INTERNATIONAL PREMIER JOURNAL OF LANGUAGES & LITERATURE (IPJLL)
VOLUME 4, ISSUE 3 (s1), 2026 p-ISSN: 3007-2336 e-ISSN: 3007-2344

Compliance of Industrial Relations and Labour Laws in Textile Industry of Pakistan: A Socio Legal Study

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Abstract

Pakistan's textile sector is the backbone of the national economy as it contributes about 60% of total export earnings of the country and provides employment to over 15 million workers. This sector is of economic importance but is constantly in a state of non-compliance with the industrial relations regime and provisions of labour law. This paper presents a socio-legal study of the gap between statutory labour protections and their actual implementation in Pakistan's textile manufacturing sector. The Industrial Relations Act 2012, Factories Act 1934, Minimum Wages Ordinance 1961 and Employment of Children Act 1991 are utilized in the study to show the interplay of power asymmetries, institutional inadequacies and socio-economic pressures that work together to subvert the rights of workers. The study finds significant failures in dispute resolution, trade union functions, occupational health and safety compliance and wage regulation. This paper uses a qualitative approach and is based on doctrinal legal analysis and socio-legal theory. The findings are contextualised within the Labour Market Segmentation Theory and Social Conflict Theory to explain the continued existence of non-compliance. The research finds that regulatory enforcement is uneven, sanctions are not sufficiently dissuasive and workers – especially women and migrant workers – remain structurally vulnerable. The paper ends with policy recommendations for legislative reform, strengthening labour inspection systems and promoting tripartite social dialogue as essential pathways to achieving sustainable labour compliance in Pakistan's textile industry.

Keywords*:* *Child Labour, Dispute Resolution, Factories Act 1934, Industrial Relations Act 2012, Industrial Relations, Labour Law Compliance, Labour Market Segmentation, Occupational Health and Safety, Pakistan Textile Industry, Socio-Legal Analysis, Trade Unions, Tripartite Dialogue, Wage Regulation, Workers' Rights.*

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1. Introduction

Textiles have a unique and strategic place in the political economy of Pakistan. It is the largest industrial employer, largest foreign exchange earner, sustains millions of livelihoods and generates national export earnings. This sector contributes over 60% of total export earnings (Pakistan Bureau of Statistics, 2023). Textile, apparel exports cross Rs 19bn in FY 22-23 The sector is the largest single source of industrial employment in the country, providing direct and indirect employment to an estimated 15-40 million people (Pakistan Economic Survey, 2023). The exports of textile and apparel during the fiscal year 2022-23 were above USD 19 billion (Pakistan Bureau of Statistics, 2023). The textile sector has a unique importance in the political economy of Pakistan. It is the largest industrial employer and the key generator of foreign exchange, supporting millions of livelihoods and at the same time driving national export revenue. The sector contributes more than 60% in total export earnings and textile and apparel exports exceeded more than USD 19 billion in fiscal year 2022-23 (Pakistan Bureau of Statistics, 2023). The industry is likely to be the biggest provider of industrial jobs in the country providing direct and indirect employment to 1540 million workers (Pakistan Economic Survey, 2023). It is the largest industrial employer and foreign exchange earner. It supports millions of jobs and brings export earnings to the country. The sector contributes more than 60 per cent of total export earnings. The textile and apparel exports were over USD 19 billion in 2022-23 fiscal year (Pakistan Bureau of Statistics, 2023).

It is the largest industrial employer, the foreign exchange earner, providing livelihoods for millions and earning national export revenues. The sector makes over 60% contribution to the total export earnings. But these macroeconomic figures hide a deeply disturbing socio-legal reality. Workers in Pakistan's textile mills and garment factories are routinely denied fundamental labour rights such as non-payment or below the legally mandated minimum wage, denial of social security benefits, obstructions to trade union formation, unsafe and hazardous working environments and the continued use of exploitative practices including child labour. The tragic fire at the Baldia Town factory in Karachi in 2012, which killed more than 260 people, and the subsequent industrial accidents in textile units have attracted international condemnation and exposed the systemic failure of Pakistan's labour governance architecture (Human Rights Watch, 2014). According to report of Pakistan Bureau Statistic 15-20 million people connected with industry and unaware about compliances and procedure.

This gap between normative frameworks and their practical application has been referred to by socio-legal scholars as the 'law-in-books versus law-in-action' problem (Pound, 1910; Abel, 1980). Pakistan has a fairly developed legislative framework for industrial relations, which includes Industrial Relations Act 2012 (IRA 2012), Factories Act 1934, Minimum Wages Ordinance 1961, and Employment of Children Act 1991.

However, these instruments are poorly enforced on a chronic basis. This gap is not merely a technical or administrative failure.

1.1. Problem Definition

The textile sector of Pakistan still is characterized by widespread non-compliance with statutory requirements despite the introduction of progressive labour legislation. Exploitation of workers in the form of wage theft, unsafe working conditions, denial of social security benefits and suppression of collective bargaining rights is widespread. Enforcement mechanisms are weak, labour inspections are infrequent and susceptible to corruption, and workers' access to judicial and quasi-judicial dispute resolution remains structurally limited. This paper discusses the structural, institutional and socio-economic reasons of persistent noncompliance of labour laws in the textile sector of Pakistan.

1.2. Objectives of the Study

The objectives of this study are as follows:

1. To study and determine the legislative framework of industrial relations and labour law compliance in the textile or manufacturing industry of Pakistan.
2. To identify the major causes of non-compliance of the provision of labour laws in the textile sector.
3. To analyse socio-economic and institutional conditions in which violations of the rights of workers persist. To propose policy recommendations for strengthening labour law enforcement and promoting sustainable industrial relations.
4. To formulate policy proposals to strengthen labour law enforcement and promote sustainable industrial relations

1.3. Research Questions

This study is guided by the following research questions:

RQ1. How much the existing legislative framework in Pakistan regulates the industrial relations in textile sector?

RQ2. What are the structural, institutional and socio-economic factors that account for the persistence of the gap between labour law provisions and their enforcement?

RQ3. What reforms are required for effective protection and compliance of labour rights in Pakistan's textile industry?

The study contributes to the literature in several ways. First, it provides a doctrinal analysis of the legal framework of Pakistan's labour law in application to the textile sector.

1.4. Importance of the Study

The present study contributes to the literature in several ways. First, it offers a doctrinal examination of the labour law architecture in Pakistan as it pertains to the textile sector, which has been relatively under-studied in academic literature despite its economic importance. Secondly it takes a socio-legal approach bridging the gap between legal text and social practice and explaining why laws do not protect vulnerable workers in practice.

Third, it provides theoretically informed and institutionally sensitive policy recommendations pertinent to Pakistan's governance context and the imperatives of international labour standards as expressed by the International Labour Organization (ILO). This analysis is of academic and practical importance at a time when international buyers are increasingly demanding transparency in global supply chains and in the context of international frameworks such as the European Union's Corporate Sustainability Due Diligence Directive

2. Review of Literature

Labour law compliance and industrial relations in developing countries has been the subject of multi-disciplinary academic work drawing on the traditions of labour economics, industrial sociology, legal studies and development studies. Here we review key contributions in and relevant to the Pakistani context, drawing on international comparative scholarship where appropriate.

2.1. Labour Law and Industrial Relations in Developing Countries

The seminal literature on law and labour in developing economies emphasizes that formal legal regimes often do not correspond with real industrial practice (Ghai, 2003; Deakin & Wilkinson, 2005). Ghai (2003) has introduced the notion of "decent work" within the ILO framework, arguing that legal recognition of labour rights is useless without enforcement capacity. This normative-empirical gap is most pronounced in export-oriented sectors where global capital mobility gives employers structural leverage over both workers and host state regulators (Standing, 2011). Deakin and Wilkinson (2005) also demonstrated that the effectiveness of labour law depends on complementary institutions such as strong trade unions, effective inspectorates and independent judiciaries – these institutions cannot be taken for granted in fragile governance contexts.

In their seminal study on labour standards in global supply chains, Barrientos and Smith (2007) found that formal compliance with codes of conduct generally improves measurable outcomes such as hours of overtime and minimum wage compliance, but that informal and associational rights, including freedom of association and the right to collective bargaining, are systematically under-addressed. This insight is directly relevant to Pakistan's textile sector where international buyers often require superficial monitoring of supplier codes of conduct.

2.2. Labour Governance in Pakistan: An Historical Perspective

The labour governance framework of Pakistan is the product of the complex legacies of British colonial administration, post-independence political economy and successive waves of economic liberalisation. Ali (2015) gives a detailed historical account of the legislation governing labour in Pakistan, beginning with the Factories Act 1934 of the colonial era, through successive ordinances on industrial relations. Ali (2015, p. 112) asserts that the 18th Constitutional Amendment (2010), which devolved labour regulation to provincial governments, has led to a fragmentation of legislative authority, resulting in regulatory heterogeneity and by extension, in some cases, a "race to the bottom" in enforcement standards. Zulfiqar (2013) looked at the political economy of labour regulation in Pakistan's garment export sector, and argues that the state systematically favour the interests of textile exporters, who are a powerful lobby, over worker protection. Zulfiqar (2013, p. 47) points out that the common class and kinship networks between state officials and factory owners often lead to regulatory capture, thereby insulating employers from enforcement. Khan (2018) also supports this analysis with his findings on systematic bribery of labour inspectors in Lahore's garment sector and their incentives to issue favoured inspection reports, regardless of the actual compliance conditions.

Siegmann and Zulfiqar (2013) found through factory-level research in the Faisalabad textile belt that workers were nominally registered under the Employees' Old-Age Benefits Institution (EOBI), and that contributions were often under-declared or misappropriated by employers. In their study they found that less than 30% of workers they interviewed received the full statutory social security entitlements to which they were legally entitled. These findings are consistent with the broader literature on 'paper compliance' in labour governance (Amengual, 2010).

2.3. Trade Unionism and Collective Bargaining in Pakistan's Textile Industry

The right of trade union is guaranteed in the Constitution of Pakistan under Article 17 of the Constitution of Islamic Republic of Pakistan 1973 and regulated by Industrial Relations Act 2012. But in practice, the enforcement of these rights in the textile sector is seriously limited. Candland (2007) recorded systematic resistance by employers to union formation in Pakistani manufacturing, including the firing of union organizers, the use of third-party contractors to avoid the employment relationship, and the creation of "yellow unions," employer supported unions intended to forestall independent worker organization. Anner (2015) studied the relationship between global production networks and trade union power, and contended that the competitive dynamics of fast fashion supply chains are structurally averse to independent unionism. A comparative analysis of Bangladesh, Cambodia and Pakistan revealed that Pakistan has the most severe constraints on effective collective bargaining, a result of political repression, employer power and union fragmentation. Similarly, ILO (2019) observed that Pakistan has not been able to comply with the minimum requirements for effective social dialogue as per the ILO Conventions 87 (Freedom of Association) and 98 (Right to Organise and Collective Bargaining) to which Pakistan is a signatory.

2.4. Textile Industry and Occupational Health & Safety in Pakistan

The literature on occupational health and safety (OHS) in Pakistan's textile sector is largely focused on post-disaster analysis. The 2012 fire in Karachi's Baldia Town in which the exits of the factory were found locked triggered a wave of investigation by scholars and civil society. Mezzadri (2014) locates this disaster within a wider global picture of OHS failures in garment manufacturing, arguing that the competitive race to the bottom on production costs is systematically externalised onto the bodies and lives of workers. A systematic review of occupational diseases among textile workers in Pakistan by Pasha and Asif (2016) observed high rates of byssinosis (cotton dust lung disease), noise-induced hearing loss and musculoskeletal disorders, conditions which were directly linked to failure to adhere to the provisions of the Factories Act 1934 regarding ventilation, noise control and workstation design. Ahmed and Rauf (2020) in their study of OHS management system implementation in selected Karachi textile mills found that large export oriented companies catering to the European markets followed ISO 45001 certified OHS management systems due to the demand of buyers. Smaller subcontractors responsible for the majority of actual production functioned with almost absolute neglect of statutory OHS requirements. This two-tier compliance structure is consistent with the broader pattern of "audit washing" in the supply chain compliance literature (Locke, Amengual & Mangla, 2009).

2.5. Gender Aspects of Compliance with Labour Law

Women constitute about 30-40% of the formal textile workforce in Pakistan, mainly in garment assembly, weaving and finishing (ILO, 2020). But they are systematically under-protected by the law. Siddiqi (2009) studied the gendered nature of industrial work in Pakistan and reported that female workers were over-represented in informal/contractual terms of employment, thus excluding them from statutory protections including maternity leave under the Maternity Benefit Ordinance 1958 and the Workers' Welfare Fund Ordinance 1971. Nazir and Saleem (2022) found that female textile workers in Faisalabad earned on average 23% less than their male counterparts undertaking similar work and argued that the gender wage gap was due to a combination of direct discrimination and occupational segregation into lower-classified jobs. 2.6 Summary and Gap in the Literature The literature reviewed supports the existence and persistence of a structural compliance deficit in textile labour governance in Pakistan. Previous research has explored the historical development of labour law, limitations of trade unions, occupational health and safety failures and gender dimensions of non-compliance. However, there is still a lacuna in the comprehensive socio-legal analysis that simultaneously maps the legislative framework, assesses enforcement mechanisms, and contextualizes compliance failures in a coherent theoretical framework. This paper fills that gap through the combination of doctrinal legal analysis and sociological theory, and therefore provides a holistic account of the problem and possible remedies.

3. Theoretical Background

This study is based on two complementary theoretical traditions: Labour Market Segmentation Theory and Social Conflict Theory. Collectively, these frameworks provide the analytical tools to explain why labour law non-compliance continues to persist in the Pakistani textile industry in the face of formal regulatory provisions.3.1 The Theory of Labour Market Segmentation The Theory of Labour Market Segmentation (LMST), first put forward by Doeringer and Piore (1971) and later extended by Reich, Gordon and Edwards (1973), maintains that labour markets are not single competitive markets but are divided into several segments with different wages, job security, working conditions and promotion prospects. It distinguishes between a "primary segment" – characterised by stable employment, good wages, career development and strong legal protections – and a "secondary segment" – defined by instability, low wages, poor conditions and exclusion from formal legal protection.

The application of the LMST to Pakistan's textile industry provides a compelling explanatory framework. The industry workforce is highly segmented, with the main segment being a small tier of permanent and skilled workers in large export-oriented establishments with access to formal employment contracts, social security coverage and, occasionally, grievance mechanisms. But most – daily wage workers, home-based piece-rate workers, contractual employees and migrant labourers – are in the secondary segment where labour law protections exist formally, but are systematically denied in practice (Standing, 2011).This segmentation is reproduced and reinforced by labour contracting practices (use of labour contractors or "thekedars"), informality in employment relationships and systematic exclusion of casual workers from the definition of "worker" in key pieces of legislation.

Piore (1979) extends the concept of "industrial dualism" to refer to the fact that within the same industry there are both a formal, regulated economy and an informal, unregulated economy. This dualism is not incidental but structurally embedded in Pakistan's textile sector, where large mills and export houses follow formal compliance with regulatory requirements (at least on paper) to satisfy international buyers, while outsourcing non-core operations to informal networks of home-based workers and small subcontractors where there is no compliance (Mezzadri, 2016). This structural configuration enables the formal sector to enjoy cost advantages of the informal sector while retaining plausible deniability over violations of labour standards.

3.1. Theory of Social Conflict

Social conflict theory, based on the Marxian tradition but extended by modern theorists such as Collins (1994) and Dahrendorf (1959), views society as consisting of continuous conflicts between groups with competing interests, resources, and power. In the context of industrial relations conflict theory argues that the employment relationship is fundamentally asymmetrical. Capital possesses structural advantages such as the power to hire and fire, to move production elsewhere and to dominate regulatory institutions. Labour is structurally subordinated and has no choice but to sell its capacity to work on the terms set by employers. Social Conflict Theory provides an explanation of how apparently neutral legal institutions are in practice built and operationalized for the interests of dominant classes in the Pakistani textile context. The legislative history of labour law in Pakistan, including the repeated dilution of trade union rights, the extension of export processing zones free from standard labour legislation and the subservience of labour inspection to industrial policy goals, demonstrates the ability of organised capital to influence the regulatory climate in its favour (Zulfiqar, 2013). Dahrendorf's (1959) distinction between 'quasi-groups' with latent interests and organised groups that can articulate and pursue those interests is especially apposite: Pakistani textile workers have de jure collective rights, but are structurally prevented from organising to exercise them, rendering their interests politically latent and thus impotent. Social Conflict Theory also stresses the role of ideology in legitimising structural inequalities. State officials and employer associations in Pakistan invoke powerful discourses of 'economic necessity', 'job creation' and 'export competitiveness' to represent labour law enforcement as economically disruptive, thus rendering non-compliance a pragmatic inevitability rather than a political choice (Candland, 2007). This ideological dimension needs to be taken into account by any analytical framework seeking to explain the continued violation of labour rights beyond the simple constraints of institutional capacity.

3.2. Synthesis of Theoretical Perspectives

The integration of LMST and Social Conflict Theory offers a multi-level explanatory framework. At the structural level LMST explains the division of the textile labour force which systematically excludes the most vulnerable workers from effective legal protection. Social Conflict Theory also explains at the relational and political level how class power asymmetries shape both legislative content and enforcement practice. These theories focus the researcher's attention not only on technical deficiencies in enforcement (which are symptoms rather than causes), but on the structural conditions that generate and reproduce non-compliance with labour law as a systemic feature of the industry.

3.3. Legislative and Regulatory Environment

Pakistan's industrial relations and labour law regime is a complex, multi-layered architecture of federal and provincial legislation, shaped by the devolution of labour regulation to the provinces by the 18th Constitutional Amendment (2010). This section highlights the key legislations pertinent to labour governance in the textile sector.

3.4. Industrial Relations Act 2012

The main federal law regulating labour-management relations, trade union formation, collective bargaining and industrial dispute resolution is the Industrial Relations Act 2012 (IRA 2012). The Act provides for the right of workers to form and join trade unions (Section 3), the right to collectively bargain through Collective Bargaining

Agents (CBAs) (Section 18) and the right to resort to conciliation and arbitration for the settlement of industrial disputes (Sections 42-49). However, establishments in Export Processing Zones (EPZs) are exempted from the application of the Act under the Export Processing Zones Authority Ordinance 1980, which effectively excludes the bulk of textile production from the purview of collective labour rights. A major structural defect of the IRA 2012 is its narrow definition of "worker" excluding persons employed through contractors and persons engaged on daily wages for less than three months (Section 2(xxvii)). This definitional exclusion structurally excludes the most precarious workers, the very workers most in need of legal protection, from the Act's coverage.

3.5. The Factories Act, 1934

The Factories Act 1934 is still the basic law for working conditions in manufacturing establishments. Its provisions cover working hours (Sections 34-44), overtime pay (Section 47), annual leave (Section 49), health and safety provisions (Sections 12-27), welfare amenities (Sections 28-33) and the ban on child and female employment in hazardous processes (Sections 22-24). The Act requires registration and inspection by the Chief Inspector of Factories of all factories employing ten or more workers using power.

But the inspection system is so inadequate that it undermines the Act seriously. Pakistan has roughly one labour inspector for every 30,000 workers, which is far below the ratio of one inspector to 10,000 workers recommended by the ILO for developing economies (ILO, 2017). Corruption, under-resourcing and pre-announcing inspections further undermine the inspection system, rendering the system largely performative.

3.6. Legislation on Minimum Wage

Minimum wage floors are set by the Minimum Wages Ordinance 1961, and the subsequent provincial Minimum Wages Acts, for industrial workers. Provincial minimum wage boards review minimum wage rates from time to time. The minimum wage in Punjab and Sindh is PKR 32,000 per month as of 2024. But compliance in the textile sector is patchy: formal sector workers tend to be paid at or above the minimum wage (though the total number of hours worked often results in effective hourly rates below the statutory minimum, once overtime violations are accounted for), while informal and contractual workers are often paid below the legal minimum (Ahmed & Rauf, 2020).

3.7. The Employment of Children Act 1991 and Child Labour

The Employment of Children Act, 1991 prohibits the employment of children below the age of fourteen years in certain hazardous occupations and processes including in the manufacture of textiles. However, this ban has not curtailed child labour in the sector, particularly in carpet weaving, spinning and home-based stitching, which are concentrated in the informal part of the industry. According to the 2019 National Child Labour Survey, around 12.5 million children in Pakistan are involved in child labour, many of them engaged in manufacturing including textiles (Pakistan Bureau of Statistics, 2019). The persistence of child labour is a function of both poverty conditions driving supply and failures of enforcement allowing demand to go unaddressed.

3.8. Laws on Social Security and Workers' Welfare

Workers in the formal industrial sector in Pakistan are covered under the Employees' Old-Age Benefits Institution (EOBI) Act 1976, the Provincial Employees Social Security Ordinance 1965 and the Workers Welfare Fund Ordinance 1971.The instruments provide respectively for old-age pensions, medical care, injury compensation, and housing and education support. In practice, compliance by employers with contribution obligations is uneven: EOBI estimates that only 40-50% of eligible workers in the textile sector are actually registered and receiving contributions (EOBI Annual Report, 2022). The gap is greatest in subcontracting and homebased work where employment relationships are structured to circumvent statutory obligations.

4. Methods

The methodology used in this study is a qualitative socio-legal methodology, combining doctrinal legal analysis with a critical socio-legal interpretive approach. The doctrinal analysis is a systematic study of the primary sources of law, legislation, regulations, case law and official reports, in order to map and assess the formal normative framework governing industrial relations in the textile industry. This is supplemented by critical socio-legal analysis which situates legal texts within their social, economic and political context, paying attention to the conditions under which law operates (or does not operate) in practice (Banakar & Travers, 2005).

Secondary data sources included published reports of International Labour Organization, reports of Pakistan Bureau of Statistics, annual reports of EOBI, PESSI and the Workers' Welfare Board, human rights report of organisations like Human Rights Watch and the Pakistan Institute of Labour Education and Research (PILER), academic journal articles, and policy analyses from national and international research institutions. This is not intended to be an exhaustive review of all possible empirical evidence, but an attempt to synthesise existing evidence within a coherent analytical framework based on the theoretical perspectives outlined above.

We conducted content analysis of legislation, case law, and official reports to identify patterns in legislative design, enforcement gaps, and judicial interpretation. The analysis also draws on secondary data from official and independent sources on factory inspections, wage compliance, social security registration, trade union density and occupational safety incident rates.

5. Findings and Discussion

This section presents the key findings of the study under the six thematic areas of trade union rights and collective bargaining; wage compliance; occupational health and safety; social security compliance; child labour; and dispute resolution mechanisms. Each sub-section discusses the difference between the normative framework and the empirical reality, with reference to the theoretical frameworks outlined above.

5.1. Trade Union Rights: De Jure Protection, De Facto Repression

Despite trade union rights being formally guaranteed under the IRA 2012, and constitutionally provided for under Article 17, trade union membership density in Pakistan's textile industry is estimated to be less than 3% of the formal workforce (ILO, 2019). This is remarkably low compared with neighbouring India (around 5-10 per cent in manufacturing) and Bangladesh (around 10 per cent in garments) and reflects systematic employer resistance to the formation of unions. In the field, PILER (2021) observes that there are reports of workers being dismissed for starting the process of registering a union. Private security used to intimidate organizers and competing employer-sponsored associations used to undermine genuine collective bargaining.

And the very legal framework has provisions that allow employers to bypass union rights. The requirement that at least one-third of workers in an establishment must be represented by a CBA for it to be recognised (IRA 2012, Section 20) is easily undermined by the use of contractual workers – who are excluded from union membership – to dilute the eligible workforce below the threshold. Also, the extensive use of small subcontracting units (each of which is below the threshold for IRA application) is a structural device for the fragmentation of bargaining units. In terms of Social Conflict Theory, this is the capacity of capital to reshape the legal terrain in ways that nullify workers' formal rights.

5.2. Wage Theft and Wage Compliance

In Pakistan's textile sector, wage non-compliance takes several forms, including: payment of wages below the statutory minimum wage; illegal wage deductions; non-payment of overtime at the legally required double rate; and delays in wage payment. According to a survey by the Pakistan Textile Federation (2022), 65% of the garment factories they surveyed in Lahore were paying basic salaries at or above the minimum wage. However, this hides systematic overtime violations: workers were routinely working 12-14 hour shifts, but were paid standard rates instead of the legally mandated overtime premium (Factories Act 1934, Section 47). Effective hourly rates, calculated on the basis of actual hours worked, are often below the statutory minimum.

Home-based workers, an invisible but important part of the textile supply chain, are especially vulnerable to wage theft. They are typically paid on a piece rate basis and are classified as self-employed rather than workers, and so are entirely outside the scope of minimum wage legislation – a classification which, as LMST predicts, systematically excludes secondary segment workers from legal protection. Nazir and Saleem (2022) estimated the monthly earnings of home-based garment workers in Faisalabad to be around

PKR 8,000-12,000, well below the statutory minimum and without access to social security benefits.

5.3. Occupational Health and Safety: System Failures

Occupational health and safety is arguably the most visibly dramatic aspect of non-compliance with labour law in the Pakistani textile industry. Adequate ventilation, lighting, guarding of machinery and means of escape have been provided in the Factories Act, 1934 (Sections 1224). But the enforcement of these provisions is very poor. The ratio of inspectors to covered establishments has deteriorated over the last decade, with each inspector covering an average of 280 factories, making meaningful monitoring of compliance impossible (Government of Punjab, 2022; Labour Department data).The most extreme consequences of systemic enforcement failure are illustrated in the case of the Baldia Town factory fire (2012) where 260 workers died in a facility where exits were locked and fire safety systems were absent, despite the factory having received a satisfactory inspection certificate. However, less dramatic, but equally damaging harms are pervasive. Byssinosis (occupational lung disease caused by cotton dust) affects an estimated 20-30% of long-term spinning mill workers (Pasha & Asif, 2016) while noise-induced hearing loss is widespread among weaving and ginning workers. These conditions are directly linked with non-compliance of provisions of dust control and noise standards under the Factories Act 1934 and the Punjab Occupational Safety and Health Act 2019.

5.4. Social Security Coverage: The Registration Gap

The main manifestations of non-compliance with social security are under-registration and evasion of contributions. While formal employment in large textile mills has nominal coverage for social security, the widespread use of contractual and daily wage arrangements and the deliberate structuring of employment through intermediary contractors means that a large proportion of actual textile workers are denied coverage under EOBI, PESSI and the Workers' Welfare Fund. EOBI (2022) estimates suggest that about 3.5 million workers in textile sector should be covered under EOBI, against the actual registered beneficiaries of around 1.4 million – a registration gap of about 60%. Employers benefit from the registration gap through lower payroll costs (EOBI contributions are 5% of minimum wages, PESSI contributions 6% of wages in Sindh and Punjab) while workers' pay the full cost in the shape of loss of pension, medical and injury benefit entitlements. This dynamic of cost-externalisation is consistent with the conflict theoretical framework; the ability of employers to evade statutory obligations while retaining the productive output of workers is a form of structural exploitation legitimated by legal ambiguity and weak enforcement.

5.5. Child Labour: Still in Operation Despite Being Banned

Child labour is prohibited under the Constitution of Pakistan (Article 11) and the Employment of Children Act 1991, but children continue to work in some parts of the textile supply chain, namely in carpet weaving, hand embroidery (zardozi) and garment stitching at home, where the production is informally organised or home-based, and therefore out of the scope of factory-based inspection. The 2019 National Child Labour Survey found that 3.3 million children were engaged in manufacturing, a significant number in textile-related activities (PBS, 2019). Labour law enforcement alone cannot address the structural drivers of child labour, such as poverty, the lack of universal quality education and the integration of child work into family-based production systems. However, when enforcement fails, the economic demand for cheap child labour remains unmet.

5.6. Industrial Dispute Resolution Barriers to Access

The IRA 2012 provides for the resolution of industrial disputes through conciliation officers, the National Industrial Relations Commission (NIRC) and labour courts. But in reality workers' use of these mechanisms is very constrained. The legal process is lengthy and costly. Many workers are unaware of their rights and the procedures for enforcing them. Employers often retaliate against workers who file complaints. Labour courts lack the capacity to process cases expeditiously. PILER (2021) stated that the average case resolution times in labour courts in Punjab and Sindh are 3-5 years, a period that makes legal recourse practically out of reach for workers who need immediate relief. The impact of these barriers is that the formal dispute resolution system is mostly a deterrent to industrial action rather than a real access to justice mechanism for workers feeling aggrieved. More common are informal mechanisms such as direct appeals to factory managers, mediation by local political intermediaries or extra-judicial settlements, but they operate outside legal oversight and normally result in outcomes far below workers' legal entitlements (Khan, 2018).

6. Discussion

The findings presented above illustrate a pattern of systemic non-compliance with labour law, which cannot be ascribed to any single cause, but has to be understood as the result of mutually reinforcing structural, institutional and political factors. The synthesis of findings and their interpretation through the theoretical framework give rise to three overarching analytical observations.

First, the non-compliance observed in Pakistan's textile industry is not primarily due to ignorance of the law, whether on the part of employers or workers. The big textile companies have their own legal and human resources departments and they know very well their legal obligations. Non-compliance is an economically rational choice, made possible by the low likelihood of effective enforcement and the low cost of the penalties imposed when violations are detected. Rational profit-maximizing employers have no economic incentive to comply until the expected cost of non-compliance is greater than the expected cost of compliance, in terms of both probability and magnitude of penalty (Weil, 2010).

Second, the segmentation of the workforce according to LMST is actively sustained by employers as a means of compliance. The strategic use of labour contractors, casual employment and home-based outsourcing is designed not only to reduce labour costs but to place most of the work force in legal categories that fall outside the scope of major protective legislation. This is regulatory arbitrage, the systematic restructuring of employment relations to avoid statutory obligations. It is not just a question of tightening enforcement of the existing law but of revisiting the definitional architecture of labour legislation so as to extend coverage to non-standard workers.

Third, from the perspective of social conflict theory, the political economy of labour regulation in Pakistan mirrors the mobilisation of employer class power through a number of channels: legislative lobbying, regulatory capture of the inspection system and ideological framing of labour standards as threats to economic competitiveness. workers are structurally fragmented and politically marginalised, together with the suppression of trade unionism and the deliberate prevention of the collective organisation that would give them countervailing power. So genuine improvements in labour law compliance require more than technical reforms; they require a fundamental shift in the political balance of power between capital and labour.

7. Recommendations for Policy

In the light of the above analysis, the following policy recommendations are made for the consideration of legislative bodies, government authorities, employers' organisations, trade unions and civil society actors.

7.1. Reform of the law

The definition of the IRA 2012 and the Factories Act 1934 should be revised to include all those engaged in work within the textile supply chain, regardless of the legal form of the employment relationship they are in. This reform would close the legal gap exploited through labour contracting and outsourcing in the home, in line with the ILO's Employment Relationship Recommendation, 2006 (No.198). Penalties for labour law violations should be increased substantially and indexed to the size and profitability of enterprises, so that fines are a real deterrent rather than a trivial cost of doing business.

7.2. Enhancing Labour Inspection

The ratio of labour inspectors to covered establishments should be substantially improved, aiming at least one inspector per 5,000 workers in the textile sector in five years. Inspectors should be paid a fair wage to reduce the risk of bribery, trained in modern risk-based inspection techniques and given the authority to conduct surprise inspections. The practice of preannouncing inspections should be prohibited, because the system becomes practically futile. Digitised inspection data should be publicly available and linked to business registration databases for systematic risk profiling of non-compliant establishments.

7.3. Encouraging Tripartite Social Dialogue

For sustainable progress in labour standards, there is a need for structured tripartite social dialogue involving workers, employers and government. This presupposes as a prerequisite effective protection of trade union rights: workers wishing to organise must be protected against reprisals through speedy legal remedies, the criminal liability of employers who dismiss union organisers and active governmental support for the registration of unions. International experience, including the social dialogue model of Cambodia's Better Factories programme, indicates that tripartite mechanisms can generate considerable improvements in compliance when supported by credible enforcement (ILO, 2016).

7.4. Transparency and international responsibility in supply chains

Pakistan's position in the global textile supply chains means that international buyers and brands have a responsibility over the conditions in their supplier factories. The introduction of mandatory human rights due diligence requirements – such as the EU's Corporate

Sustainability Due Diligence Directive (2024) – in markets importing Pakistani textile exports would create market-based incentives for compliance that would complement domestic regulatory mechanisms. Pakistani authorities should proactively engage with regulators in importing countries and build bilateral frameworks for monitoring supply chains as a prerequisite for preferential market access.

8. Conclusion

This paper presents a detailed socio-legal analysis of industrial relations and labour law compliance in the textile sector of Pakistan. The analysis of the legislative framework of the Industrial Relations Act 2012 and the Factories Act 1934 and related statutes through the Labour Market Segmentation Theory and the Social Conflict Theory has found that the persistent gap between the formal labour protections and their actual application is not an incidental failure, but a structurally reproduced outcome of power asymmetries, institutional weaknesses and political economy dynamics that systematically favour capital over labour. This paper offers a comprehensive socio-legal analysis of industrial relations and compliance of labour law in the textile industry of Pakistan. Using the legislative framework of the IRA 2012 and the Factories Act 1934 and related statutes, and contextualising the analysis within Labour Market Segmentation Theory and Social Conflict Theory, it has been demonstrated that the persistent gap between formal labour protections and their practical application is not an incidental failure but a structurally reproducing outcome of power asymmetries, institutional weaknesses and political economy dynamics that systematically favour capital over labour. Findings reveal that the most vulnerable workers – contractual, daily wage, homebased piece-rate workers, women and migrant labourers – bear the greatest burden of noncompliance, with the least institutional ability to exercise their legal rights. The response to this should be multi-layered: legislative reform to include all workers in the supply chain; significant strengthening of the labour inspection system; active promotion of trade union rights and tripartite social dialogue; and engagement with international supply chain accountability mechanisms.

The stakes in this project are more than the welfare of individual workers. Demonstrating credible commitment to international labour standards is key for Pakistan's long-term economic competitiveness, its international trade relationships and its ability to attract sustainable foreign investment. Pakistan's textile industry needs to understand that labour compliance is not just a social or ethical responsibility, but a strategic economic necessity – with global supply chains becoming increasingly subject to transparency requirements, and international buyers increasingly facing legal and reputational pressure to ensure decent work conditions in their supply chains. Ultimately, failure to regulate labour according to the rule of law undermines the legitimacy of the economic institutions on which sustainable development depends.

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