

Policy solutions to improve working conditions in export manufacturing

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Rana Plaza, April 2013

*Photo credit: Jaber Al
Nahanian for the New York
Times*

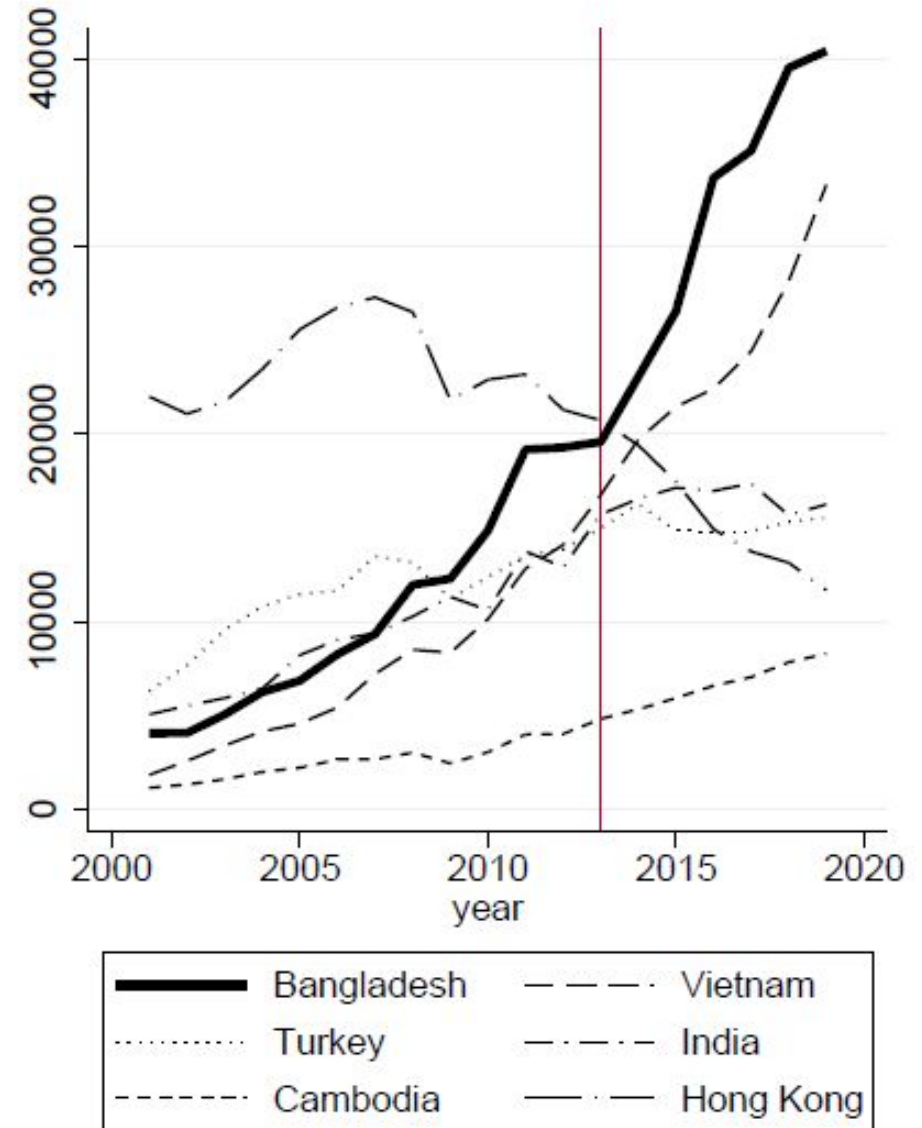
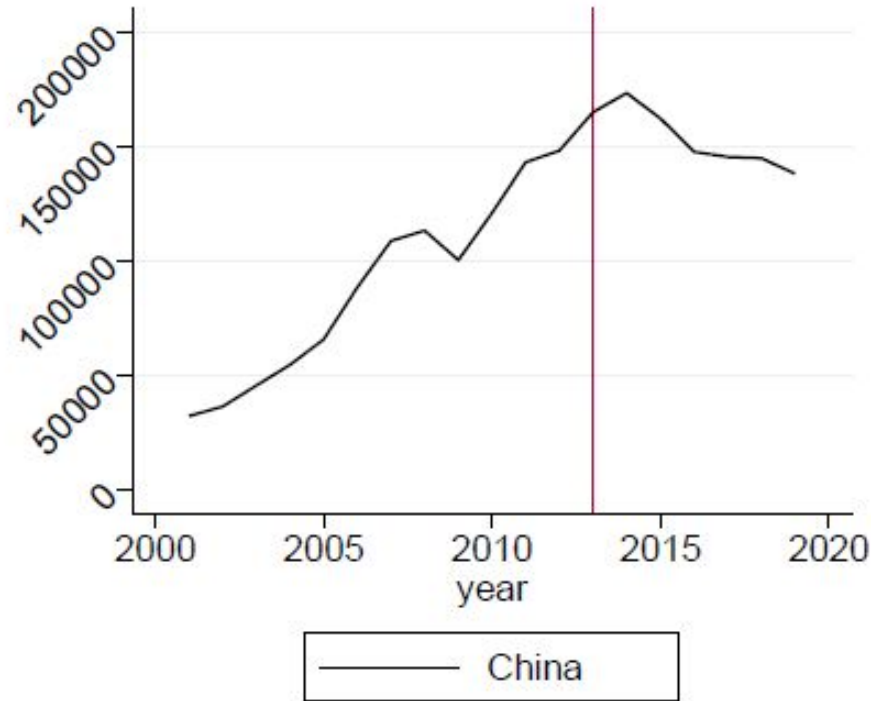


Case study: the garment industry in Bangladesh



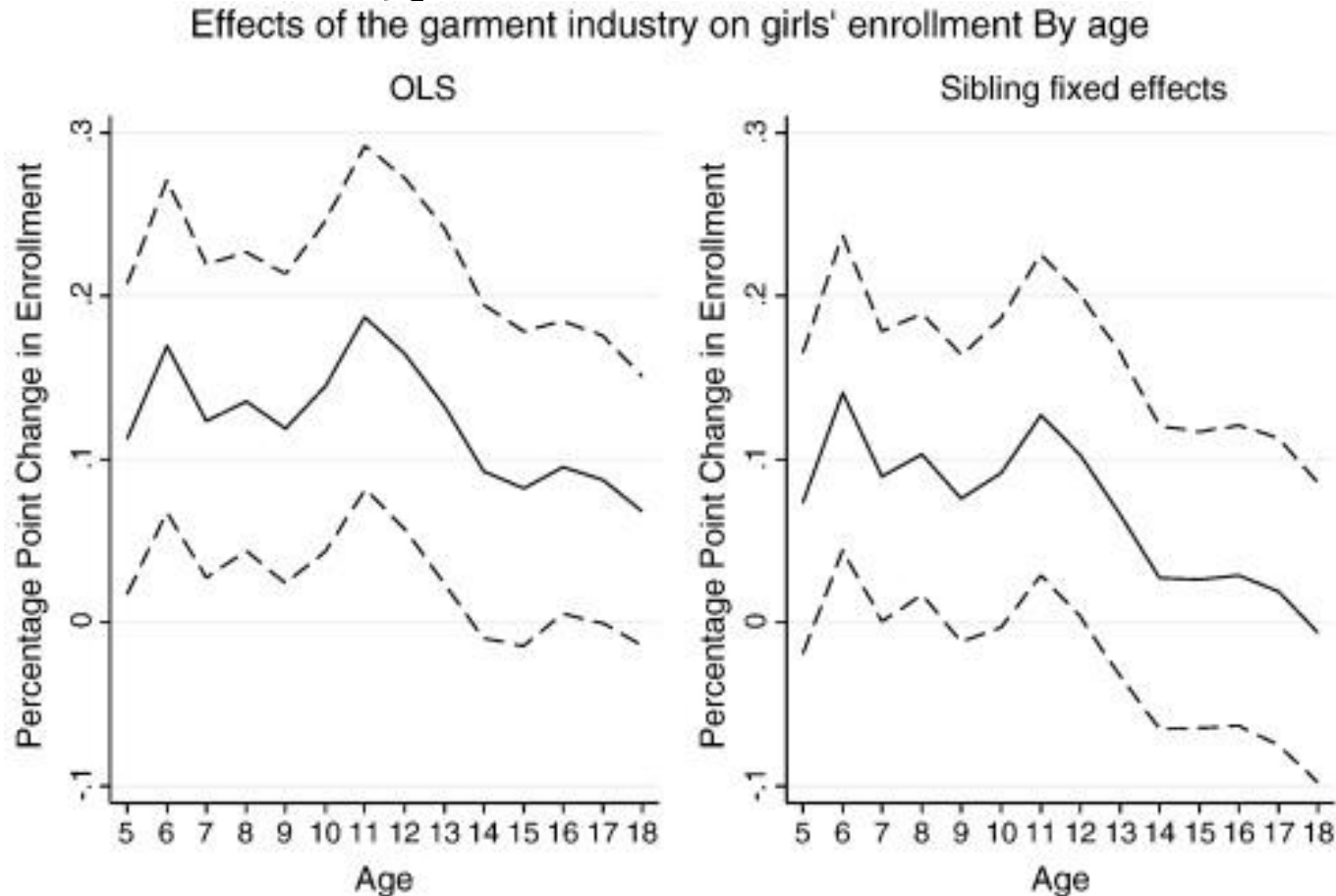
And
yet ...

Yearly apparel exports In millions of USD



Source: UN COMTRADE and ITC statistics.

Heath and Mobarak (2015): Garment industry increased girls' education; delayed marriage and childbearing



Note: Plots the marginal effect based on the regression results found in the second column of Table 7

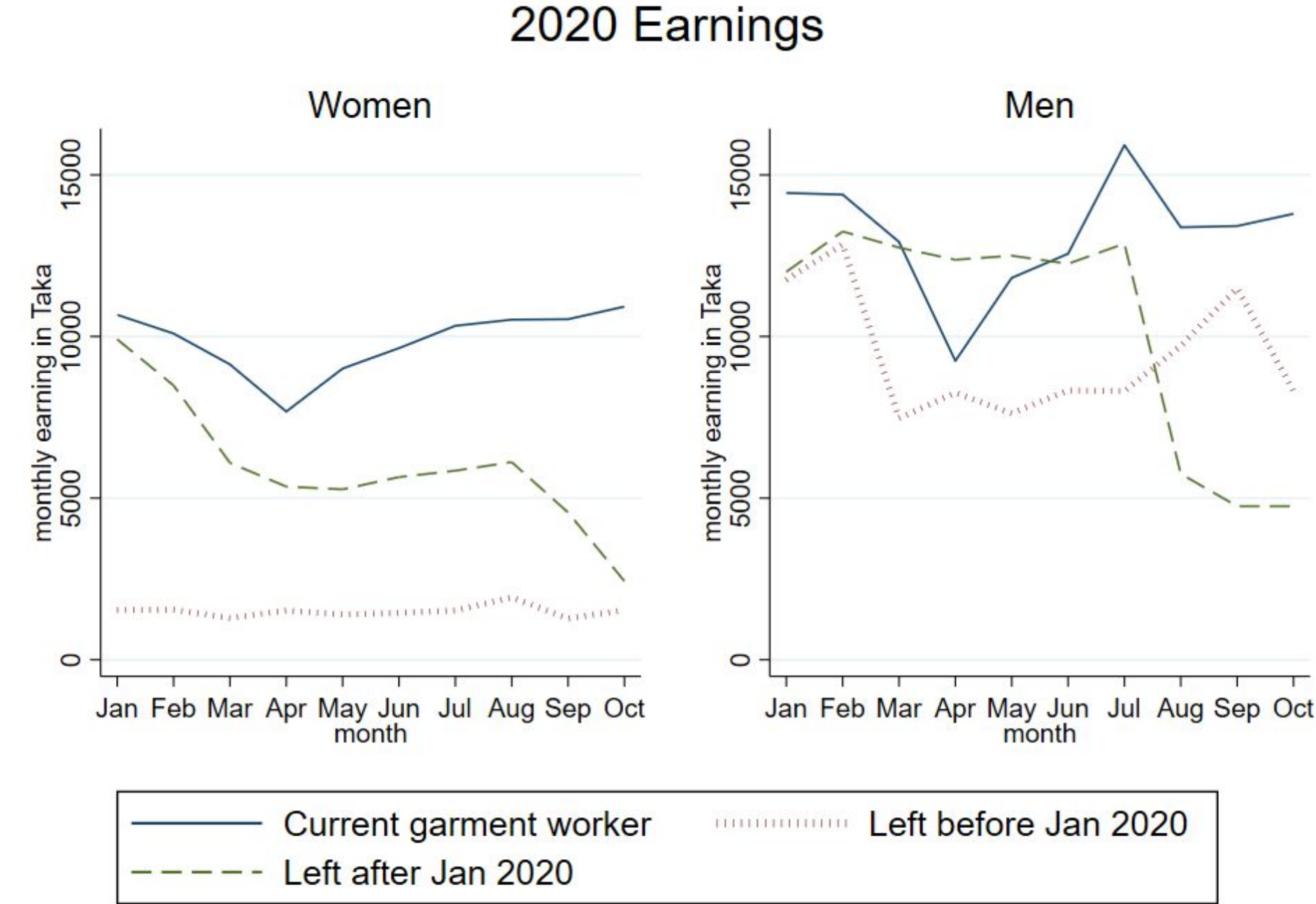
For instance, an 8-year-old girl is 13 percentage points more likely to be in school, after women in her village have begun working in the garment industry, relative to a comparable girl in a non-garment proximate village.

Back-of-the-envelope calculation: garment sector caused 2.8 percentage points of the national increase in girls' enrollment

And
garment
work
provides
valuable
income.

Of a sample of
garment workers
active in 2017
resurveyed in
November 2020..

(Source: Boudreau, Heath
and Rahman, ongoing)



Only those who have worked after leaving the garment sector included.

How can policy make working conditions better?

The Rana Plaza reforms raised both wages and working conditions

Dependent Variable	Log(wage)	Working Conditions	Hours last week	1(Contract)
Garm × Post × TreatedD	0.100** (0.0494)	0.803*** (0.205)	-0.777 (1.047)	-0.002 (0.058)
Garment	-0.0294 (0.0510)	0.000 (0.090)	4.205*** (0.992)	0.544*** (0.0365)
TreatedD	0.142*** (0.0447)	0.104 (0.093)	4.295*** (1.157)	0.0938 (0.057)
TreatedD × Garment	-0.108** (0.0460)	-0.160 (0.153)	-0.691 (0.881)	-0.104** (0.046)
R ²	0.421	0.277	0.178	0.157
N	46638	46638	46638	42439

Notes: Working conditions index sums standardized measures of working conditions and then renormalized to have standard deviation = 1. All regressions include controls for time fixed effects interacted with Garment_{ijt} and TreatedDistrict_j (and each variable's interaction with gender); TreatedDistrict_j interacted with Garment_{ijt} and a triple interactions with gender; worker's age and level of schooling, interacted with year dummies and gender dummies, and a triple interaction with year and gender. Sampling weights included. Standard errors clustered at the PSU.

(Source: Bossavie, Cho, and Heath, 2023)

Empowering workers with information

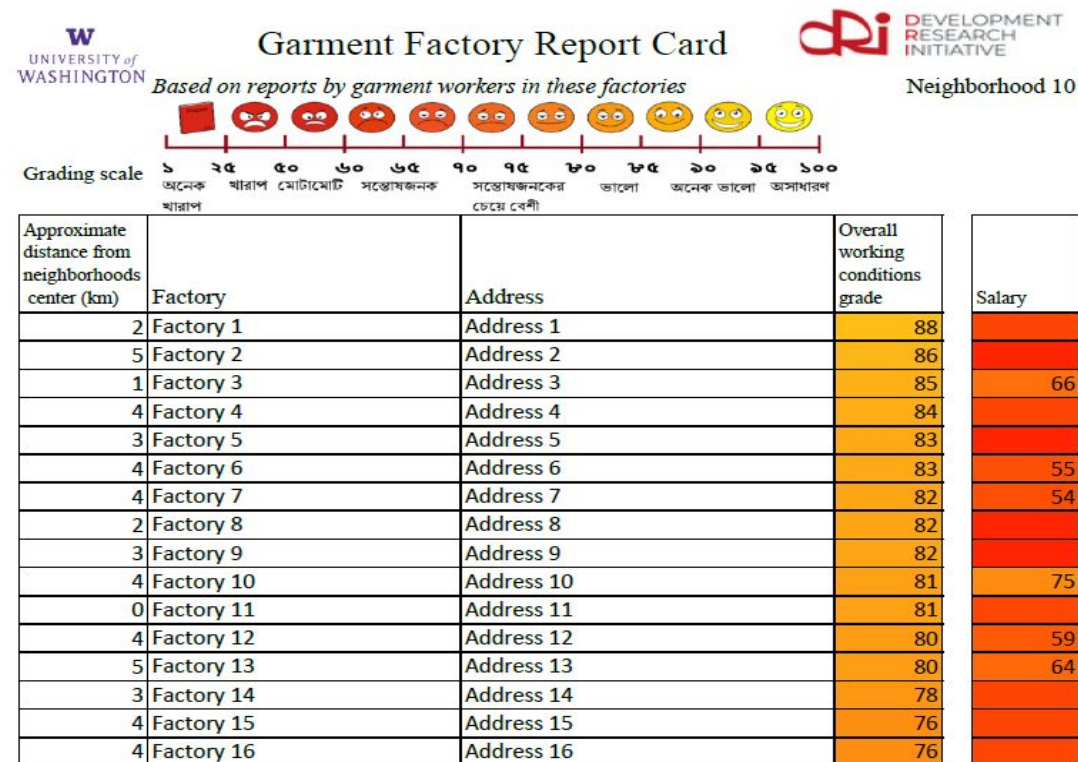
Boudreau, Heath, and McCormick (2024)

- Internal migrants in Bangladeshi garment factories are in factories with worse working conditions but higher wages
- But move towards better factories as they gain experience

An experiment assessing information provision

Ahmed, Boudreau, and Heath (ongoing)

Treatment 1: A “Report Card” for garment factories




























...

2	Factory 80	Address 80		64
1	Factory 81	Address 81		
1	Factory 82	Address 82		
4	Factory 83	Address 83		
2	Factory 84	Address 84		72
3	Factory 85	Address 85		59
4	Factory 86	Address 86		63

Notes: The highest grade possible for a factory we surveyed in Savar and Gazipur is 100 and the lowest is 0. Yellow colors represent higher grades and red colors represent lower grades; orange grades are in the middle. We surveyed workers in Savar and Gazipur in July and August and combined their responses to make overall grades for working conditions and wages for the factory. We surveyed at least 5 workers for each factory shown here. We include factories within 5 kilometers of your neighborhood, but some factories may not be shown if we could not find sufficient workers, if they have opened since 2021, if they are very small, or if they are located in the Export Processing Zone. Page 2 shows the questions we asked workers to calculate these scores. Page 3 shows grades for specific aspects of working conditions: physical safety and comfort, opportunities for advancement, treatment by management, employment practices, and maternity/childcare.

Specific types of working conditions

This page (translated into Bangla) appeared as page 2 of the scorecard

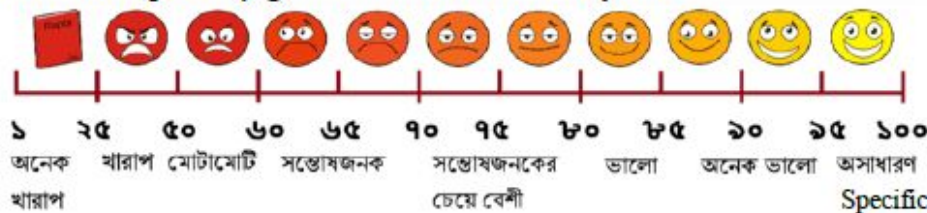
Specific types of working conditions				
 Employment Practices	 Days of paid sick leave (no difficulty accessing and payment always made)	 Workers get appointment letter upon beginning work	 Overtime is a choice, and always paid	 Workers are not fired without cause
	 Supervisors are polite and respectful, and avoid bad language	 Supervisors support workers who unintentionally make mistakes	 Operators encouraged to make suggestions to improve production	 Workers get other breaks in addition to lunch breaks
	 Lack of physical abuse	 Lack of sexual harassment	 Lack of verbal abuse, threats, or actions that make workers feel humiliated	
	 Opportunities for job training and skill development	 Opportunities for job promotions		
	 Physical comfort and safety	 Handwashing facilities and soap available	 Adequate lighting	 Adequate ventilation
 Maternity and childcare	 Medical care available	 Lack of injuries	 Toilets clean and in good working order	
	 Days of paid maternity leave	 Daycare facility	 Amount of Baby bonus	

Scores for specific types of working conditions

This page (translated into Bangla) appeared as page 3 of the scorecard

Garment Factory Report Card

Based on reports by garment workers in these factories



Factory name

Factory 1
Factory 2
Factory 3
Factory 4
Factory 5
Factory 6
Factory 7
Factory 8
Factory 9
Factory 10
Factory 11
Factory 12
Factory 13
Factory 14
Factory 15
Factory 16

Employment practices	Opportunities for advancement	Treatment by management	Physical safety and comfort	Maternity and childcare
76	97	73	93	82
82	100		87	64
71	95	83	91	71
77	81	85	88	67
74	83	82	94	68
73	82	89	94	59
67	87	87	92	75
72	88	79	89	69
68	75	80	91	100
78	80	77	93	58
76	89	77		58
72	80	78	88	73
75	87	80	89	
68	81	79	90	64
75	76	78		
75		75		59

Detailed listings include salary, job requirements, bonus eligibility

মাস: জুন, ২০২৩

ফ্যাক্টরি ম্যানেজমেন্ট কর্তৃক প্রকাশিত নিয়োগ বিজ্ঞপ্তি

[illegible]

Summing up: how to improve working conditions?

Roles for both...

- “Top down”: role of international buyers
- “Bottom up”: provide workers information

And a plug for a “hybrid” approach! E.g. Unions (Corradini et al., 2023), worker safety committees (Boudreau, 2023), others...