, using the 2012 Ali Enterprises factory fire in Karachi as a pivotal case study to highlight systemic deficiencies and propose actionable reforms.

The Ali Enterprises fire, which claimed 258 lives and injured over 100 workers, remains one of Pakistan’s worst industrial disasters. This tragedy exposed critical flaws in occupational safety, regulatory oversight, and compliance mechanisms, drawing global attention to the plight of textile workers. Investigations revealed a litany of violations, including the absence of fire exits, barred windows, expired fire extinguishers, and excessive working hours, all in contravention of both Pakistani labor laws and ILO conventions. The incident underscored the challenges of enforcing labor standards in a context marked by inadequate inspections, outdated legal frameworks, and pervasive corruption. It also highlighted the complexities of global supply chains, where subcontracting and informal employment obscure accountability, allowing violations to persist unchecked. The fire serves as a stark reminder of the human cost of non-compliance and the urgent need to align Pakistan’s labor governance with international benchmarks.

This study addresses three central questions: (1) What constitutes labor standards under the ILO framework? (2) To what extent do Pakistan’s labor policies align with these standards? (3) How can compliance mechanisms be strengthened to better protect workers’ rights? By integrating empirical data, theoretical frameworks, and visual aids, the article provides a comprehensive analysis of Pakistan’s labor landscape. It employs compliance theory, specifically Lindenberg’s Goal-Framing Theory and the Option Generation Framework, to examine employer behavior, emphasizing the interplay of external deterrents (e.g., penalties) and internal incentives (e.g., awareness) in fostering adherence to labor laws. The analysis is structured to explore ILO standards, evaluate Pakistan’s policy alignment, dissect the Ali Enterprises case, apply theoretical insights, and propose multifaceted strategies for improvement, including legal reforms, enhanced enforcement, and worker empowerment.

Ultimately, this article aims to contribute to academic discourse on labor regulation while offering practical recommendations to create safer, fairer workplaces in Pakistan. By addressing systemic weaknesses and leveraging global frameworks like the Pakistan Accord, it seeks to align national practices with ILO standards, ensuring the dignity and rights of millions of workers in the textile industry.

Literature Review

Labor standards, as established by the International Labor Organization (ILO), serve as a global benchmark to ensure workers’ rights, encompassing fair wages, safe working environments, and fundamental freedoms such as the right to organize. These standards are critical in developing nations like Pakistan, where economic growth often comes at the expense of labor protections. Pakistan’s textile industry, a cornerstone of its economy, contributes 8.5% to the national GDP and employs approximately 15 million workers, representing 40% of the industrial workforce (Pakistan Economic Survey, 2022). As a major exporter to markets in the EU, USA, and China, the sector generates over 60% of the country’s export earnings. However, beneath this economic success lies a troubling reality: persistent labor rights violations, including unsafe working conditions, substandard wages, and suppression of union activities, particularly in informal and small-scale factories. These issues highlight a significant gap between international labor standards and their implementation in Pakistan, driven by weak enforcement, outdated legal frameworks, and socio-economic challenges.

The 2012 Ali Enterprises factory fire in Karachi, which claimed 258 lives and injured over 100 workers, stands as a stark symbol of these systemic failures. This tragedy, one of Pakistan's worst industrial disasters, exposed critical deficiencies in safety standards, regulatory oversight, and compliance mechanisms, drawing global attention to the plight of textile workers. It underscored the urgent need to align Pakistan's labor policies with ILO conventions and strengthen enforcement to prevent such catastrophes. The incident also highlighted the role of global supply chains, where subcontracting and informal employment often obscure accountability, allowing violations to persist unchecked.

This article seeks to address three pivotal questions: (1) What constitutes labor standards under the ILO framework? (2) To what extent do Pakistan's labor policies align with these international standards? (3) How can compliance mechanisms be improved to better protect workers' rights? By exploring these questions, the study aims to provide a comprehensive analysis of Pakistan's labor governance, using the Ali Enterprises case as a lens to examine systemic issues and propose actionable solutions. The analysis is grounded in compliance theory, specifically Lindenberg's Goal-Framing Theory and the Option Generation Framework, which highlight the interplay of external deterrents (e.g., penalties) and internal incentives (e.g., awareness) in shaping employer behavior.

The article is structured to offer a thorough examination: Section 2 outlines key ILO labor standards; Section 3 evaluates Pakistan's labor policies and compliance challenges; Section 4 presents the Ali Enterprises case study, detailing violations and regulatory failures; Section 5 applies compliance theory to analyze employer behavior; Section 6 proposes multifaceted strategies for improvement, including legal reforms, enhanced enforcement, and worker empowerment; and Section 7 concludes with policy recommendations. Through empirical data, theoretical insights, and visual aids, this study underscores the need for systemic reforms to create safer, fairer workplaces in Pakistan, aligning national practices with global labor standards to safeguard the rights and dignity of millions of workers.

Understanding Labor Standards under the ILO

The ILO, established in 1919, sets international labor standards through conventions and recommendations, urging member states to ratify and implement them. These standards address critical aspects of labor rights, ensuring equitable and safe workplaces. Key conventions include:

Freedom of Association: The Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) guarantees workers' and employers' rights to form and join organizations without interference (ILO, 1948).

Elimination of Forced Labor: Conventions No. 29 (1930) and No. 105 (1957) prohibit all forms of forced or compulsory labor, emphasizing immediate eradication (ILO, 1930; ILO, 1957).

Minimum Wage: The Minimum Wage Fixing Convention, 1970 (No. 131) mandates legally enforceable minimum wages, tailored to economic conditions in developing countries (ILO, 1970).

Child Labor: The Minimum Age Convention, 1973 (No. 138) sets the minimum employment age at 15, with exceptions for light work at 13, provided it does not harm health or education (ILO, 1973).

Occupational Safety and Health: Conventions No. 155 (1981) and No. 167 (1988) require employers to ensure safe workplaces, provide training, and mitigate occupational hazards (ILO, 1981; ILO, 1988).

Working Hours and Rest: Conventions No. 14 (1921) and No. 106 (1957) mandate a minimum 24-hour weekly rest, while No. 132 (1970) ensures at least three weeks of paid annual leave (ILO, 1921; ILO, 1957; ILO, 1970).

Employment Termination: Convention No. 158 (1982) requires valid reasons for termination and protections against unfair dismissal (ILO, 1982).

These standards form a comprehensive framework for labor rights, but their implementation in Pakistan is inconsistent due to structural and systemic challenges.

Figure 1: Key ILO Conventions and Their Focus Areas

Convention Number	Year	Focus Area
No.87	1948	Freedom of Association
No.29	1930	Forced Labor Prohibition
No.131	1970	Minimum Wage Fixing
No.138	1973	Minimum Age for Employment
No.155	1981	Occupational Safety and Health
No.14	1921	Weekly Rest (Industry)
No.158	1982	Termination of Employment

Source: Compiled from ILO official documents

Labor Policy and Compliance in Pakistan

Industrial Context

Pakistan’s textile industry is a linchpin of its economy, contributing 8.5% to GDP and employing approximately 15 million workers, or 40% of the industrial workforce (Pakistan Economic Survey, 2022). The sector is export-oriented, with major markets in the EU, USA, and China, generating over 60% of export earnings. Despite its economic significance, the industry faces chronic labor rights issues, including unsafe working conditions, low wages, and suppression of union activities. Informal and small-scale factories, which dominate the sector, often evade regulatory oversight, exacerbating violations.

Alignment with ILO Standards

Pakistan’s labor laws include the Factories Act, 1934, the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, and provincial regulations like the Sindh Factories Rules, 1975. While Pakistan has ratified 36 ILO conventions, including all eight core conventions, its labor policies fall short in several areas:

Occupational Safety and Health: The Factories Act mandates safety measures, but its provisions are outdated, lacking specificity on fire safety and modern hazards, misaligning with ILO Convention No. 155 (Rehman & Javed, 2020).

Minimum Wages: The Sindh Minimum Wage Board sets wages, but enforcement is weak, with many workers earning below the mandated minimum, violating ILO Convention No. 131 (Khan & Khan, 2019).

Freedom of Association: The Industrial Relations Act, 2012, permits unionization, but bureaucratic hurdles and employer intimidation restrict workers' rights, contravening ILO Convention No. 87 (Ahmed & Siddiqui, 2021).

Child Labor: The Employment of Children Act, 1991, prohibits child labor under 14, but weak enforcement in informal sectors leads to widespread violations, misaligning with ILO Convention No. 138 (Human Rights Watch, 2020).

Working Hours: The Factories Act limits work to 9 hours daily and 48 hours weekly, but coerced overtime without extra pay is common, breaching ILO Convention No. 14 (Siddique & Mahmood, 2022).

Compensation: Compensation for workplace injuries is inadequate, and legal processes are cumbersome, discouraging claims and deviating from ILO Convention No. 121 (Malik, 2021).

Compliance Challenges

Compliance in Pakistan faces multiple obstacles:

Inadequate Inspection Systems: With only 300 labor inspectors for 15 million workers, oversight is grossly insufficient compared to the ILO's recommendation of one inspector per 10,000 workers (ILO, 2017).

Corruption: Bribery undermines inspections, allowing non-compliant factories to operate unchecked (Transparency International, 2023).

Outdated Legal Frameworks: The Factories Act's nominal fines (PKR 500-5,000) lack deterrence, and ambiguous provisions weaken enforcement (Rehman & Javed, 2020).

Socio-Economic Barriers: Illiterate workers, particularly women and adolescents, lack awareness of their rights, increasing vulnerability to exploitation (Khan & Khan, 2019).

Global Supply Chains: Subcontracting and informal employment reduce accountability, as parent companies evade responsibility for labor conditions (Ahmed & Siddiqui, 2021).

Figure 2: Compliance Challenges in Pakistan's Textile Industry

Challenge	**Description**	**Impact**
Inadequate Inspections Corruption	Only 300 inspectors for 15M workers. Bribery undermines regulatory enforcement	Limited oversight, frequent violations. Non-compliant factories operate freely
Outdated Laws	Nominal fines, vague provisions	Weak deterrence, inconsistent enforcement
Worker Illiteracy	Lack of rights awareness	Increased exploitation vulnerability
Supply Chain Issues	Subcontracting reduces accountability	Violations in informal setups

Source: Based on literature

Methodology

This study adopts a qualitative case study approach, focusing on Pakistan's textile industry and the 2012 Ali Enterprises factory fire. Data were collected from secondary sources, including academic literature, ILO documents, government reports (e.g., Pakistan Economic Survey, 2022), and NGO publications (e.g., Clean Clothes Campaign, 2012). The ILO framework was used to assess Pakistan's labor policies against international standards. The case study analyzed labor violations, regulatory failures, and post-fire responses through thematic analysis, identifying patterns in safety, wages, and union rights. Compliance theory, specifically GFT and OGF, was applied to evaluate employer behavior, integrating external (e.g., fines, inspections) and internal (e.g., awareness) factors. Visual aids, such as tables and timelines, were developed to illustrate ILO conventions, compliance challenges, and the fire's aftermath. The methodology ensured a comprehensive analysis by combining empirical data, theoretical frameworks, and contextual insights, though limitations include reliance on secondary data and the single-case focus.

Case Study: The Ali Enterprises Factory Fire (2012)

Background

On September 11, 2012, a devastating fire at Ali Enterprises, a garment factory in Karachi's Baldia Town, killed 258 workers and injured over 100, marking one of Pakistan's worst industrial disasters. The incident exposed systemic failures in labor standards and compliance, drawing international scrutiny to the textile industry's working conditions.

Factory Profile

Ali Enterprises produced denim garments for European retailers, primarily KiK (Germany). Employing over 1,500 workers, mostly young men and women from low-income communities, the factory operated in a multi-story building with substandard infrastructure, typical of Karachi's industrial zones.

Labor Violations

Investigations revealed numerous violations of Pakistani labor laws and ILO standards:

Safety Standards: The factory lacked fire exits, and windows were barred, trapping workers. Fire extinguishers were expired or absent, violating the Factories Act, 1934, and ILO Convention No. 155 (Clean Clothes Campaign, 2012).

Overcrowding: Workers were packed into poorly ventilated spaces, increasing fire risks.

Excessive Working Hours: Employees worked 12-14 hour shifts without mandated rest periods, breaching ILO Convention No. 14 (Siddique & Mahmood, 2022).

Substandard Wages: Wages were below the Sindh Minimum Wage Board's standards, contravening ILO Convention No. 131 (Khan & Khan, 2019).

Denial of Union Rights: Workers were prohibited from forming unions, violating ILO Convention No. 87 (Ahmed & Siddiqui, 2021).

Child Labor: Reports indicated the presence of workers under 15, against ILO Convention No. 138 (Human Rights Watch, 2020).

Regulatory Failures

The fire highlighted critical deficiencies in Pakistan's labor regulatory framework:

Inspection Lapses: The factory had not been inspected in years, despite operating in a high-risk area (Rehman & Javed, 2020).

Corruption: Allegations of bribery allowed factory owners to evade scrutiny (Transparency International, 2023).

Weak Penalties: The Factories Act's fines (PKR 500-5,000) were negligible, failing to deter violations (Malik, 2021).

Judicial Delays: Post-fire investigations were slow, and legal accountability was limited due to ambiguous laws and judicial inefficiencies (Clean Clothes Campaign, 2012).

Aftermath and Response

The fire prompted significant responses:

Compensation: Victims' families received PKR 1.2 million per deceased worker, funded by the Sindh government and KiK. However, payments were delayed, and survivors reported inadequate support (Clean Clothes Campaign, 2012).

Legal Action: Factory owners faced manslaughter charges, but after prolonged litigation, convictions were limited to lower-level managers (Malik, 2021).

International Pressure: The incident led to the Pakistan Accord, a binding agreement with international brands to improve factory safety, inspired by similar initiatives elsewhere (Pakistan Accord, 2013).

Policy Reforms: The Sindh government introduced stricter fire safety regulations, but implementation remains inconsistent (Rehman & Javed, 2020).

Figure 3: Timeline of Ali Enterprises Fire and Aftermath

Date	**Event**
Sep 11, 2012	Fire kills 258 workers, injures 100+
Sep 2012	Investigations reveal safety, wage violations
2013	Pakistan Accord signed for factory safety
2014-2016	Compensation payments begin, face delays
2017	Limited convictions of factory managers
2020	Sindh introduces new fire safety regulations

Source: Compiled from Clean Clothes Campaign (2012) and media reports

Theoretical Framework: Compliance Theory

This study employs compliance theory, specifically Lindenberg's Goal-Framing Theory (GFT) and the Option Generation Framework (OGF) by Kalis et al. (2013), to analyze employer behavior. GFT posits that compliance is driven by:

External Factors: Fear of punishment, such as fines or incarceration, motivates adherence. In Pakistan, weak penalties (e.g., PKR 500-5,000 fines) and rare prosecutions diminish deterrence, encouraging non-compliance (Kalis et al., 2013).

Internal Factors: Understanding the benefits of compliance, such as improved reputation or worker productivity, encourages voluntary adherence. However, limited employer education and awareness campaigns in Pakistan hinder internalization of these benefits (Davidov, 2021).

The OGF complements GFT by focusing on decision-making processes, suggesting that employers weigh the costs (e.g., fines, reputational damage) against the benefits (e.g., cost savings from non-compliance) of adhering to labor laws. In Pakistan's textile industry, the low cost of violations (due to nominal fines and lax enforcement) often outweighs the benefits of compliance, perpetuating labor rights abuses (Weil, 2018). Strengthening external sanctions (e.g., higher fines, criminal liability) and promoting internal incentives (e.g., training programs, public recognition for compliant firms) can shift this calculus toward compliance.

Figure 4: Compliance Theory Applied to Pakistan's Textile Industry

Factor Type	Element	Current State in Pakistan	Desired State
External	Penalties	Low fines (PKR 500-5,000), rare prosecutions	Higher fines, criminal sanctions
External	Inspections	Only 300 inspectors, and corruption is prevalent	More inspectors, anti-corruption measures
Internal	Employer Awareness	Limited education on labor laws	Awareness campaigns, training programs
Internal	Worker Empowerment	Low rights awareness	Legal aid, union support

Source: Based on GFT and OGF

Theoretical Implications

The applications of compliance theory, specifically GFT and OGF, to Pakistan's textile industry yield significant theoretical implications for understanding labor regulation in developing economies. These implications refine existing models and contribute to academic discourse on compliance behavior.

Refining Goal-Framing Theory

GFT emphasizes the interplay of external and internal factors in shaping compliance. This study highlights the limitations of relying predominantly on external deterrents (e.g., fines, inspections) in contexts with weak institutional frameworks, such as Pakistan. The low probability of enforcement and nominal penalties reduce the perceived risk of non-compliance, undermining deterrence. This suggests that GFT should incorporate contextual variables, such as institutional capacity and corruption levels, to better explain compliance behavior in developing nations (Lindenberg, 2013). For instance, the pervasive corruption in Pakistan's inspection system (Transparency International, 2023) distorts external pressures, necessitating a stronger emphasis on internal factors, such as employer education and ethical incentives, to foster voluntary compliance.

Moreover, GFT's focus on individual decision-making can be extended to include collective actors, such as trade associations or international buyers, who influence employer behavior in global supply chains. The Ali Enterprises case demonstrates how pressure from international retailers (e.g., KiK) post-disaster led to the Pakistan Accord, suggesting that collective external pressures can complement individual-level deterrents. This extension enhances GFT's applicability to complex, multi-stakeholder environments (Davidov, 2021).

Enhancing the Option Generation Framework

The OGF posits that compliance decisions result from evaluating available options based on perceived costs and benefits. This study reveals that in Pakistan, employers often perceive non-compliance as a low-risk, high-reward option due to weak enforcement and low penalties (Weil, 2018). This finding underscores the need to integrate power dynamics into the OGF, as employers' dominance over workers (e.g., through wage suppression and union bans) skews option evaluation toward non-compliance. Incorporating power asymmetries can make OGF more robust for analyzing labor markets in developing economies, where structural inequalities shape decision-making (Kalis et al., 2013).

Additionally, the OGF can be refined to account for long-term versus short-term cost-benefit analyses. In Pakistan, employers prioritize short-term cost savings (e.g., avoiding safety investments) over long-term benefits (e.g., reduced liability, improved productivity). This short-termism is exacerbated by economic pressures and lack of awareness, suggesting that OGF should include temporal dimensions to better capture compliance dynamics (Fine et al., 2021).

Bridging Compliance Theory with Global Supply Chain Dynamics

The study highlights the role of global supply chains in shaping compliance, an area underexplored in traditional compliance theories. Subcontracting and informal employment in Pakistan's textile industry reduce accountability, as international buyers often evade responsibility for labor violations (Ahmed & Siddiqui, 2021). This suggests that compliance theories should integrate global governance frameworks, such as corporate social responsibility (CSR) and binding agreements like the Pakistan Accord, to account for transnational influences on local compliance (Pakistan Accord, 2013). Bridging GFT and OGF with supply chain dynamics can provide a more holistic model for understanding labor regulation in export-driven economies.

Implications for Developing Economies

The findings have broader implications for compliance theory in developing economies, where institutional weaknesses and socio-economic challenges are common. The Pakistan case suggests that compliance models must account for:

Institutional Fragility: Weak regulatory bodies and corruption undermine external deterrents, requiring hybrid approaches that combine sanctions with incentives (Transparency International, 2023).

Worker Vulnerability: Illiteracy and economic dependence limit workers' ability to demand rights, necessitating empowerment strategies within compliance frameworks (Khan & Khan, 2019).

Cultural Contexts: Socio-cultural norms, such as acceptance of child labor in informal sectors, influence compliance behavior, suggesting that theories should incorporate cultural variables (Human Rights Watch, 2020).

These implications refine compliance theory by highlighting the need for context-specific models that address the unique challenges of developing economies.

Figure 5: Theoretical Implications for Compliance Theory

Theoretical Aspect	Finding	Implication
Goal-Framing Theory	Weak external deterrents in Pakistan	Incorporate institutional capacity, collective actors
Option Generation Framework	Non-compliance seen as low-risk	Include power dynamics, temporal dimensions
Global Supply Chains	Subcontracting reduces accountability	Integrate global governance frameworks
Developing Economies	Institutional fragility, worker vulnerability	Context-specific models with hybrid approaches

Source: Based on study findings

Strategies to Improve Compliance in Pakistan

To align Pakistan's labor policies with ILO standards and enhance compliance, the following strategies are proposed, addressing legal, enforcement, and socio-economic dimensions:

Strengthening Legal Frameworks

Modernize Labor Laws: Update the Factories Act, 1934, to include specific safety standards, such as mandatory fire exits and regular audits, aligning with ILO Convention No. 155 (Rehman & Javed, 2020).

Increase Penalties: Replace nominal fines with substantial penalties, including factory closures and license revocations, to deter violations (Malik, 2021).

Clarify Ambiguities: Define terms like "safety violation" and "misconduct" to reduce subjective interpretations and ensure consistent enforcement (Davidov, 2021).

Enhancing Enforcement Mechanisms

Expand Inspector Capacity: Recruit and train 1,500 additional labor inspectors to meet ILO standards, focusing on textile hubs like Karachi and Faisalabad (ILO, 2017).

Combat Corruption: Implement digital inspection reporting and whistleblower protections to curb bribery (Transparency International, 2023).

Strategic Enforcement: Adopt the ILO's "strategic compliance" approach, using data-driven inspections to target high-violation areas (Weil, 2018).

Criminal and Administrative Sanctions

Corporate Liability: Introduce legislation similar to the UK's Corporate Manslaughter and Corporate Homicide Act, 2007, to hold companies accountable for workplace deaths with fines and reputational penalties (Collins, 2020).

Individual Accountability: Prosecute factory owners and managers for gross negligence, using incarceration as a deterrent (Syed & Ikra, 2022).

Administrative Fines: Empower inspectors to impose immediate fines for violations, as in Germany's Minimum Wage Act, 2014, simplifying enforcement (Davidov, 2021).

Public Shaming and Transparency

Press Releases: Emulate the U.S. OSHA's practice of issuing press releases for major violations, increasing public and buyer awareness (Johnson, 2020).

Online Databases: Publish violation records on government websites, accessible to international buyers, to pressure export-oriented firms (Fine et al., 2021).

Community Engagement: Launch media campaigns to educate local buyers about labor rights, amplifying the impact of public shaming (Scheiber, 2020).

Worker Empowerment

Legal Aid: Establish pro bono legal services for workers to pursue claims, addressing judicial inaccessibility (Hoque, 2014).

Union Support: Simplify union registration and protect organizers from retaliation, aligning with ILO Convention No. 87 (Ahmed & Siddiqui, 2021).

Awareness Campaigns: Use radio, TV, and community workshops to educate workers, especially women and youth, about their rights (Khan & Khan, 2019).

Global Supply Chain Accountability

Buyer Responsibility: Enforce codes of conduct for international buyers, requiring regular audits and compliance with local laws (Clean Clothes Campaign, 2012).

Binding Agreements: Expand the Pakistan Accord to cover more factories, ensuring safety upgrades and monitoring (Pakistan Accord, 2013).

Subcontractor Oversight: Mandate parent companies to monitor subcontractors, reducing violations in informal setups (Ahmed & Siddiqui, 2021).

Figure 6: Proposed Compliance Strategies

Strategy Area	**Action**	**Expected Outcome**
Legal Reform	Update Factories Act, increase penalties	Stronger deterrence, clearer laws
Enforcement	More inspectors, digital reporting	Effective oversight, reduced corruption
Sanctions	Corporate and individual liability	Accountability for violations
Public Shaming	Press releases, online databases	Increased pressure on employers
Worker Empowerment	Legal aid, union support and awareness campaigns	Empowered workforce, better rights awareness
Supply Chain	Buyer codes, Accord expansion	Improved conditions in global chains

Source: Author's synthesis of recommendations

Findings

1. **ILO Labor Standards**: The ILO framework encompasses conventions on freedom of association (No. 87), forced labor (No. 29), minimum wages (No. 131), child labor (No. 138), occupational safety (No. 155), working hours (No. 14), and employment termination (No. 158), forming a comprehensive labor rights benchmark.
2. **Alignment with ILO Standards**: Pakistan's labor policies, including the Factories Act, 1934, and Industrial Relations Act, 2012, partially align with ILO standards but are hindered by outdated provisions, weak enforcement, and violations in safety, wages, union rights, and child labor. For example, the Factories Act lacks modern fire safety rules, and only 300 inspectors oversee 15 million workers (Rehman & Javed, 2020; ILO, 2017).
3. **Ali Enterprises Case**: The 2012 fire revealed severe violations, including absent fire exits, expired extinguishers, excessive hours, substandard wages, union suppression, and child labor, breaching multiple ILO conventions. Regulatory failures included inspection lapses, corruption, weak penalties, and judicial delays (Clean Clothes Campaign, 2012; Malik, 2021).
4. **Compliance Challenges**: Key obstacles include inadequate inspections, corruption, outdated laws, worker illiteracy, and global supply chain subcontracting, which reduce accountability (Transparency International, 2023; Ahmed & Siddiqui, 2021).
5. **Theoretical Insights**: GFT and OGF show that weak external deterrents (e.g., low fines) and limited internal incentives (e.g., employer awareness) drive non-compliance, exacerbated by power imbalances and short-term cost-benefit evaluations (Lindenberg, 2013; Kalis et al., 2013).

Discussion

The findings reveal a significant gap between Pakistan's labor policies and ILO standards, particularly in occupational safety, wages, and union rights, as evidenced by the Ali Enterprises fire. The case underscores systemic issues: outdated laws (e.g., Factories Act's nominal fines), inadequate inspections (300 inspectors for 15 million workers), and corruption undermine enforcement (Rehman & Javed, 2020; Transparency International, 2023). Socio-economic factors, such as worker illiteracy and economic dependence, further entrench vulnerabilities (Khan & Khan, 2019). Compliance theory highlights that low penalties and lax enforcement make non-compliance a low-risk, high-reward option for employers, while limited awareness hinders voluntary adherence (Weil, 2018). The study extends GFT by emphasizing institutional fragility and collective actors (e.g., international buyers) and refines OGF by incorporating power dynamics and long-term cost-benefit analyses. Global supply chains, through subcontracting, obscure accountability, necessitating frameworks like the Pakistan Accord (Ahmed & Siddiqui, 2021). These insights suggest that compliance in developing economies requires hybrid approaches combining sanctions, incentives, and worker empowerment, tailored to institutional and cultural contexts.

Conclusion

Pakistan's textile industry, while economically vital, struggles to align with ILO labor standards due to outdated laws, weak enforcement, and socio-economic challenges. The Ali Enterprises fire of 2012 serves as a stark reminder of the consequences of non-compliance, exposing systemic failures in safety, wages, and worker rights. By modernizing legal frameworks, strengthening enforcement, imposing stricter sanctions, empowering workers, and enhancing global supply chain accountability, Pakistan can address these deficiencies. The theoretical implications of this study refine compliance theory by highlighting the need for context-specific models that account for institutional fragility, power dynamics, and global supply chain influences in developing economies. The ILO's supervisory mechanisms, including technical assistance and complaint procedures, can support these reforms. Without urgent action, profit-driven employers will continue to exploit workers, perpetuating a cycle of violations. Aligning national policies with international standards and fostering a culture of accountability are essential to creating safer, fairer workplaces in Pakistan.

Declaration of competing interest

All authors declare no conflict of interest for this work.

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