

SOCIO-ECONOMIC STATUS AND INFLUENCING FACTORS OF WAGE DISCREPANCY AMONG READY-MADE GARMENT WORKERS IN BANGLADESH: EVIDENCE FROM DHAKA CITY

NAHIDA AFROZ^{1*}, DELUAR J. MOLOY² and ZAKIR HOSSAIN³

¹Department of Statistics, Comilla University, Bangladesh

²Department of Statistics, Mawlana Bhashani Science and Technology University, Santosh, Tangail-1902, Bangladesh

³Department of Statistics, University of Dhaka, Bangladesh

Abstract

Ready-made garments (RMG) industry is the most important export-oriented sector in Bangladesh. The sector rapidly became important in terms of employment, foreign exchange earnings, and its contribution to the national economy. This study intended to explore and investigate the significant factors of discrimination of wages among garment workers and their socio-economic status. In this study, data have been collected through a two-stage cluster sampling design. A total of 240 garment workers were interviewed from eight areas in Dhaka city. From the analytical results, it is shown that most of the garment workers are from the rural areas of the country (90%) and female (60%). Moreover, they are poorly educated as 46% of them only have primary education and also young as 59% of their ages are less than 24 years. The female workers face wage discrepancy in case of higher salary as only 4% of female workers getting more than Tk.7000 monthly whereas this figure is 45% for male workers. It is also observed that age, gender, education, job status, work experience, beginning salary, working hour and over-time wage are found to be significant factors for the current salary of the RMG workers.

Keywords: RMG, Wage discrimination, Export-oriented industry

Introduction

The industry of ready-made garments is one of the most potential and revenue earning sectors of Bangladesh. The standing of the RMG market is known worldwide. It was started in the late 1970s. Soon it became one of the major economic strength for Bangladesh. The RMG sector has added very much in earning foreign exchange, balancing export and import, huge unemployment problem for the country and empowerment of women along with giving them financial support. There is a rapid growth of industrialization in Bangladesh. Most of the manufacturing companies in Bangladesh are labor-intensive, particularly the ready-made garment industry. Therefore,

*Corresponding author: n.afroz@cou.ac.bd

the practice of human resource management (HRM) is mostly required in labor-intensive industry like RMG. Moreover, there is a growing concern for labour rights among the garment workers in Bangladesh (Ahmed, 2001).

Wage disparity between male and female workers in the RMG sector has increased during the recent years as salary growth of male laborers is comparatively high according to a survey conducted by the Centre for Policy Dialogue (CPD). The RMG sector has started its journey in the late 1970s in Bangladesh. However, Bangladesh experienced a real momentum in the RMG sector between the mid-1980s and mid-1990s (Robbani, 2000). The first garment factory in Bangladesh was established in 1960 at Dhaka (Islam *et al.*, 1984). Bangladesh started exporting garments in 1976. The first joint venture garment factory in Bangladesh was *Desh* garment in association with *Daewoo*, a South Korean company (Rock, 2001). In the 1980s there were only 50 factories employing only a few thousand people. Day by day the rates of workers were increasing. Currently, there are about 4500 manufacturing units. The RMG sector contributes around 80% to the export earnings, and above 4 million people is engaged. (Department of Inspections for Factories Establishments Ministry of Labor and Employment, 2015).

The garment sector has provided employment opportunities to women from the rural areas that previously did not have any opportunity to be part of the formal workforce. This has given women the chance to be financially independent and have a voice in the family because now they contribute financially. Before 2010, the percentage of men and women workers are may like the same, but in the present situation, women's participation is increasing day by day.

Akterujjaman and Ahmad (2016) showed that employees' satisfaction (wages provided on time, incentive, meal allowance, and transport facilities) is the most supremacy part of increasing productivity in any sector of the industry. Hewett and Amin (2000) focused on the impact of the quality of life among young garment workers in Bangladesh. Quality of life is assessed across a broad range of indicators including living conditions, health, and patterns of income and savings. Ahamed (2013) also showed that more than 78% of Bangladesh export earnings come from the garment industry. The RMG sector has a greater potential than any other sectors in terms of employment and foreign exchange earnings to reduce poverty and make a contribution to the national economy. Jamil *et al.* (2006) found that reduction or elimination of gender-based wage discrimination is the greatest gift of globalization for Bangladesh. International law and convention and non-government organizations efforts have taken Bangladeshi women into a new era.

The socio-economic condition of the female garment workers was assessed in Dhaka city (Sikdar *et al.*, 2014). Female workers were selected as a sample because of their high percentages of participation as production workers in RMG factories. The survey covered a total number of 80 respondents, which were drawn from 10 garment factories situated

in different locations of Dhaka metropolitan area using a convenient sampling technique. Compensation, promotion, and performance evaluation have a positive impact on overall organizational performance (Huselid, 1995). Majumder and Begum (1999) also showed that women employment in export-oriented industries had narrowed the gender gap in many spheres including participation in the labor force, social prestige, control over income and decision making in Bangladesh. At the same time, there is widespread occupational segregation and gender discrimination in wage rates.

In this study, we investigate the socio-economic condition and significant factors of wage discrepancy among RMG workers incorporating the gender-based discrimination in terms of wages and opportunities in the industry.

Materials and Methods

Study Population

The study population is all the ready-made garment workers in Bangladesh. Among all RMG factories, 65% are located in Dhaka zone, 14% in Chittagong zone and the remaining 21% are in other divisions (BGMEA: Bangladesh Garment Manufacturers and Exporters Association). As it is difficult to collect information from many workers in RMG factories in different zones in Bangladesh, we only consider the Dhaka zone to collect data from the garment workers.

Data and Variables

Data have been collected from the RMG workers by visiting their households. We consider 'Location' which represents the geographical area of the residence of factory workers and 'Time' represents the period of time when the factory workers are available at their residences. Thus, locations are designed as clusters, and two-stage cluster sampling has been used for the selection of the required number of factory workers. In the first-stage, the sampling unit is considered as a village or mahalla, and the second stage sampling unit is the garments worker. In the first stage, 8 areas are randomly selected from the list of 20 areas, and these are: Adabor, Badda, Mirpur, Rampura, Banani, Mohammadpur, Gulshan and Khilgaon. In the second stage, a total of 240 workers were selected for the interview and used their information for the analysis.

In this study the response variable is the current monthly salary of the RMG workers in Bangladesh. Based on the literature review, the socio-economic and demographic variables of interest are selected and these are: age, gender, marital status, residential status, family size, education, parents occupation and education of the workers, job status, work experience, beginning salary, monthly remuneration, monthly expenditure, sickness allowance, working hour per day and over-time wages of the RMG workers. In this study, the univariate, bivariate, and multivariate analysis have been performed for

investigating the socio-economic status and influencing factors of wage discrepancy among RMG workers in Bangladesh.

Results and Discussion

Demographic and Socio-economic Characteristics

From the univariate analysis, it is observed that about 23% of workers age lie between 15 to 19 years, 36% of workers age lie between 20 to 24 years, 25% of workers age lie between 25 to 29 years, 10% of workers lie between 30 to 34 years, 5% of workers age lie between 35 to 39 years and only 1% of workers age lie between 40 to 44 years. About 84 percent of workers age lie between 15 to 29 years, and the average age of the respondents is 23.70 years. It is also observed that more than half of the workers (60%) are female.

Respondent's marital status influences his or her way of life and role in the household and community. From data we observed that half of the workers (50%) are married and the rest of the percentage are unmarried, widowed and divorced. The analysis of the findings reveals that 90% of the workers are from rural areas in the country.

Family structure represents the socio-economic condition of the respondents. From Table 1, it is observed that around 64% of family sizes of the workers lie between 4 to 6. Education is the most important factor that leads a nation or country towards the door of development. It is also observed that half of the workers (46%) having primary level of education whereas about half of the worker (41.67%) having secondary level of education.

Table 1. Frequency distribution of the family size and the educational status of the respondent

Family size	Frequency	%	Education	Frequency	%
0 to 3	25	10.42	Illiterate	16	6.67
4 to 6	153	63.75	Primary	111	46.24
7 to 9	58	24.17	Secondary	100	41.67
10 or higher	4	1.66	SSC or higher	13	5.42
Total	240	100	Total	240	100

To determine the workers family status it is necessary to know the occupation and educational status of their parents. From the analysis, it is found that 42% of workers father's occupation is farming, and most of the workers (90%) mothers are a house wife. We also observe that about 40% of fathers and 30% of mothers of workers have the primary level of education. It is also observed that about half of the parents of workers are illiterate.

Income Distribution and Allowances

The findings from the analysis reveal that 24% beginning salary of the workers is TK. 3000 to 4000, about 67% beginning salary lies from TK. 4001 to 5000 and the remaining fig. 11% is for more than Tk. 5000. The average starting salary is TK. 3127.64. It is also found that the minimum and maximum monthly starting salaries of the workers are Tk. 3000 and Tk. 7000 respectively.

It is observed that among male workers, 26% of them are getting starting salary below Tk.5000, 57% drawing between Tk. 4001 to Tk. 5000 and about 17% of salaries are more than Tk.5000 while only about 5% of female workers are getting starting salary more than Tk.5000. Table 2 presents the frequency distribution of the starting remuneration by gender, age, marital status, and education of the respondents.

Table 2. Frequency distribution (%) of the starting remuneration by gender, age, marital status and education of the respondents

	Starting remuneration			Total
	< Tk. 4500	Tk. 4501 - 5500	> Tk. 5500	
Gender				
Male	58 (60)	28 (29)	10 (11)	96
Female	86 (60)	55 (38)	3 (2)	144
Total	144	83	13	240
Age (years)				
Below 20	38 (52)	29 (40)	6 (8)	73
20 - 30	88 (62)	50 (35)	5 (3)	143
30 and above	18 (75)	4 (17)	2 (8)	24
Total	144	83	13	240
Marital Status				
Married	88 (74)	25 (21)	6 (5)	119
Unmarried	54 (47)	55 (47)	7 (6)	116
Divorced	2 (40)	3 (60)	0 (0)	5
Total	144	83	13	240
Education				
Illiterate	12 (75)	4 (25)	0 (0)	16
Primary	69 (62)	39 (35)	3 (3)	111
Secondary	58 (58)	34 (34)	8 (8)	100
More than SSC	2 (15)	6 (46)	5 (39)	13
Total	141	83	16	240

*Percentage is given in parentheses

From Table 2, it is found that 75% are illiterate workers, and their starting salary lies below Tk. 4500 while 62% workers are primary educated with starting salary lies below Tk. 4500. It is found that there is a highly significant difference of worker's average starting monthly remuneration by the educational status of the respondents (p -value = 0.003), i.e., starting remuneration depends on educational status of the respondents. From

the analysis, it is also observed that starting remuneration per month does not depend on the age and sex of the respondents.

Respondents monthly remuneration depends on its net salary, house rent allowance, and transportation cost, etc. But sometimes the garments owners do not pay all allowance among workers. Thus basic and overtime salary is the main source of remuneration of any workers in the garments factory. In contrary, few respondents do not get their remuneration properly. From the analysis, it is also observed that more than half (61%) of the workers get monthly salary timely, and the rest of the workers do not get salary timely. In this study, it is found that about 17% of workers monthly remunerations lie between Tk. 3000-4000, 37% of workers monthly remunerations lie between Tk. 4000-5000, 17% of workers monthly remunerations lie between Tk. 5000-6000 and only about 3% of workers monthly remunerations lie between Tk. 9000-10000. It also reveals that 85% of workers monthly remunerations are less than Tk.7500 whereas only 5% of workers monthly remunerations are more than Tk. 8500. The average monthly remuneration of the workers is Tk. 5336.21.

To know the financial status of workers, we analyzed the monthly income and expenditure of the workers. From the analysis, it is found that 20% of the workers' monthly expenditure is below Tk. 4000, where 67% of workers' monthly expenditure lies between Tk. 3000 and 4000, and a few numbers of workers' monthly expenditure is more than Tk. 5000. It also reveals that 88% of workers' monthly expenditure is below Tk. 5000, and the average expenditure of the respondents is Tk. 4700.

The findings also reveal that male workers earn more salary than their female counterparts. From the analysis, it is found that among male, 45% of workers monthly remuneration is more than Tk. 7000, whereas only 4% of female workers' monthly remuneration is more than Tk.7000. On the contrary, among female, 73% of workers monthly remuneration lies between Tk. 4500 to 7000, and only 48% male workers monthly remunerations lie in the range of Tk. 4500-7000.

The survey results reveal that among age group more than 30 years, 50% of workers' monthly remuneration is more than Tk. 7000 and in age group 21 to 30 years, 66% of workers' monthly remunerations lie between Tk. 4500 to 7000. It is also observed that among unmarried, more than 63% of workers monthly salary lies between Tk. 4500-7000. On the contrary, among married, more than 61% of workers' monthly salary lies between Tk. 4500-7000. It is also found that among the workers whose education level above SSC, 54% of their monthly salary lies above TK. 7000, 38% of their monthly salary lies between Tk. 4500-7000 and the remaining worker's monthly salary is below Tk. 4500.

It is found that there is a highly significant difference in worker's average monthly salary by the age of the respondents ($p\text{-value} = 0.000$), i.e., monthly salary depends on age. From the test of hypothesis results, it also indicates that there is a highly significant

difference of average monthly salary of workers by the educational status of the respondents ($p\text{-value} = 0.000$), i.e., monthly salary depends on the education of the respondents. From the survey results, it is also observed that only 31% of workers get financial support from factory owners and remaining workers do not get any support from the factory owners when they become sick. We consider income inequality by Gini-coefficients and estimated Gini's concentration ratio, which is $\hat{\rho} = 0.3129$. This value shows that 31.29% of the total income is concentrated in the hands of a few workers and rest 68.71% of income is almost equally distributed.

Job Satisfaction and Union Membership

From the analytical result, it is observed that male workers are more satisfied than female workers in terms of their present work environment. It is also found that among male 21.9% and female-only, 4.2% of workers are completely satisfied with their present work environment. The results show that 91% of workers do not participate in workers union meeting while this figure of absence in the union meeting is 9%. We also observe that 79% of workers do not participate in political meeting, 15% of workers sometimes participate and rest only 6% of workers participate in a political meeting. It is found that there is a highly significant difference of worker's average monthly salary by union membership of the workers ($p\text{-value}=0.001$) i.e., monthly salary depends on the involvement in workers union.

Factors Influencing Wage Discrepancy

In garments factory, post (Job-status) is one of the important factors for any worker since wages are determined according to the post of workers. The analysis of findings reveals that in general about half of the workers (39%) are the operator and 25% are helpers, 10% are cutting master. The remaining 26% of workers are, however, involved in sewer, supervision, quality controller, ironer, and other activities. It is interesting to note that tasks are allocated largely based on gender; females are usually not allowed to do administrative works. It is also observed that among the helper's 19% are male, and the remaining 81% are female. The male-female composition among junior operators also represents that 41% are male, and 59% are female workers, but among senior operators, 62% are male, and 38% are female. On the other hand, among supervisors, cutting masters and ironers; most of the workers of the factors are male.

It is revealed that the average income of helpers is lower than any other post of the workers in the factory and senior operators get maximum salary than others. However, junior operator, cutting master and quality controllers on an average receive a similar amount. It is also observed that there is a highly significant difference in monthly salary by the position of the workers ($p\text{-value}=0.000$).

It is also found that the average monthly salary of half of the male workers is higher than their counterpart. However, 45% of male workers monthly salary is more than Tk. 7000

whereas only 4% of female workers monthly salaries are more than Tk. 7000. From the test of hypothesis results, we observe that there is a significant difference in average monthly salary by gender of the respondents ($p\text{-value}=0.000$).

From survey results, we observe that the daily working hours of 86% of female workers lie between 10 to 15 hours, whereas 75% of male workers daily working hours lie between 10 to 15 hours. Again 8% of male workers daily working hours are more than 15 hours, and only 1% female daily working hours are more than 15 hours. However, female workers work regularly from 10 to 15 hours more than their male counterpart. From the test of hypothesis results, it is observed that there is a highly significant difference in monthly salary by daily working hours ($p\text{-value}=0.002$) of the workers.

The findings reveal that male workers are more experienced than their female counterpart, but a small portion (5%) of female workers has more than six years' experience. It is also observed that among female 54% workers and male 30% workers have less than two-year experience, and among female 31% workers and male 23% workers have 2 to 4 years' experience in the RMG industry.

The analysis of the findings reveals that workers average salary is higher who have more than six-year experience than the workers who have less than 2 years, 2-4years and 4-6 years of working experience. It is also observed that there is a significant difference in monthly salary by working experience of the RMG workers in the industry ($p\text{-value}=0.000$).

Multiple Regression Analysis

We analyze the data to find the influencing factors for the current salary among RMG workers by using the multiple regression analysis. Prior to fitting the multiple regression model, we test the normality of the response variable current monthly salary. It is shown that data are approximately normally distributed by using well known Q-Q plot. The results of fitting multiple regression are presented in Table 3.

Table 3. Estimates of Regression Coefficients, Standard Errors (SE) and p-values

Covariates	Coefficients	SE	p-value
Intercept	-2979.76	694.44	0.000
Age	48.61	16.80	0.004
Gender	223.49	31.35	0.000
Education	446.15	104.93	0.000
Job status	60.74	23.49	0.010
Job experience	244.29	37.36	0.000
Beginning salary	0.58	0.15	0.000
Working duration	183.90	46.16	0.000
Over time wage	35.94	13.69	0.009

From Table 3 it is observed that all the covariates considered in multiple regression analysis are positively associated with the current monthly salary of the RMG workers. From p-values, it is also shown that all the independent variables are highly significant for getting the current monthly salary of the RMG workers in the industry.

Conclusion

In this paper, we investigated the socio-economic and influencing factors of wage discrepancy among RMG industry workers in Bangladesh. The findings reveal that in garments factory, the participation of female workers is higher (60%) than male. The study also found that about 36% of the worker's age lies between 20 to 24 years, and their average age is 23.70 years. About 84% of workers age lies between 15 to 29 years. Most of the workers (90%) come from rural areas of the country and are also from poor families.

From this study, it is observed that workers starting salary and monthly salary depend on their age, gender, work experience, and their education. The average starting salary of the RMG workers is Tk. 3127.64. It is revealed that the average starting salary significantly varies with educational status and age of the RMG workers. The findings also show that 39% of workers do not get salary timely. It also reveals that the monthly remuneration of 85% of workers is less than Tk.7500 whereas the monthly remuneration of only 5% of workers is more than Tk. 8500. The average monthly remuneration of the RMG workers in the industry is Tk. 5336.21.

In order to identify the significant and influencing factors for the current monthly salary of the ready-made garment workers in Bangladesh, the multiple regression analysis has been carried out. From the analytical results, it is observed that age, gender, education, job status, job experience, beginning salary, total working hour, and overtime wage are found to be significant factors for influencing the monthly salary of the RMG workers.

References

- Ahamed, F. 2001. Working conditions in the Bangladesh Readymade Garments Industry: Is Social compliance making a difference?, Ph.D. thesis, La Trobe University, Bundoora, Victoria 3086, Australia.
- Akerujjaman, S. M., and Ahmad, M. H. 2016. Workers' Satisfaction toward RMG Industry in Bangladesh: A Study on Dhaka and Gazipur City, *International Journal of Research in Management & Business Studies*.
- Huselid. 1995. The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. *Academy of Management Journal*, 38 (3): 635-672.
- Hewett, P., and Amin, S. 2000. *Assessing the impact of garment work on quality of life measures*, Population Council, One Dag Hammaerskjold, New York, NY 10017.
- Islam, Mafizul A. F. M. 1984. Notes on the Growth of Bangladesh Garments Industry. *The Journal of Management Business and Economics*, 10(4): 536.

- Jamil, M., Talukdar, B., and Ahmed, S. 2006. Wage Discrimination in the Garments Sector of Bangladesh, *Southeast University Journal of Business Studies*, Vol. 2(1).
- Majumder, P. Pratima, and Begum, A. 1999. The Gender Imbalances in the Export Oriented Garment Industry in Bangladesh: A case study of readymade garments industry in Bangladesh, Working paper, World Bank-BIDS, Dhaka, Bangladesh.
- Robbani, M. G. 2000. World Trade Organization and the Ready-Made Garment Industry of Bangladesh: A Critical Analysis. *Journal of Business Studies*, 2(2): 16-27.
- Rock, M. 2001. Globalisation and Bangladesh: The Case of Export Oriented Garment Manufacture. *South Asia*, 24(1): 201- 225.
- Sikdar, M. H., Sarkar, S. K., and Sadeka, S. 2014. Socio-Economic Conditions of the Female Garment Workers in the Capital City of Bangladesh, *International Journal of Humanities and Social Science*, Vol. 4(3).