LABOR UNREST IN READYMADE GARMENTS SECTOR: AN EMPIRICAL STUDY IN DHAKA DISTRICT

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Abstract

As a labor intensive sector, readymade garments are very important to address the demands of occupation of huge number of poor, uneducated, unskilled and rural people of Bangladesh. But the growth and existence of this sector is under threat in recent age as it faced mentionable labor unrest which caused huge loss of production, ruin of some factories, death of numerous labors. This study aims at investigating the causes of labor unrest in readymade garments sector of Bangladesh. Data have been collected randomly from 385 garments workers working at various organizations of different locations in Dhaka district through a structured questionnaire. Data have been analyzed by using SPSS 11.5 version. Among the respondents 62.6% is female while 37.4% is male. This research has revealed mainly three types of factors causing the labor unrest headed as financial and job security factors, social and global factors and working environmental and political factors. To minimize the labor unrest in readymade garments sector of Bangladesh; the authority concerned may take necessary action regarding up-gradation of salary structure, paying the dues in time, ensuring job security, providing ration facilities for essential commodities, ensuring safe work environment, ensuring well behavior from management especially from supervisor, reducing work load, proper evaluation of over time, appointing Grievance Officer in the factory, investigating the incidents of labor unrest, real defaulters irrespective of their identity and status should be brought under legal provisions, intelligence agency may work in garment industry area to avert further unrest and take preventive measures, government interference to safeguard labor rights, introducing effective trade union, providing employee training program for work and to safeguard their life. Finally, the labor-force needs to avoid the path of violence and vandalism. Rather, they can place their rightful demands to the respective authority.

Introduction

Labor unrest refers to the state of turmoil situation among the workers of an organization. It is a common phenomenon in most of the organizations. Especially, in the readymade garments (RMG) sector of Bangladesh labor unrest occurs frequently. Readymade garments sector is the life blood of the Bangladeshi economy. Maintaining higher export growth continuously, this sector is the largest contributor not only to foreign trade but also to the national economy. Approximately 3.5 million skilled, semiskilled and unskilled workers are directly employed

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and another more than this are indirectly employed in this sector (Mirdha, 2012).In July-March, 2012 the total export of RMG was 7108.59 million US dollar which is 39.74% of total export and growth in this sector was 19.24% (Bangladesh Orthonoitik Shomikha, 2012). On the other hand, in July-December, 2012 the amount of export is 10183.39 million US dollar (The Daily Somokal, Feb.11, 2013).

But this sector is shaken with instability and faced labor unrest for wage hike in 2006. Since then labor unrest took place in this sector almost every year. Records show that almost all incident of massive labor unrest, which have direct link with wage hike demand, took place in 2006 and 2010 (Mirdha, 2012). In Bangladesh, since 2005, 600 garments workers have died in fire, which is one of the reasons of labor unrest (The New Nation, Jan.24, 2013). After the labor unrest of 2006 in several RMG units, the sector sustained a loss to the tune of 60 million US dollar (Khan, 2007). As labor unrest in the readymade garments sector of Bangladesh is a significant problem, it should be reduced for the betterment of this sector.

A number of studies on labor unrest in RMG sector have been reviewed that are conducted at home and abroad. In a survey conducted by McKinsey and Company in 2011, 93% of the US and European buyers' representatives interviewed agreed that the compliance standards in the Bangladeshi RMG industry had improved over the previous five years (Mahmud, 2013).

In general, apart from wage hike issue, other causes for unrest in the garments sector are rumor, fear of job loss, jhut business, fear of shutdown of factories, arrears, checking at entry point for identity cards by the security guards, pay hike and discrimination in grades as many senior workers or operators did not get the salary at the proper grades, bad relations between workers and mid-level management for demanding a quick delivery of works from the operators although it might not be always possible, provocation by locally influential people and international conspirators and some NGOs, fear of police and role of industrial police, sudden order cut by international buyers without following ethical buying practice which results either delay in payment to the workers or deprive them, production in piece rate, accommodation and house rent, lack of motivational training program, inflation (Mirdha, 2012).

Mahboob (2010) stated that during the last one year, ownership of about 40 large scale garment factories has been handed over to the foreigners and ownership of about 100 factories is under process of handing over. This is happening under intensive supervision of high officials of factories who are responsible for widening the gap between the owners and workers.

In a study on over 800 textile workers; Iqbal (2008) discovered that 42% of women workers and 24% of their male counterparts are suffering from chronic diseases (such as gastro-intestinal infections, urinary complaints, blood pressure problems and anemia etc.), 45% of the women and 36% of the men who were interviewed said that they felt weak, whilst 3% of the women and 4% of the men had fainted in the months prior to their interviews.

Kamaluddin (2007) observed that there might have some influence from international competitors to create labor unrest in RMG sector of Bangladesh.

Though some researchers mentioned the labor union as a tool to address the grievances of the labors, Libcom (2006) refers that the unions that are involved, act more like

extortionists, taking money from management to keep the employees in line while at the same time collecting dues from their members, with whom they have virtually no contract. The study further revealed that working overtime is often compulsory and wages are sometimes withheld for months. The condition is worse outside the EPZs where 80% of the garments workers are employed.

Tahmina (2006) found that labor unrest in RMG sector of Bangladesh is the outcome of the labors' dissatisfaction to their compensation. Labors think that they are under paid and ill-treated. So they had grievances which ultimately turn into their violent protest. The study also found that owners of RMG industries are not willing to pay the minimum wage according to the legal provision. It seems that either owners are not fully aware about the demand of the labor or they simply ignore labors' demands.

Siddiqi (2004) explained why the problems caused by the phasing out of MFA will continue to be a matter of great concern and argued that the industry would survive and be able to thrive in the post MFA era if appropriate strategies on capacity building through backward and forward linkages, cost reduction, market diversification, product differentiation, infrastructural development, reduction of lead time etc. are implemented.

A CPD research noted that there is a need for a continuing dialogue between workers and management, particularly in view of changing employment composition and new types of demands. Management of RMG enterprises should take necessary and prompt measures in case any misconduct with workers is reported. There should be a proper mechanism for placement and addressing of worker's complaint at factory level. Enterprises, in a position to do so, should appoint a "grievance officer" to deal with factory level misconducts. Labor relations is likely to become crucially important in near future and RMG enterprises must accord due attention to this.

Objectives of the Study

The main objective of the study is to reveal the causes of labor unrest in readymade garments sector of Bangladesh and also to investigate the ways to minimize the labor unrest.

Methodology

The present study is confined to explore the causes of labor unrest in readymade garments sector of Bangladesh. Primary data have been collected randomly through a structured questionnaire from 385 garments workers working at various organizations of different locations in Dhaka district such as Ashulia, Mirpur, Hazaribag, Mohakhali and Uttara. Personal variables and job-related variables of the employees are included in the study.The respondents cover helper and machine man or operator. Both male and female workers are also covered in the study.

Sample Size Determination

The sample size has been determined considering the following assumptions:

 a) Total number of workers is selected randomly from the various organizations of different locations in Dhaka district.

 b) The sample percentage is normally distributed. Since the distribution is normal, so probability of success and failure are equal, i.e., $p = q = 0.5$.

The desired sample size 'n' would be $n = \dfrac{pqz^2}{D^2}$

Where, n = size of the sample;

p = estimated proportion of successes, here it is 50% i.e., 0.5;

$q = 1 - p$, or estimated proportion of failures, i.e., 1 - 0.5 = 0.5;

z = standard normal deviate, usually set at 1.96 corresponds to 95% confidence limit;

D = levels of precision, here it is 0.05.

Therefore, the sample size $n = \dfrac{pqz^2}{D^2}$

$$= \frac{0.5(0.5)(1.96)^2}{(0.05)^2}$$

$$= 384.16$$

$$= 385 \text{ rounded to the next higher integer}$$

Data Collection Method

The research data have been collected from both primary and secondary sources. Primary data have been collected through a structured questionnaire which includes personal information of the respondents *such as workers' sex, age, marital status, educational qualification, designation, experience etc.*; and Labor Unrest Scale developed by the authors and also two open ended questions regarding causes of the labor unrest and measures to remove the labor unrest of RMG sector. This measurement scale contains 20 statements. The respondents were asked to indicate their degree of agreement with the mentioned statements using a 5-point scale. In this scale 1 indicates strongly disagree or not satisfied at all and 5 indicates strongly agree or highly satisfied. The variables of the statements/scale are: V1 = The salary given by the organization is not satisfactory; V2 = Dues are not paid timely; V3 = Other legal dues (bonus, medical allowance, conveyance allowance, pension etc.) are not paid timely; V4 = Salary is cut down for silly cause; V5 = No proper compensation for physical damages by accident; V6 = No proper valuation for overtime; V7 = Have to work for long hours; V8 = Working environment is not satisfactory; V9 = Supervisor's behavior is not satisfactory; V10 = Employer shows negative attitude to workers; V11 = Nepotism, partiality and localism are exercised; V12 = Lack of job security; V13 = Lack of better accommodation; V14 = Social negligence is shown; V15 = Political instability affects the working environment; V16 = Price hike of daily necessary commodities; V17 = Influence of foreign competitive organization; V18 = Cultural variation within the people of different locality; V19 = Political influence; V20 = Aggressive behavior is shown by seeing others' behavior. Reliability of the scale has been assessed by using test-retest reliability approach and validity has been assessed by examining content (face) validity. The secondary data have been collected through desk study which covered research articles, research monographs, textbooks and various published & unpublished materials on the subject.

Results and Discussions

To analyze the data, this study has used descriptive (simple count, percentage) and inferential statistics (factor analysis). The research data have been analyzed through computer using SPSS developed by Nie *et al.,* (1975) version11.5.

Table 1: Results of Principal Components Analysis KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.775
Bartlett's Test of Sphericity	Approx. Chi-Square	1860.155
	df	190
	Sig.	.000

Sample Profile: Among the 385 respondent workers, there are 144 (37.4%) male; and 241 (62.6%) female. Age group of the male respondents are; less than 20 is28 (7.3%), 20 to less than 30 is 89 (23.1%), 30 to less than 40 is 24 (6.2%) and 40 and above is 3 (0.8%). On the other hand, age group of the female respondents are; less than 20 is 70 (18.2%), 20 to less than 30 is 127 (33.0%), 30 to less than 40 is 43 (11.2%) and 40 and above is 1 (0.3%). Number of unmarried, married and others male respondents are 60 (15.6%), 83 (21.6%) and 1 (0.3%) respectively. On the other hand, number of unmarried, married and others female respondents are 88 (22.9%), 145 (37.7%) and 8 (2.1%) respectively.

Table 2: Results of Principal Components Analysis Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.510	17.551	17.551	3.510	17.551	17.551	3.371	16.854	16.854
2	3.390	16.948	34.499	3.390	16.948	34.499	2.802	14.009	30.864
3	1.514	7.572	42.071	1.514	7.572	42.071	2.241	11.207	42.071
4	1.282	6.410	48.481						
5	1.241	6.206	54.687						
6	1.000	5.002	59.689						
7	.929	4.645	64.334						
8	.759	3.795	68.129						
9	.733	3.666	71.795						
10	.717	3.584	75.379						
11	.670	3.351	78.730						
12	.598	2.989	81.720						
13	.560	2.798	84.518						
14	.537	2.683	87.201						
15	.518	2.589	89.790						
16	.492	2.458	92.248						
17	.448	2.239	94.487						
18	.412	2.062	96.549						
19	.359	1.793	98.343						
20	.331	1.657	100.000						

Extraction Method: Principal Component Analysis.

Educational qualification group of the male respondents are; can sign is 10 (2.6%), up to class five or pass is 46 (11.9%), up to class eight or pass is 63 (16.4%), S.S.C or

equivalent is 12 (3.1%) and H.S.C or equivalent or above is 13 (3.4%). On the other hand, educational qualification group of the male respondents are; can sign is 44 (11.4%), up to class five or pass is 104 (27.0%), up to class eight or pass is 79 (20.5%), S.S.C or equivalent is 9 (2.3%) and H.S.C or equivalent or above is 5 (1.3%).

The results of factor analysis are given in table-1. The null hypothesis, that the population correlation matrix is an identity matrix, is rejected by the Bartlett's test of sphericity. The approximate chi-square statistic is 1860.155 with 190 degrees of freedom, which is significant at the 0.05 level. The value of the KMO statistic (0.775) is also large (> 0.5). Thus, factor analysis may be considered an appropriate technique for analyzing the correlation matrix of table- A (Appendix).

The Total Variance Explained section presents the number of common factors extracted, the Eigen values associated with these factors, the percentage of total variance accounted for by each factor, and the cumulative percentage of total variance accounted for by the factors. Using the criterion of retaining only factors with Eigen values of 1 or greater, three factors were retained for rotation. These three factors accounted for 17.55%, 16.95% and 7.57% of the total variance, respectively, for a total of 42.07%.

Table 3: Results of Principal Components Analysis *(continued)*

Rotated Component Matrix(a)			
	Component		
	1	2	3
V1	.473	-.071	.231
V2	.623	-.014	.106
V3	.547	.046	.297
V4	.598	.033	-.045
V5	.526	-.115	-.009
V6	.668	-.059	-.015
V7	.617	.134	-.319
V8	.167	.317	.504
V9	.531	-.147	.388
V10	.246	.429	.256
V11	.242	-.074	.681
V12	.673	.089	-.211
V13	.045	.685	.000
V14	.012	.659	-.036
V15	-.123	.314	.726
V16	.209	.018	.084
V17	-.080	.684	.250
V18	-.195	.563	.410
V19	-.086	.403	.489
V20	-.062	.700	.029

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 6 iterations.
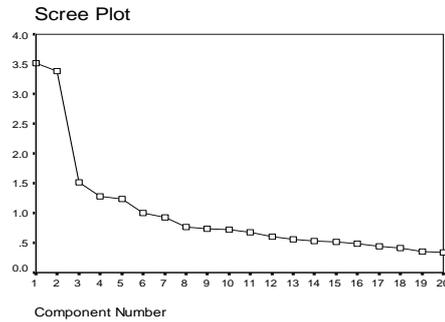
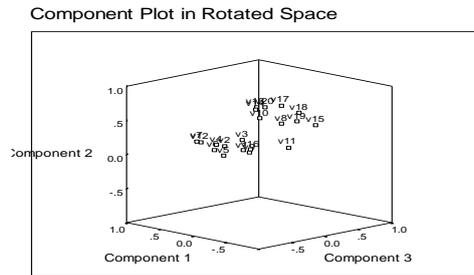Fig. 1: Scree Plot   Fig. 2: Factor Loading Plot

The Rotated Component Matrix presents the three factors after rotation. Ten items loaded on Factor 1. An inspection of these items clearly shows that the majority of these items reflect Financial and Job Security factors (e.g., V1 = The salary given by the organization is not satisfactory; V2 = Dues are not paid timely; V3 = Other legal dues (bonus, medical allowance, conveyance allowance, pension etc.) are not paid timely; V4 = Salary is cut down for silly cause; V5 = No proper compensation for physical damages by accident; V6 = No proper valuation for overtime; V7 = Have to work for long hours; V9 = Supervisor's behavior is not satisfactory; V12 = Lack of job security; and V16 = Price hike of daily necessary commodities). Factor 2 contains six items that clearly shows Social and Global factors (e.g., V10 = Employer shows negative attitude to workers; V13 = Lack of better accommodation; V14 = Social negligence is shown; V17 = Influence of foreign competitive organization; V18 = Cultural variation within the people of different locality; and V20 = Aggressive behavior is shown by seeing others' behavior). Factor 3 contains four items which appear Environmental and Political factors (e.g., V8 = Working environment is not satisfactory; V11 = Nepotism, partiality and localism are exercised; V15 = Political instability affects working environment; and V19 = Political influence).

Main Reasons behind Labor Unrest: The main reasons behind labor unrest in RMG sector of Bangladesh as perceived by the respondent workers are poor salary (44.9%), extreme work load (14.5%), not paying dues timely (10.9%), rough behavior of supervisor (6.8%), lack of job security (4.9%), political issue (3.4%), price hike (2.9%), mismanagement (2.6%), lack of security of life (2.6%), autocracy of employer (2.1%), tendency to cut down salary (1.8%), inefficiency of workers (1.6%) and improper evaluation of over time (1.0%).

Ways to minimize Labor Unrest: The ways to minimize labor unrest in RMG sector of Bangladesh as perceived by the respondent workers are up gradation of salary structure (35.3%), well behavior of supervisors (16.9%), reducing work load (10.5%), timely payment of dues (9.6%), ensuring job security (9.5%), proper management (5.1%), providing ration facility for essential commodities (4.4%), Govt. interference to safeguard labor rights (4.3%), ensuring safe work environment (2.2%) and introducing trade union (2.2%).

Concluding Remarks

As the Ready Made Garments (RMG) industry has become so important that the future of the economy of Bangladesh is greatly depends on this single sector and any slowdown in this sector will slow down the economic progress of Bangladesh. So for the betterment of this sector, it is badly needed to minimize the labor unrest. To minimize the labor unrest

in readymade garments sector of Bangladesh; the concerned authority may take necessary action regarding up-gradation of salary structure, paying the dues in time, ensuring job security, providing ration facilities for essential commodities, ensuring safe work environment, ensuring well behavior from management especially from supervisor, reducing work load, proper evaluation of over time, appointing Grievance Officer in the factory, investigating the incidents of labor unrest, real defaulters irrespective of their identity and status should be brought under legal provisions, intelligence agency may work in garment industry area to avert further unrest and take preventive measures, government interference to safeguard labor rights, introducing effective trade union, providing employee training program for work and to safeguard their life. Finally, the labor-force needs to avoid the path of violence and vandalism. Rather, they can place their rightful demands to the respective authority.

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Table B: Results of Principal Components Analysis

Communalities		
	Initial	Extraction
V1	1.000	.282
V2	1.000	.400
V3	1.000	.389
V4	1.000	.361
V5	1.000	.290
V6	1.000	.450
V7	1.000	.501
V8	1.000	.383
V9	1.000	.454
V10	1.000	.310
V11	1.000	.528
V12	1.000	.506
V13	1.000	.471
V14	1.000	.436
V15	1.000	.640
V16	1.000	.051
V17	1.000	.536
V18	1.000	.523
V19	1.000	.409
V20	1.000	.495

Extraction Method: Principal Component Analysis

Component Matrix(a)			
	Component		
	1	2	3
V1	.300	.410	-.154
V2	.334	.537	.002
V3	.451	.412	-.127
V4	.266	.518	.146
V5	.155	.515	.020
V6	.253	.616	.079
V7	.184	.534	.427
V8	.584	-.077	-.190
V9	.367	.470	-.314
V10	.550	-.018	.085
V11	.456	.135	-.549
V12	.241	.586	.323
V13	.483	-.267	.408
V14	.430	-.279	.417
V15	.580	-.366	-.413
V16	.155	.162	-.024
V17	.571	-.417	.189
V18	.531	-.490	-.027
V19	.518	-.335	-.167
V20	.462	-.374	.377

Extraction Method: Principal Component Analysis.a[3] components extracted.