



CMS Policy Brief 8

Alternative Dispute Resolution (ADR) in Labour-Related Disputes



Background

The Bangladeshi Labour Courts have a lot of unmanageable backlog of cases. Currently, Bangladesh has 13 Labour Courts with more than 21,000 pending cases, the matter of which signifies the extent of the backlog. The Bangladesh Labour Act 2006, the law governing the labour sector in Bangladesh, did not recognise the Labour Courts as the sole forum for resolving labour-related disputes. Under the Bangladesh Labour Act 2006, several alternative dispute resolution (ADR) mechanisms are in place to resolve labour-related disputes. For instance, current ADR mechanisms include internal dispute settlement mechanisms within the establishment, the Department of Labour (DOL) -led arbitration and conciliation mechanism, and the Department of Inspection for Factories and Establishments (DIFE)-led conciliation mechanism for individual disputes. The Labour Act 2006 makes it mandatory to refer disputes to ADR before filing a case in the Labour Courts. However, Bangladesh still fails to manage labour-related disputes efficiently. Lack of coordination between government agencies, infrastructure, training, awareness, and faith in those leading the ADR mechanisms are often considered to be the reasons behind this failure.

The policy brief is based on the dialogue titled “Alternative Dispute Resolution (ADR) in Labour-Related Disputes”, organised by the Center for Migration Studies (CMS) and the Center for Legal Research (CLR) at North South University (NSU). Distinguished academics, government officials, policymakers, labour representatives, civil society participants and representatives from the International Labour Organization (ILO) attended the dialogue to discuss the effectiveness of ADR mechanisms in resolving labour-related disputes in Bangladesh. Through insightful discussions, several key aspects were identified to improve the Alternative Dispute Resolution (ADR) process in Bangladesh.

Key Challenges in Implementing ADR in Bangladesh

Alternative Dispute Resolution (ADR) has the full potential to become an efficient, cost-effective, and flexible method to deal with disputes. However, Bangladesh faces multiple challenges in implementing ADR in an effective way. The following section outlines the major challenges the stakeholders face while implementing effective Alternative Dispute Resolution (ADR) mechanisms in Bangladesh:

Overburdened Labour Courts

Currently, Bangladesh has only 13 Labour Courts that deal with more than 21,000 cases. These courts have only one single appellate tribunal. This causes more than 75% of cases to go beyond their legally mandated timeframes to be resolved (New Age, 2025). Hence, the judges of the Labour Courts have to deal with an exceptionally high number of cases at a time. Moreover, these courts lack sufficient infrastructural facilities and proper management of the cases, causing the judges to face challenges while rendering timely and effective justice.

“Bangladesh has only 13 labour courts and a single appellate tribunal, many of which lack adequate infrastructure and face challenges in managing cases. Consequently, in all courts across the country, each judge oversees an average of 94,444 cases—a ratio less favorable than those in neighboring countries like India and Pakistan. This backlog leads to costly delays and often forces parties to settle out of court under disadvantageous terms.”

Dr. Md. Rizwanul Islam

Dean, School of Humanities and Social Sciences (SHSS), NSU

Professor, Department of Law, NSU

“ADR frequently depends on the good faith of all parties involved, and sharing information may be entirely voluntary. Outside of arbitration, ADR processes can break down if one party chooses not to cooperate.”

Nafiz Ahmed

Lecturer, Department of Law, NSU

Lack of Awareness and Confidence

Although Alternative Dispute Resolution (ADR) provides numerous benefits, it is still not the most popular mechanism for resolving disputes. Moreover, the existing mechanism lacks worker-centric approaches. Also, if one or more parties refuse to cooperate, the entire process can easily break down. The lack of faith and cooperation between the two parties often results in the failure to reach solutions which can be agreed upon mutually.

“Merely having laws in place is not enough—we need robust institutions. A strong Ministry of Labour, a well-functioning ADR platform, and an efficient labour court system are all crucial. When these institutions are ineffective, progress stalls.”

Tuomo Poutiainen

Country Director,
International Labour Organization
(ILO), Bangladesh

Institutional Weaknesses

Progress in improving labour dispute resolution is often affected by the weakness in governmental departments and the lack of effectiveness of ADR platforms. Dispute settlement is adversely affected by the overburdened labour court system in Bangladesh. The labour court system also lacks efficient manpower. Officials and Judges often find this kind of work as a form of punishment. Their mindset regarding the work causes inefficiency in ensuring accountability. The lack of an appropriate accountability mechanism becomes a challenge in implementing the ADR mechanism in an efficient manner.

Legal and Regulatory Framework

While implementing Alternative Dispute Resolution (ADR), it is essential to make sure that both the framework for the ADR mechanism and Bangladesh's constitutional framework are aligned well. If not aligned, ADR mechanisms may operate as a parallel legal system. This can cause conflicts and inconsistencies with the established formal court system. Although the existing labour law allows ADR to operate accordingly, there are concerns that these provisions are not utilised effectively.

“We are likewise taking steps to alleviate the backlog of cases by redistributing cases wherever feasible. While we move forward with establishing this ADR platform, we must ensure it does not operate as a parallel legal system, so as not to create any conflict with the formal courts.”

A.H.M Shafiquzzaman

Secretary

Ministry of Labour and Employment,
Government of Bangladesh

“Bangladesh’s impending graduation from Least Developed Country (LDC) status means that within two years, we will lose duty-free quota-free access to the European Union. Without securing EU GSP+ privileges, our products could face an average tariff of about 8%, jeopardizing competitiveness and potentially harming the entire industry. But this GSP+ facility is again contingent upon compliance to some standard, in particular the one in labour. In this context, Alternative Dispute Resolution (ADR) offers a valuable tool for improving labour relations, which can help secure vital economic and political interests.”

Mohammad Sufiur Rahman

Senior Research Fellow
SIPG, NSU

External Pressures and Compliance

Alternative Dispute Resolution (ADR) offers a valuable tool for improving labour relations. Bangladesh faces pressure from external stakeholders to implement efficient ADR mechanisms. Under an agreed roadmap, Bangladesh is supposed to bring in changes toward improved labour relations, where the resolution of labour disputes will remain a priority. Potential actions by the ILO can further ruin Bangladesh's reputation in the international arena. As Bangladesh will soon graduate out of the LDC category, Bangladesh needs to secure GSP+ privileges for smooth trade and investment across the globe. Failure to improve labour conditions and effective ADR mechanisms can affect these privileges.

Practical Implementation Problems

There are some practical problems in implementing the ADR mechanism in Bangladesh. Political groups and employers often try to collude with the law-enforcing system to undermine the integrity of the system. The success of the ADR mechanism thus requires the voluntary cooperation of all concerned parties.

“Despite the growth in exports, several garment factories struggle to pay their workers, often due to financial mismanagement. We must ensure workers receive what they are owed while improving the sector’s accountability.”

Brig Gen (Retd.) Dr. M Sakhawat Hossain

Honorable Adviser

Ministry of Labour and Employment & Ministry of
Shipping
Government of Bangladesh

Lack of Technical Access

There is an urgent need for technical reform in labour dispute resolution. The lack of proper ADR tools, such as ADR software and ADR screening cells, can negatively impact the overall process of negotiation, reconciliation, and arbitration. As arbitrators have to work with fragmented information, they are at risk of failing to ensure fair justice to all parties concerned. Inadequate data on ADR can prevent policymakers from understanding the pattern of ADR mechanisms and ways to improve them. This can further affect the confidence of employers and policymakers.

Policy Recommendations

- A dedicated arbitration platform needs to be created for more effective dispute resolution in consultation with the ILO. This platform would be crucial in driving the ADR process and addressing the inefficiencies in the current system.
- Dedicated software needs to be developed to support and streamline ADR processes as well as to create an ADR cell within relevant institutions to screen issues and facilitate the ADR process.

“A productive space for exchanging ideas, insights, and practical experiences about how ADR can best be leveraged in the Bangladeshi labour sector.”

Dr. Selim Reza
Associate Professor, PSS, NSU
Co-ordinator, CMS, NSU

- Before cases are escalated to courts, a systematic approach to dispute resolution ought to be followed starting at the factory level. This approach may include negotiation, reconciliation, and arbitration as well.
- Manpower has to be increased for inspecting and managing disputes. Along with increasing resources in DOL and DIFE, training should be provided for officials involved in labour dispute resolution.

- Timely follow-up and monitoring should be enforced to ensure implementation of ADR methods.
- Raising awareness and education about the benefits and processes of ADR among workers, employers, and other stakeholders is crucial to understand and utilize these mechanisms effectively.
- Political barriers need to be addressed to allow ADR function smoothly as political influences can sometimes hinder the effectiveness of ADR.
- The infrastructure of labour courts as well as better management needs to be improved to reduce the existing backlog of cases.

“As we work towards structuring and finalizing the ADR framework, we must be cautious and strategic. Ensuring its effectiveness requires bringing all stakeholders—owners, workers, and policymakers—on board. Without their collective involvement, we risk falling short of the expected outcomes.”

Prof. Sk. Tawfiq M. Haque, PhD
Director, CMS, NSU

“As Bangladesh progresses, dialogues like this will be instrumental in developing an efficient and equitable ADR system. North South University is committed to contributing to this journey, particularly through the Liberal Arts wing and the South Asian Institute of Policy and Governance, fostering research-driven solutions and informed policymaking.”

Professor Abdul Hannan Chowdhury
Vice Chancellor, NSU

“We aim to develop innovative strategies that strengthen the credibility, accessibility, and efficiency of ADR. In doing so, we not only hope to alleviate the significant burdens on our labour courts but also to build a more equitable system—one that protects workers, upholds their rights, and promotes harmonious labour relations.”

Professor Abdur Rob Khan
Treasurer & Pro-Vice Chancellor (IC)
NSU

- Resolving disputes at the factory level should be prioritised before they escalate. This aligns with the suggestion to initiate negotiations and reconciliation processes directly in the workplace rather than allowing cases to proceed directly to court.
- It is high time to endeavour to maintain international labour standards and learn from successful ADR models in other countries. A detailed study may be undertaken to learn from the best practices of similarly situated countries.

Conclusion

Implementing Alternative Dispute Resolution (ADR) mechanisms in Bangladesh's labour sector is both an opportunity and a challenge. As ADR can offer a more efficient, cost-effective, and flexible approach to resolving labour-related disputes, multiple obstacles can hinder its successful application. In the end, the success of the ADR mechanism relies heavily on effective collaboration between the government, employers, workers, and international partners. By addressing the existing challenges and institutionalising an appropriate form of ADR as part of labour reform, Bangladesh ought to create foundations for a peaceful and productive labour sector.

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