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# Development in the Garment and Textile Industry in Bangladesh: A Changing Global Environment

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**Abstract:** The reason for writing this paper is to identify the development in the garment & textile (G&T) industry in Bangladesh after the Rana Plaza disaster on 26<sup>th</sup> April, 2013. This paper charts the development of Human Resource Management (HRM) / Industrial Relations (IR) practices within the G&T industry in Bangladesh after the Rana Plaza disaster. The changes in HRM / IR are arguably rooted in the so-called Rana Plaza disaster, which left 2500 people injured and 1,134 dead. The study has adopted a triangulation technique (structured and open-ended interviews) to validate the data collected. The entire process of data coding was done manually. With regards to health & safety issues, the findings suggest that Western international managers show a higher level of awareness than non-Western international managers. In line with HRM practices, the Multinational Companies (MNCs) provide an exemplar of the introduction of corporate HRM policies in the G&T industry in Bangladesh. The study also found that Western international managers follow different HR policies but they have limited presence compared to the non-Western international managers. The study used a questionnaire in the 'Bangla' language for factory workers. This was because the workforces are generally not educated. The trade union officials and government officials also had a limited capacity in the use of language other than 'Bangla' and preferred to communicate in their native language. The suggestions that is driven from this research include a) the international managers could provide support for trade union officials to improve the workers capability through a workers education programme, b) the MNCs could encourage their workers to form a trade union, c) the non-Western international managers may benefit from a special training program for health & safety issues within a multicultural setting. The findings of this research would benefit a number of stakeholders that consist of employers, employers' associations, government, country policy makers, international organisations and NGO's.

**Keywords:** Garment & Textile Industry, HRM Practices, Health & Safety, Minimum Wages, Trade Unions, International Managers

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## 1. Introduction

This paper examines the garment and textile industry in Bangladesh. The goal of the paper is to observe if and how a notorious disaster in April 2013 has impacted the industry. The question addressed here is, if and how health and safety, working practices, germane legislation and trade union representation has changed. Can changes be traced back to the Rana Plaza disaster and how changes have impacted on the lives of workers in this industry. The contribution to knowledge lies in the nexus of this question. The proposition

that a range of changes, which have been identified and discussed have been driven by a particular catalyst event. This has impacted on the lives of many thousands of impoverished workers in the garment and textile industry in Bangladesh and this issue has not been substantively explored prior to this paper. The original contribution to knowledge here is rooted in the recorded lived experience, which has been articulated by current workers, trade unionists and managers.

The garment and textile industry is characterised by long, hard working days, poor wages and dangerous working environments. These are characteristics that have prevailed for many years. On the twenty fourth of April 2013 in Dhaka, Bangladesh; an eight-story building known as Rana Plaza collapsed as a result of structural failure [23]. The ramifications of this event rippled through the Bangladesh G&T industry. In short, a series of events were set in train [8, 23], which changed HR and Industrial Relations (IR) practices [11]. This paper offers a focus on the impact.

The industrial relations environment within the Bangladesh G&T industry is in many ways a cauldron of complexity. Working practices are impacted by international corporations, trade unions, their political affiliations and the intervention of central government. The absence of formal education amongst the workforce and the presence of Western international managers in MNCs sourcing product from Bangladesh all contribute to a heterogeneous and conflict ridden paradigm. This work acknowledges and aspires to note the impact of these forces. The focus here is how, in a holistic way; the lot of workers within the G&T industry has changed since the Rana Plaza collapsed.

In the aftermath of this disaster it was discovered that 1,134 people had lost their lives while a further 2,500 were injured [22]. With hindsight there is evidence that this event and the conduct of global brands that sourced products from the building were a catalyst for a change in the approach of how staff were managed in this industry. Of the twenty-three brands produced in the Rana Plaza building, only nine participated in compensation negotiations and paid compensation to the families of those that lost their lives or were injured. Associated British Foods, which owns Primark, is an example of a company, which participated in a compensation scheme. In contrast, well-known brands such as Wal-Mart and Benetton chose not to engage in this process. A combination of the 'disaster' itself, augmented by the disposition, attitude and conduct of powerful international corporations seem to have contributed to change in the G&T industry in Bangladesh. After Rana Plaza, increased interest from international bodies cast a light upon Bangladesh and the G&T industry [2]. The International Labour Organisation (ILO) is a United Nation's agency, which focuses on labour relation's issues and working conditions and human rights groups contributed to highlighting practices, and conditions, which were deemed incompatible with contemporary values. The contention here is that the Rana Plaza disaster impacted the working environment within the G&T industry in a number of different ways. This paper addresses these different categories of impact in the following order. Firstly health and safety, secondly in the period after the Rana Plaza disaster workers obtained the right to form trade unions and thirdly new legislation enabled this. Section 2.4 of this paper explores the minimum wage structure which was revised. In addition, Section 2.5 explains how Human Resource Management practices improved.

## 2. Review of Empirical Literature

### 2.1. Health & Safety

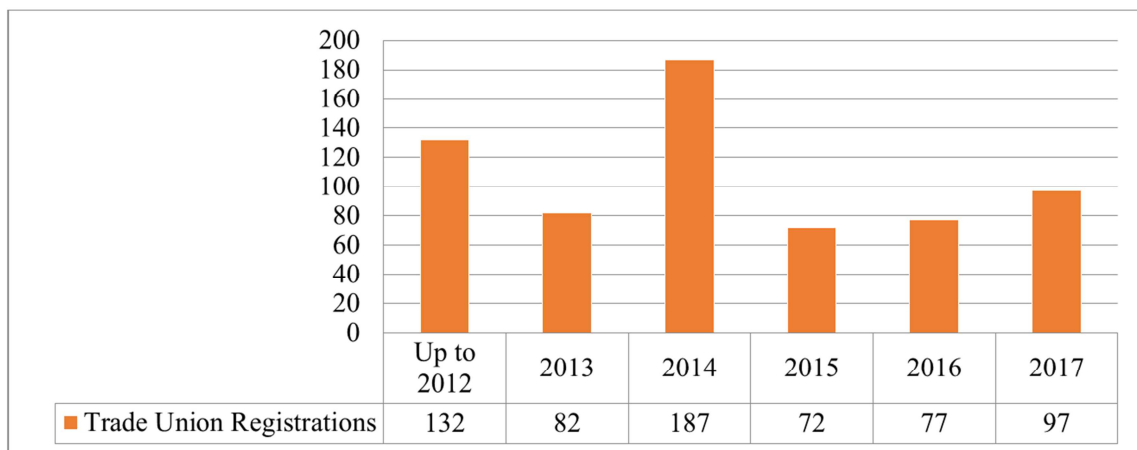
After the Rana Plaza collapse, the employers, workers and government formed a National Tripartite Plan of Action (NTPA) committee on fire safety and structural integrity in the G&T industry in Bangladesh. The Committee chaired by the labour secretary includes government agencies, trade unions and employers' associations [8]. In addition to these initiatives, two different international organisations formed namely Accord (an international organisation for fire and building safety in Bangladesh) and Alliance (an international organisation for workers' safety in Bangladesh). The Accord has been undertaking a variety of programs including factory inspections, worker's training and remedial action [2]. By January 2021, the Accord inspected 1,610 factories and provides required supports to ensure workplace safety of the factory [1]. The organisation also provides basic fire safety training for a substantial number of workers. To date, the organisation terminated 163 factories that failed to implement required workplace safety regulations. Similarly, the Alliance is committed to the inspection of the present status of fire safety and structural quality of factories as well as providing both financial and technical support [2]. By November 2017, the Alliance inspected 785 factories to ensure fire safety and structural quality of the factory [4]. The Alliance also introduced a helpline for factory workers as part of the Alliance basic fire safety-training program, which has been provided to all Alliance factories. To date, the organisation has terminated 175 factories that failed to implement required workplace safety regulations. However, the factories, which were set up in an unplanned way and housed in risky buildings, have started relocating to safer buildings as per the decision of the review panel. It must be said that the G&T industry in Bangladesh has progressed in recent years in terms of achieving workplace safety regulations. Moreover, there are a substantial number of companies mainly doing sub-contracting or producing garment products for the local market, that are not member of any employer's association including Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). These companies also need to be inspected by Accord, Alliance or NTPA, as they are not following any government regulations on health & safety and working condition issues.

It can be concluded that the improved and current safety practices in the G&T industry in Bangladesh are recognised by many international organisations and Western countries but it is noteworthy that they continue to fall far behind many developing countries such as China, Vietnam and India. It is perhaps unpalatable but both pragmatic and honest to acknowledge that the Western-style workplace safety regulations are unrealistic in developing countries such as Bangladesh. This is because the country has different economic, political and social structures.

## 2.2. Right to Form Trade Unions

After the Rana Plaza building collapse, the G&T industry in Bangladesh has made very significant progress in the formation of new trade unions in the non-EPZ area. This is important because the involvement of unions representing the interests of workers in developing labour regulation is seen as crucial [11]. With only 132 registered trade unions at the end of 2012 in the non-EPZ area, the number had increased to 644 in September 2017 (Figure 1) [13]. This growth of unions is observed at the company level. Nonetheless, recent estimates cited by Zajak (2017) suggest that only 200 were active at that time of her research while 90 were no longer active as the factories had shut down. Animosity towards unions on the part of factory owners remains strong and union activity continues to be blocked by the BGMEA, very often with the backing of government. Union membership among Bangladeshi G&T workers are very low, a CPD survey in 2016 found that only 3 per cent workers are to be unionised in the non-EPZ area [26]. The survey also found

that the large and medium sized companies have more trade unions than their counterpart small sized companies. This is because that the owner of small sized companies are locally very powerful and they have strong relationships with the local political leader and the government key officials [22]. They do not want to allow trade unions activities within the company. This percentage of trade unions in Bangladesh is reportedly the lowest in Asia. In contrast, 58 per cent of exporting garments sector's labour force is estimated to be unionised in Cambodia [27]. By 2015 however, growth had slowed. This is a result of: a) relocation of factories from metropolitan cities such as Dhaka and Chittagong to the industrial area, b) the rejection rate for new union applications increasing. Following the Rana Plaza building collapse, the government had temporarily withdrawn its no-union policy and provided the opportunity for workers to form new trade unions. The government was also under pressure from international organisations and Western countries to form new trade unions.



Sources: European Commission, (2022)

**Figure 1.** Formation of Trade Unions in non-EPZ area.

Until early 2016, the trade union had no legal status inside the Export Processing Zone (EPZ) area. However, it is noteworthy that the EPZs were established as part of an “open door policy” designed to attract foreign investment. The idea was to present foreign investors with a congenial climate free from cumbersome procedures. Clearly organised labour was viewed as an impediment to this facilitating environment. On the 16<sup>th</sup> February 2016, the government of Bangladesh gave the approval to draft the Bangladesh EPZ Labour Law 2016, with provisions for forming legal trade unions in the EPZ area. The government delayed the legislation, which would have allowed the formation of trade unions in the EPZs because the MNCs were divided on the issue. The MNCs of some countries believed that unions would create problems with productions while others argued that the unions would establish workers' rights. Nevertheless, while progress has been made on trade union issues, workers continue to face pressure and harassment by employers and management while they attempt to organise themselves [17].

The EPZs are still exempted from forming trade unions, and instead, workers are allowed to form Workers Welfare Associations (WWA) on the basis of a referendum by workers. This was provided for in the Labour Law legislation, which was passed on the 16<sup>th</sup> February 2016. Up until June 2017, 232 WWAs had been formed, the majority of which are MNCs within the G&T companies where international managers have taken substantial roles [9]. Several scholars [18] have identified that Workers Welfare Association (WWA) are not significant in ensuring workers' rights in EPZs for several reasons: a). workers or WWA cannot call meetings to discuss the issues relating to their interests, and cannot take any decision independently, b). workers' representatives in WWA do not represent all workers because no domestic processes are followed in order to select representatives and c). management select their preferred individuals as representatives. These tend to be people who the management feel able to control. Nevertheless, without freedom of association and independent organisation,

representatives cannot bring any effective result for workers on HRM/IR related issues such as health & safety, working conditions, trade unions etc. Therefore, it is often argued that WWA is a substitute, but not a complement to workers' unions.

One of the characteristics of industrial relations in Bangladesh has been a power struggle between trade unions and employers. The employers do not want to allow any trade union activities inside their company because it is argued that the union members have a lack of understanding technical issues, which creates communication difficulties. The majority (83.1 per cent) of workers having only completed primary and high school education [21]. They appear to find it difficult engaging in the complexities of issues such as health & safety and working conditions. Therefore, the International Labour Organisation (ILO)<sup>1</sup> is providing support for trade union organisations to improve the workers capability through a worker's education programme. The programme emphasis is on educating workers and developing their competence in preparation for collective bargaining at company level. The programme also places special emphasis on female workers for trade union leadership. This is because female workers dominate the G&T industry in Bangladesh. Furthermore, the programme would assist workers and the union leadership to improve union-management co-operation at the enterprise level. Much of these developments are in line with what has been happening globally in developing countries. Trade Unions have increasingly engaged with NGO's with the aim of leveraging improvements in the workplace [11].

### **2.3. Amended Labour Law**

Shortly after the Rana Plaza disaster, in July 2013, the government of Bangladesh amended its labour Act of 2006 so that it would confirm more closely to International Labour Standards. The Bangladesh labour Act, 2006 was a fairly comprehensive law in Bangladesh. The law addresses almost all major IR related issues such as trade unions, health & safety, working conditions, minimum wages, welfare etc. The legislation made under previous repealed laws although remain in force, but those are considered insufficient for the proper implementation. It is observed that the majority of Bangladeshi laws exist on paper but are not implemented. This is not only in Bangladesh but also the similar situation can be seen almost all South Asian developing countries. That said amended labour Act 2006 is the most significant piece of labour legislation in Bangladesh. This legislation mainly allows workers and employers to consult with external experts for advice during collective bargaining at the company level. The process of

formation of Workers Participation Committees (WPC) was also improved. For instance, by adding a provision specifying that such committees must be directly elected by workers rather than selected by management or employers. Furthermore, in the public sector organisation, workers are now able to elect 10 per cent of their trade union officials for their union's executive committees from outside the workplace, if the member of the trade unions so wish. The amended law also incorporated a number of benefits such as overtime, gratuity, provident fund, holiday, compensation, and bonuses. While not resolving all issues these changes do begin to build mechanisms for supporting collective bargaining [11].

Under the amended labour law, workers are entitled to get overtime allowances at a rate double than that of the ordinary basic pay. Nevertheless, the lack of education among the workforce often leads workers to being unaware of the overtime rate and consequently they receive lower pay than the legal minimum. In addition, the legislation provided for severance benefits. This constitutes the wages of at least 30 days for every completed year of their service exceeding 6 months or the wages of 45 days for every completed year in the case of service more than 10 years. A worker, who is a member of any provident fund, is entitled to get benefit from such fund including the employer's contribution and he/she shall not be deprived of such benefit due to termination.

The Bangladesh EPZ Labour Law, 2016, also has provisions for forming workers associations. The new law provides a substantial number of benefits for the workers, including retirement, compensation, festival bonus, mandatory group insurance and maternity leave for 16 weeks. The proposed law would ensure the right to join wage bargaining for workers where their representatives would be able to bargain directly with the employers on major HRM/IR related issues that include; fixing wages, working hours, appointments, terminations etc. Under the new laws 30 per cent of workers would have to ask the BEPZA for the formation of workers' welfare associations [17].

### **2.4. Revised Minimum Wages Structure**

The minimum wage is one of the most significant issues for the global G&T industry particularly in Bangladesh. The low minimum wage could create employee dissatisfaction, which results in less efficiency. Based on the Emerging Survey in 2015, 88 per cent of employers in the G&T industry in Bangladesh believe that employee's efficiency largely depends on lower minimum wages and less HR practices including employee's training [12]. The low minimum wage could contribute to a hostile relationship between employers or management and workers. Low minimum wage is also the major cause of almost all-industrial conflicts in the G&T industry in Bangladesh. In December 2016, the industrial conflict in Ashulia (near the capital city Dhaka) was the major contributing factor in the increase of the minimum wage. The minimum wage in the

<sup>1</sup> ILO oversees International Labour standards, which are legal instruments, drawn up the ILO's constituents: government, employers and workers. Basic principles and rights at work are clarified. They are either conventions, which are legally binding, international treaties that can be ratified by member states or recommendations, which serve as non-binding guidelines.

G&T industry in Bangladesh was increased significantly from 1,662 to 3,000 takas (around \$26 to \$43) in 2006 and

2010 respectively (see details on Figure 2).



Sources: Ministry of Labour in Bangladesh, (2022)

**Figure 2.** Minimum Wages Structure.

In 2013 (after the Rana Plaza building collapse), the government of Bangladesh revised minimum wages and set monthly wages of 5,300 takas (\$68) for the lowest grade (grade: 7) workers [10]. The wages increased 77 per cent with a 5 per cent annual increment but it is still less than those of the major competing countries such as China, India, Vietnam and Pakistan. Based on the national labour legislation (The Bangladesh Labour Amendment Act, 2013), minimum wages must be increased at least every 5 years whilst Vietnam and Cambodia's minimum wages are increased annually. Based on the 5 years period, the next wage revision would be expected in 2018. On the 13th September 2018, the government of Bangladesh announced new minimum wages to improve the overall HRM/IR environment. The minimum wage increased from 5,300 to 8,000 takas (\$63 to \$95) per month and took effect from December 2018 [25]. Nevertheless, these wages fall short of various estimates of the 'living wage' that attempt to account of the effects of inflation on the cost of living. These vary from the Asia Floor Wage estimates of 36,385 takas (\$454) to the Fair Labour Association estimate of 7,797 takas (\$97) a month [20]. Living wages is very significant for global G&T workers and have been the focus of longstanding campaign by many international organizations such as the Asia Floor Wage Alliance and the Fair Wage Network [24] as well as the Clean Cloths Campaign (CCC) and ILO. The majority of companies had opposed and made arguments to divert such campaign [7]. Recent research reveals that the 84 per cent of brand companies made a commitment to pay living wages but did not provide any timeframe [29].

Currently, there are 8 EPZs (37 under constructions) operating their business in the country with 464 companies where 280 companies are producing G&T products [9]. Fifty five per cent of companies are under

foreign ownership, fifteen per cent joint venture and thirty per cent local investors [9]. It contributed 18.81 per cent of the country's total export in 2016 – 17. The wages in EPZs are different from the non-EPZs and are currently slightly higher than the non-EPZs. The minimum wages in EPZs are 8,650 takas (\$105) per month with 10 per cent annual increment. They are also actively involved in all HRM/IR related activities where international managers play a significant role. Furthermore, they normally recruit educated and skilled employees. It must be said that only 5 per cent of G&T companies are within the EPZ. Nevertheless, the G&T industry in Bangladesh (both EPZs and non-EPZs) shows significant performance in increasing the minimum wage in comparison to other Asian developing countries. The average annual minimum wage growth in Bangladesh has been around 10.20 per cent since 2013. In China and Vietnam, average annual minimum wage growth reached 9.1 per cent and 7.8 per cent respectively [19]. In the Philippines and Thailand, the average annual minimum wage growth is lowest in Asia and around 4 per cent. In contrast, the annual minimum wage growth in Pakistan and Indonesia is 14.2 per cent and 12.6 per cent respectively [19]. Despite this progress, the gender pay gap was the highest in Pakistan (66.5 per cent), followed by India (36.3 per cent) and Sri Lanka (30.3 per cent). In contrast, the average gender pay gap recorded in Bangladesh at 2.2 per cent, the lowest in the world.

### 3. Human Resource Management (HRM) Practices

There has been a longstanding perception and suspicion that management in the G&T industry in Bangladesh has employed poor or prejudicial HR practices. The company

owners often prefer to recruit workers informally without providing any appointment letters. Mostly, they are providing authority to factory managers or supervisors to select semi-skilled workers for recruitment. This is prevalent in small sized companies. In recent years, the majority of large<sup>2</sup> and medium<sup>3</sup> sized companies largely focused on HR issues. The large and medium sized companies hire workers formally, providing appointment letters but not providing any termination letter. The large and medium sized companies also provide maternity, annual leave, festival leave etc whereas small sized companies do not provide those benefits. The MNCs are an exemplar of the introducing of corporate HRM practices in the G&T industry in Bangladesh. Evidence shows that for example the introduction of corporate HRM practices include providing fair wages, holiday, maternity, sick pay, annual leave, festival leave etc.

There are some differences between MNCs and small<sup>4</sup> sized local<sup>5</sup> companies, MNCs<sup>6</sup> tend to introduce corporate HRM policies, which are influenced by a number of factors which include the country of origin. However, similarities exist in areas such as recruitment, selection, promotion and training. Both the Western and non-Western MNCs prefer to recruit young women (aged between 15 – 30 years) as machine operators especially from rural areas [5]. The recruitment process is also similar as they both advertise on front of the factory gate or by word-of-mouth. In some cases they put an advertisement in the press but this is predominantly for managerial staff. They recruit formally and also provide an appointment letter. However, both the Western and non-Western small sized MNCs recruit employees formally but terminate informally. They will provide an appointment letter but nothing upon termination. They also do not allow any trade union activities in their company but their pay and other benefits are better than their local counterparts. Furthermore, the small sized MNCs do not have any HRM departments but they do have administration and accounts departments. The administration or accounts department control the HRM activities. It could be noted that the large and medium sized MNCs follow corporate HRM policies and establish professional HRM departments. They provide better wages and other benefits to their employees. The benefits include maternity, sick pay and free lunch for example. A substantial number of MNCs, however, have pension funds for their executives or managerial staff, not for workers. Nonetheless, it may be concluded that MNCs are not unique in their employment practices in the G&T industry in Bangladesh. It must be said that they practice both formal and informal HRM. It is also difficult to generalise HRM practices on MNCs because their origins are diverse.

## 4. Theory and Construction to the Conceptual Model

From this research a model has been formulated which addresses the complex interrelationship between managers and IR actors (see Figure 3). This is based on the systems approach as this is a very effective way to conduct empirical analysis. The model developed blends the models of Hofstede and Trompenaar's collectivism approach. These individual models have been refocused to create a more potent meaningful and synergistic analytical tool. The model produced here is designed to be used as an analytical tool for international and/or local managers working within the context of Bangladesh. The model takes an holistic approach, which encompasses HRM/IR practices, actors and a variety of other germane issues such as trade unions, health & safety, minimum wages etc. This model is applicable for managers when they are practising corporate HRM/IR within the G&T industry in Bangladesh. Nonetheless, the framework provides a significant contribution to the literature by offering a middle-ground alternative to the two established positions in the globalisation debate.

After the Rana Plaza disaster, the approach to HRM/IR system in the G&T industry in Bangladesh has dramatically changed and significantly improved. The government took the initiative to address their HRM/IR issues. The government also addressed new labour legislation and provided opportunities to the workers to be unionised or form a new trade union. Recently, the government changed the labour legislation for EPZ workers by providing trade unions rights where the majority of MNCs operate. Until recently, the MNCs have had a good image as employers because they normally follow the local IR system and address major HRM issues. This is an area where managers have played a substantial role.

The model encompasses the complex and close inter-relationship between the managers and other IR actors. The model embodies the inter-relationship between the variables inherent within commercial environments where managers play a substantial role. A key characteristic of this model is 'output'. If utilised appropriately the model has the capacity to integrate a range of relevant factors. The interplay between these different factors can be incorporated and impact upon outcomes. Improved outcomes of the model can positively apply on how managers practising corporate HRM/IR within the G&T industry in Bangladesh. The model for the research is based on the system approach because this is very effective way for this research in terms of conducting empirical analysis.

This operable systemic regulated by political, economical, law and religion of a country. The model encompasses the complex and close inter-relationship between the international managers and other industrial relations actors. The model embodies the inter-relationship between the variables inherent within commercial environments where managers play a substantial role.

2 Large sized companies employ over 3,000 employees.

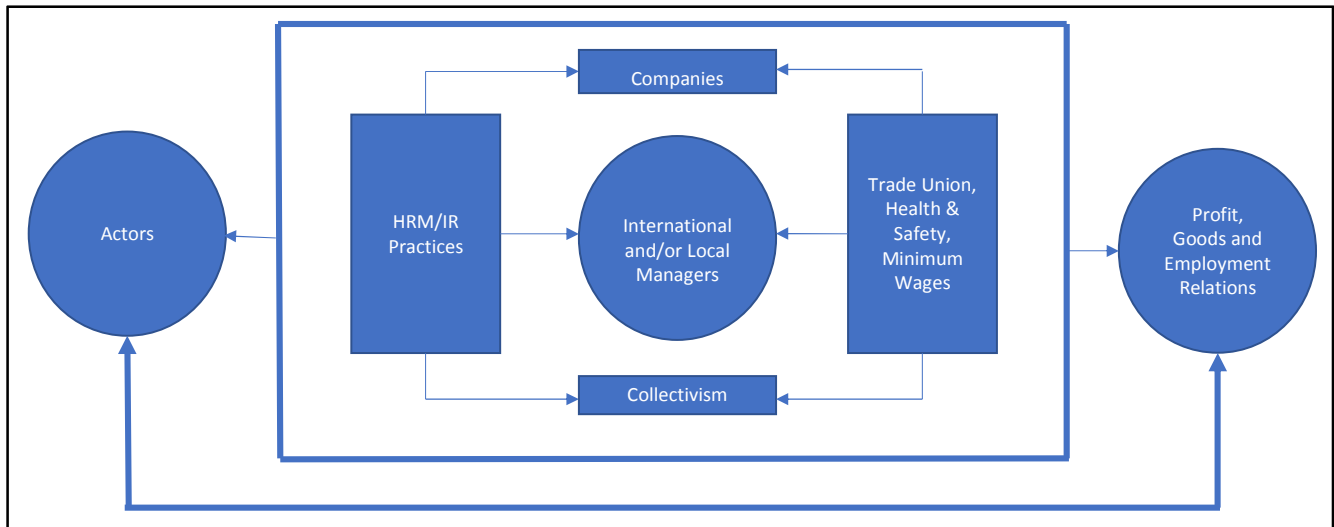
3 Medium sized companies employ between 1,000 and 3,000 employees

4 Small sized companies employ less than 1,000 employees.

5 Owned by Bangladeshi national

6 MNCs is defined as a foreign investment





Sources: Authors' Original Model, (2022)

**Figure 3.** Conceptual Model for HRM/IR Development.

## 5. Research Context: The Bangladesh Garment and Textile Industry

The garment and textile industry in Bangladesh is the backbone of the country's economy, which has played a significant role in shifting the economy upwards. According to 2018 – 19 data, total export earnings of this industry reached around US\$ 42.61 billion (approximately 81.82 per cent of total exports of the country). This is a contribution of 13 per cent of Gross Domestic Product (GDP). After China, Bangladesh is the second largest garment & textile producing country in the world with 6.8 per cent of global market share [31]. The industry consists of 4,621 factories employing approximately 3.6 million workers and it is estimated that 53 per cent of employees are women [10]. These workers aged between 15 – 30 years and have poor educational qualifications and job skills [22]. These female workers have largely migrated from rural areas to industrial conurbations such as Dhaka, Gazipur, Savar, Narayangonj and Chittagong. The provision of job opportunities within the industry has given women the opportunity to be financially independent.

## 6. Methodology for this Study

The study has adopted a triangulation technique (structured and open-ended interviews) to validate the data collected. The study has included 17 companies for sample of which 12 MNCs (2 Western and 10 non-Western) and 5 local companies. These companies are based on major industrial areas that include Gazipur, Narayangonj, Savar EPZ and Commilla EPZ, which are close to the capital city of Bangladesh in Dhaka. The size of companies involved were 7 large, 5 medium and 5 small sized. The sample companies were selected systematically on the basis of the nationality of company owners, number of international managers, number of employees and duration of the operation in Bangladesh. The sample companies have been actively involved, for more than 5 years, in the industry and so they tend to maintain stronger HRM practices compared to newly built companies.

29 key respondents were interviewed of which 11 at the national and sectoral level as outlined in Table 1. At the national level, 1 government official, 1 accord official and 2 ILO officials were interviewed. At the sectoral level, 3 trade unions official, 2 employer's association officials and 1 employer were interviewed.

**Table 1.** Overview of Interview Participants (Industrial Relations Actors).

Level of Employees	Job Function	Company Focus
National Level	Deputy Secretary	Ministry of Labour and Employment
	Head of Public Affairs and Stakeholders Engagement	Accord
	Country Director	ILO
	Senior Communication Officer	ILO
	Organiser	Bangladesh Garments and Industrial Sromik Federation
Sectoral Level	President	Bangladesh Garments and Industrial Sromik Federation
	Executive Director	Bangladesh Centre for Workers Solidarity
	Senior Vice President	BGMEA
	1 <sup>st</sup> Vice President	BKMEA
	Managing Director	Woven and sweater manufacturing
	Chairman	Woven garments

Level of Employees	Job Function	Company Focus
Company Level	Director (Commercial)	Sweater manufacturing
	Director (Technical)	Sweater manufacturing
	Director (HR & Compliance)	Woven garments

Sources: Author's compilation, (2022)

Note: Data inferred from interview with industrial relations actors

Finally, At the company level, 20 international managers from different countries were interviewed (see Table 2). The interview question contained 12 questions and was divided into two parts. The first part contained 4 questions that included participant's background information. The second part contained 8 main questions. The particular focus of these questions was on major HRM/IR related issues. The questions were sent directly to the participant via the email prior to interview.

*Table 2. Overview of Interview Participants (international managers).*

Country of Origin	Job Function	Company Focus
France	Financial controller	Interlining manufacturing
South Korea	General manager	Packaging
South Korea	Executive director	Packaging
Sri Lanka	Executive director	Woven garments
India	Chief executive officer	Finished RMG products
India	Operation director	Knit & woven
Sri Lanka	Country manager	Finished RMG products
Turkey	Country manager	Finished RMG products
India	National head	Garment accessories
Sri Lanka	Chief Financial Officer	Woven bottoms
Sri Lanka	Head of HR & Compliance	Woven bottoms
Sri Lanka	Management Accountant	Woven bottoms
Sri Lanka	Production Manager	Woven bottoms
India	Manager Operation & Washing	Woven bottoms
India	General Manager	Woven bottoms
British	Managing Director	Woven tops and bottoms
Japan	Managing Director	Garment accessories
Italy	Managing Director	Knitting and other knitting products
Hong Kong	Group General Manager	Textile dyeing

Sources: Author's compilation, (2022)

Note: Data inferred from interview with international managers

Given the widespread locations, the interviews were conducted face-to-face. The majority of interviews were conducted in the respondent's workplace. Conducting interviews in the respondent's workplaces was seen as the most appropriate; as it suited their schedules and helped them feel more comfortable [6]. A small number of interviews were conducted in the respondent's residence or in a restaurant. The questions were asked in a particular order and answered step by step. The interviews were audio-recorded on-site and written notes were taken with prior consent from the respondent. Each interview lasted between 15 minutes and 45 minutes. Not all interviews were conducted in English. A few respondents such as trade union officials and government officials choose to communicate in 'Bangla'. After the interviewer returned from the interview sites, all recorded conversations were immediately transcribed and translated whenever it was necessary.

For this research, the entire process of data coding was done manually. If there any confusion arose, the researcher went back to listening to some of those audio interviews records and checked the written notes. Various concepts from the interviews were coded and classified, allowing a number

of themes to emerge from the data. These themes include health & safety, trade unions and minimum wages.

## 7. Research Results

From the structured and open-ended interviews, 84 percent of respondents have stated that in the G&T industry in Bangladesh a dramatic change within HRM/IR practices came about after the Rana Plaza building collapse. These changes mainly focus on health & safety, minimum wages, trade union registrations, and labour law. The development of health & safety perceived both EPZ and non-EPZ factories. This research reveals that almost all small sized local factories do not comply with international standards on health & safety but no action has been taken by the government or international organisations such as Accord and Alliance. This is because that these factories are not a member of an employers' association such as BGMEA. These factories mostly do sub-contracting and their profit margins are very limited. An interview with a trade union official (Organiser) stated:

"After the Rana Plaza, more changed. Accord and Alliance



put pressure to the company so safety has changed. Electrical, employees fire training, fire door has improved but small sized local companies are in danger.”

She also added:

“The EPZ factories mainly constructed better than non-EPZ factories. The EPZ factories 90 per cent up-to-date and these factories do not have any health & safety issue.”

Nevertheless, 50 percent of G&T companies in Bangladesh are small-sized and have a strong influence on the Bangladeshi economy [21]. This research also reveals that there is no health & safety issue within the EPZ companies (mostly operating MNCs) where international managers have played a substantial role. Subsequently, this research found that a significant number of MNCs and large and medium sized local companies changed their HRM/IR strategies to improve the health & safety issues which come after the Rana Plaza disaster. This has been clearly demonstrated in the research conceptual model (see Figure 3). An interview held with an international manager (Head of HR and Compliance) stated:

“...we are giving three hours health & safety training to each employee in their working time. Previously, we have provided health & safety training only once a year but after the Rana Plaza disaster we are doing the same training every month for all employees...”

Another international manager (Chief Financial Officer) added:

“After the Rana Plaza disaster most of the international buyer called Accord and Alliance to investigate all companies and support them how to improve on health & safety issues. After the incident happen, most of the factories improved so much on their health & safety issues.”

Furthermore, another international manager (Management Accountant) concluded:

“Previously, some incidents happen this country and therefore we are much more concern on safety issue. Accord and Alliance regularly come and visit our factory and evaluate our safety system. We also much more concern our workers health as we have our internal medical centre where 1 doctor and 3 nurses are available. We provide medicine for our workers. We also contribute our central medical which is organised by BEPZA. We have a separate division called compliance division. They mainly focus on health & safety issues. These has done after the Rana Plaza disaster.”

Trade union representation at a company level might be expected to have a significant impact on major HRM/IR related issues within the G&T industry in Bangladesh. One possible reason for this is that unions can provide workers with a collective voice, independent of management, when bargaining for safety improvements [15, 16, 30]. Empirical findings of the relationship between workplace safety and union representation are typically inconclusive [14]. In fact, as Nichols (1997: 161) [28] points out, those industries with the highest densities of union membership also appear to have the highest injury rates. The findings of this research

suggest that only 2.25 percent of workers are estimated to be unionised in non-EPZ factories. In contrast, 30.77 percent of workers are unionised in MNCs, based on the structured and open-ended interviews with 20 international managers. This is because international managers are more positive towards trade union registrations. This research also reveals that union registration increased significantly after the Rana Plaza disaster but mostly inactive. A trade union official (President) who was interviewed commented:

“... this true that trade union registration has improved after the Rana Plaza disaster but majority are ‘yellow union’. These unions are elected by company owner and they work for company not for workers. In EPZ, there is no trade union but they have Workers Participation Committee or Workers Welfare Associations...”

Furthermore, a local manager (Deputy Manager - Marketing) that was interviewed asserted:

“Definitely, trade union activities increasing after the Rana Plaza disaster. In EPZ, union is mandatory otherwise they cannot run the business. Almost 100 per cent factories have the union or Workers Participation Committee.”

Subsequently, interview with an international manager (Deputy General Manager – Operation) he stated:

“After the Rana Plaza disaster, in many times because a pressure from our customer we have tried to form a trade union but none of the worker interested to join this because they are very happy. However, we have a Workers Participation Committee.”

There has been an ongoing protest by workers over low wages in the industry, where despite six wage revisions since 1983. According to findings from this research, the current minimum wage of the industry is 8,000 takas (\$95) per month which is lowest compare with other garments producing countries but the company owners claim that the wage increase is too high. This minimum wage structured is for non-EPZ factories. In contrast, the EPZ factories have a different pay scale which is slightly higher than their counterpart non-EPZ factories [22]. An international manager (Location Head) based in EPZ has stated:

“Minimum wages in Bangladesh is very comparable with Sri Lanka. In our factory, the average wage for workers 18,642 takas (\$220) per month. The workers also get production incentive, overtime attendance, transport allowance, meal allowance, leave cash entitlement and two festival bonuses. Recently, government introduces service benefits and provident fund. This may be lesser than compare to other countries. Actually, Bangladesh follow the low-cost leadership strategy.”

This research reveals that minimum wages in non-EPZ factories vary from company to company. The large and medium sized local companies tend to follow the government regulations and pay minimum wages. They also pay holiday, maternity, festival bonus, service benefits, provident fund etc. These companies obtain work orders from international buyers and their profit margins are higher than their counterpart small sized local companies. The small sized local companies do subcontract and their profit margins are

very limited. Subcontracting is a key strategy that enables suppliers to maintain the low cost of production process, keep wages low, make workers work longer hours, and avoid regulatory scrutiny in factories that have dangerous working conditions [3]. The small sized local companies are not a member of any employers' associations such as BGMEA and BKMEA but they work for international buyers. It was observed by the researcher of this study that international buyers turn a blind eye to what is an essentially illegal practices within the small sized companies. Nonetheless, the minimum wages within the G&T industry in Bangladesh are less than many other developing countries but higher than Myanmar and Sri Lanka. The majority (91.17 percent) of respondents of this research have stated that the development of minimum wage within the industry is good but it is time to think about living wages. A trade union official (President) who was interviewed commented:

It was a development after the Rana Plaza disaster but no improvement of living wages. Employees get 8,000 takas (\$95) in companies who get order from the direct buyer. Small or few lines companies can't provide the minimum wage. But EPZ companies paying properly.

Based on interviews with two ILO officials, this research illustrated that some international buyers namely H&M promised to pay living wages to their workers in Bangladesh but signs of progress are very limited. These initiatives were supported by an advisory board which included IndustriALL as well as the ILO and the Workers' Rights Consortiums. On the back of H&M's announcement it identified as a corporate leader in the field of living wages rather than a laggard [7].

The amended labour law is an important piece of labour legislation in Bangladesh that came immediately after the Rana Plaza disaster. This was a welcome step and appreciated by the ILO, European Union, United States of America, international buyers, and so forth. However, implementation of the regulations did not happen until September 2015, and they left unaddressed some issues that EU officials had raised. A similar development can be observed by a piece of legislation called the EPZ Labour Law 2016. This legislation continues to prohibit trade unions but does permit alternative bodies called Workers' Welfare Association. This empirical study found that these two pieces of labour legislation contribute to industrial relations development within the G&T industry in Bangladesh.

## 8. Discussion

The purpose of this work is to identify and explore developments within G&T industry in Bangladesh. In this respect, the conceptual model (see Figure 3) offered here integrates a range of relevant factors. The aspiration is that this model is an effective tool, which facilitates an understanding of the HRM/IR development in the G&T industry in Bangladesh.

There has been a longstanding perception and suspicion that management in the G&T industry in Bangladesh has

employed poor or prejudicial HRM/IR practices. HRM/IR practices in terms of sophisticated models in the G&T industry in Bangladesh mainly focus on large and medium sized MNCs [21]. In recent years, a substantial number of large and medium sized local companies also developed HRM/IR policies and established separate HRM/IR departments that are influenced by the Bangladeshi cultural traditions. The small sized companies do not have any HRM/IR activities but they do have separate administration department where company owners or higher management tend to use as a vehicle for control. Overall, the companies are moving away from a traditional Bangladeshi approach to more developed HRM/IR view, as every company tends to follow MNCs and prestigious local companies to develop their HRM/IR policies. Many empirical studies have focused on HRM/IR related issues and their application in Bangladesh. Unfortunately, there is very limited literature and empirical studies available in the area of HRM/IR development in the G & T industry in Bangladesh.

## 9. Conclusion

In this final section, this research will discuss the contribution to knowledge of the research on the basis of theory, practice and empirical findings, which are applicable to the broader framework of the G&T industry in Bangladesh.

Within a cultural context, Bangladesh is probably the most traditional and collective culture (based on Hofstede's, Trompenaars findings) but the findings of this research suggest that Bangladesh is not a highly collectivist culture and Bangladeshi culture possesses both collectivist and individualistic tendencies. In general, Bangladesh is not as highly a collectivist culture as India. This is the major contribution to knowledge from this research.

In terms of the findings of this research, the HRM/IR system of the G&T industry in Bangladesh has changed as a result of the Rana Plaza disaster and the industry has further adopted corporate HRM/IR practices. International and/or local managers operate these HRM/IR systems. Important features of these systems are: trade union, health & safety, minimum wages etc.

Shortly after the Rana Plaza disaster, later in 2013, the government of Bangladesh changed the labour legislation via The Bangladesh Labour (Amendment) Act, 2013. It is the most significant piece of labour legislation, which mainly provides the right to form trade unions in the G&T industry. The law influenced the relationship between labour and management, health & safety and other dimensions of the workplace. The law, however, provided fertile ground for combining well-entrenched industrial relations practice with strong HRM. It should be noted that the Western-style workplace safety regulations are unrealistic in developing countries such as Bangladesh, as the country has a very different economic, political and social structure.

The research available revealed that following the Rana Plaza building collapse; the government had temporarily

withdrawn its no-union policy and provided an opportunity for the workers to form new trade unions. The government was also under pressure from international organisations such as Accord, Alliance and ILO as well as Western MNCs to form new trade unions. Until early 2016, the trade unions had no legal status inside the EPZ area. On the 16<sup>th</sup> February 2016, the government of Bangladesh gave the approval to draft the Bangladesh EPZ Labour Law 2016, with provisions for forming workers welfare associations, will conduct their activities of trade unions responsibility. The new law ensures the right to join wage bargaining for workers where their representatives would be able to bargain directly with the employers on major HRM/IR related issues that includes agreeing wages, working hours, appointments, terminations etc. Nevertheless, while progress has been made on trade union issues, workers continue to face pressure and harassment by employers and management while they attempt to organise themselves.

Huge strides have been taken and achievements in the field of human experience in the workplace have been made and are of non-trivial proportions. However, a sober analysis of the sector reveals that the picture is mixed and somewhat less rosy than a cursory consideration may reveal. There remains much to be done and many challenges to overcome.

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