

CPD Conference on  
**Transformation in the RMG Sector in Post-Rana Plaza Period**  
*Findings from CPD Survey*

Closing Session  
**Bangladesh's RMG Sector After Double Graduation:  
Exploring Policy, Operation and Research related Issues**

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## **Discussion Points**

1. Key Findings
2. Gaps
3. Future Agenda

# 1. Key Findings

- An institution-driven upgrading targeting social issues which had been undertaken over the last five years have yet to establish its natural link with economic upgrading and less so with gender related upgrading.
  - In that consideration, an unbalanced upgrading has been taken place with limited focus on economic and technological issues, particularly those in small and medium enterprises.
- Such an unbalanced growth is likely to have limited positive implications in the long run particularly in terms of firm's overall competitiveness especially those which are behind.
- There is geographic locational variation in case of upgrading
  - Enterprises located in clusters like Chittagong and Narayangonj are found to be behind in economic upgrading and partially in social upgrading
- There is a sizable share of enterprises which could not survive and upgrade without necessary improvement in terms of technological readiness, improved management practices, further improvement of workers skill particularly that of female workers

# 1. Key Findings

- Role of group of companies in the RMG sector is getting prominent.
  - These groups comprise subsidiaries of both RMG and non-RM enterprises of different categories.
- Second and third generation entrepreneurs are taking lead of the businesses with better academic qualification but diverge business interest
- Unless competent, well-trained and skilled management professionals are not being supplied by local management schools, the dependency on foreign professionals is likely to rise in the coming years.
- Enterprises which are subsidiaries of group of companies, have trained human resource managers as well as foreign staffs working in factories made significant contribution to the management practices of RMG enterprises.
- Decent work is linked with four pillars and ten different elements, but the progress during post-Rana Plaza is mostly confined in workplace safety.

# 1. Key Findings

- The changes in the structure and composition of workforce in the RMG sector is a major issue in the context of employability.
- Workers organizations continue to remain in either weak or non-functional state. After the amendment of labour laws, workers' representatives in the participation committees have been determined by election. Despite having their larger presence in the factories, the effectiveness of these committees remain in weak state.
- Formation of trade unions has faced a number of obstacles beyond the usual process which need to be addressed. Even the offices responsible for registration are not out of question.
- Level of technology use differs widely across enterprises - about 21% sample enterprise are well 'advanced' in technology use; but 16% cent enterprises are well behind ('low') in technology use. Only 4% small enterprises categorized as 'advanced' compared 38% of medium and large scale enterprises.
- Female workers are lagged behind in operating multiple machines.
- Female workers enjoy different facilities but the quality of the service is a concern.

# 1. Key Findings

- Female workers are behind than male workers with regard to safety awareness
- Gender wage gap still a concern
- Sexual harassment has reduced but work related pressure and harassment may remain in large number
- Technological progress in RMG industry is still not labour displacing, as the ratio has increased on average.
- Workers' efficiency level has made significant progress; but little reflection of it in their remuneration.
- Workers' wages are not adequate to ensure basic necessities, covering only 49 per cent of their total expenditure leading them to depend on other means of income.
  - Since most workers have to support their family with a deficit or only a modest surplus in household expenditures
- Distribution of margin in the value chain remain the same as observed earlier. There is huge difference in the margin received by buyers and suppliers.
  - There is considerable difference between suppliers' mark up in small, medium and large scale enterprises which also have implications on buyers' margin as well.

## 2. Gaps

- Gap between social upgrading and economic upgrading at the enterprise level
- Gap between safety and non-safety social upgrading at the enterprise level
- Gap between geographic location in terms of upgrading at the enterprise level
- Gap between 'achievers' and 'non-achievers' (small and sub-contracting enterprises)
- Gap between subsidiaries of a group and non-group enterprises
- Gap between enterprises having trained and educated management staffs and those which don't have
- Gap between skilled female and less skilled female
- Gap between enterprises having modern technology and those who don't have
- Gap between workers' wages and their livelihood expenses
- Gap between workers and entrepreneurs with regard to 'trust building' on setting up workers' organisations and their effective functioning
- Gap between margin received by brands/buyers vs. those of suppliers

### 3. Future Agenda

- Exploring the mechanism of identifying the link between economic and social upgrading at the enterprise level
- Identifying mechanism to ensure compliance in non-safety related social upgrading at the enterprise level
- Identifying the optimum conditions of a geographic location for ensuring required upgrading of enterprises (e.g. SEZ regions)
- Identifying the 'critical' support package for 'survive' and 'upgrade' by a large section of small and sub-contracting enterprises
- Exploring further the dynamics of changes in ownership structure with further concentration of role of 'groups' in RMG businesses.
- Examining the capacity of local management schools to provide required management related training as per requirement of the RMG industry
- Examining technical barriers for female worker both at entry level as well as afterwards. Also, post-exit livelihood issues of female workers can be examined



### 3. Future Agenda

- Detailed analysis of interface between technology, employment, productivity, profit, relative competitiveness etc.
- Appreciating the livelihood challenges of workers- how to address those through wage and non-wage means
- Exploring non-traditional ways to improve industrial relations and social dialogue mechanism at the workplace
- Examining the 'destination' country perspective regarding distribution of margin between brands/retailers/buyers vis-à-vis suppliers/entrepreneurs, workers' wages, livelihood concerns, competition in the retail market and internal and external risks
- Analysing emerging labour standards after double graduation and their possible consequences on competitiveness of RMG sector within a decade and necessary preparedness of the sector

Thank you.