

# Dynamics of Managing Working Environment – A Case Study on a MSME-based Garments Cluster in Bangladesh

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## Abstract

*In the journey of development, Bangladesh came across various multifaceted challenges. Different development wings like MSMEs are struggling either to survive or to grow to a great extent. Ensuring sustainable growth requires a safe and healthy working environment. In this light, this case study considered Munshiganj garments cluster as a ground of investigation where approximately 5000 business units are engaged, most of them belong to the group of MSME. By field research, this study identifies some of the crucial working environment elements status such as absence of a formal employment contract, accommodation problem, long working hour, man-machine uneven ratio, sanitation problem, labor relation aspects and child labor. The study indicated that picture of some large garment manufacturers should not only be counted for understanding the working environment of MSMEs. This paper also suggests potential implications to manage working environment for the target cluster.*

**Keywords:** MSME, Working Condition, Garments, Cluster, Working Hour, Child labor, Labor-Machine Ratio

## 1.0 Background

The growth and development of Micro, Small and Medium Enterprises (MSMEs) are considered as one of the leading instruments for developing a country's economic and socio-political environment around the globe these days. The share of MSMEs represent over 90% of

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enterprises in most countries (World Bank, 2019). Thus, this sector becomes the target of systematic and beset intervention by the governments and international aid organizations. Especially in a country like Bangladesh where MSMEs account for most of the establishments of the industries. But the irony is that these MSMEs are struggling despite having a significant investment of money, time and energy of the stakeholders. Moreover, there are lots of government initiatives taken to propel the wheel of the MSMEs in Bangladesh to make them a successful wing. The underlying reasons for failure are identified as poor infrastructure, density of population, lack of business knowledge, lack of skilled workforce, poor working condition, etc. (Mamin, Dey and Das, 2019; Slagmulder and Devoldere, 2018; Siddiqui, et al, 2004). Looking at the priority chart of these impediments, this study aims to find out the working conditions of the factories of MSMEs in Bangladesh.

Generally speaking, working conditions are the nucleus of employment relationships and paid work. It covers a wide spectrum of issues and topics ranging from working hours (work hours, rest periods, and schedules of work) to remuneration, in conjunction with physical conditions and psychological demands that prevail in the workplace (ILO, 2020). Additionally, it denotes the environment, terms, and demands of a job that influence the satisfaction of employees. Offering attractive working conditions as a means to attract and retain talent and often organizations may compete to offer it (Spacey, 2018). Working condition become a critical issue threatening the MSMEs in Bangladesh. In fact, working condition is the pivotal of many issues and problems. It has a variety of implications in the business cycle, growth, and personal life. In this business era, the desire for better working conditions and security become a central concern of political thought and action (Beemcken and Schetter, 2016). A good life is the precondition to be secured in the working life where the security must be free of any threats to certain objects (Fisher and Green, 2004). To define the decent work, the Directorate General of the International Labor Conference presented by the four pillars: employment, social security, labor rights and social dialogue (Hussain, Endut and Sultana, 2018). In identifying the areas of working condition, many researches have been conducted and found a positive correlation with the firm size and the good working condition (Jahangiri et al, 2019). In addition to this study area it is also found that a good and congenial working condition is rarely found in MSMEs (Binti, et al, 2017). In Bangladesh, one of the important threshold of MSMEs are the garments sector which can be an example of poor working

condition (Hasan, et al, 2018). Thus this become an immense important study area to find out the present working condition of the factories in MSMEs, especially in garments. Therefore, this study opted for finding the present working condition of a garments cluster in Munshiganj, Bangladesh.

### 1.1 Literature Review:

MSMEs are playing a major role in achieving national objectives in terms of employment, reducing poverty and balance growth. Especially in the rural areas of a country where it generates such cycle of growth. But besides the direct impact of MSMEs in rural areas, it also helps to minimize the migration from rural to urban areas (Ojiagu and Nzewi, 2019). Therefore, MSMEs are passively helping urban areas by not getting overpopulated and also helping the life standard by providing values of the urban inhabitant. Moreover, SMEs are quasi spouse for urban employment and providers of inexpensive consumer goods with little or no import content, serving an important pressure releasing and welfare-augmenting function (Ekpeyong and Nyong, 1992). So, the development of such sector is essential to improve the economy vis-à-vis the citizens in both urban and rural area of any country.

**Table 1**  
**Definition of MSME**

SL	Type of Industry		The amount of investment (Replacement cost and fixed assets, excluding land and factory building)	Number of employed workers
1	Micro Industry	Manufacturing	TK 1 million to 7.5 million	16 to 30
		Service	< BDT 1 million	15
2	Small Industry	Manufacturing	TK 7.5 million to 150 million	31 to 120
		Service	TK 1 million to 20 million	16 to 50
3	Medium Industry	Manufacturing	TK 150 million to 500 million	121 to 300 (for RMG <1000)
		Service	TK 20 million to 300 million	51 to 120

(Ministry of Industries, 2016)

Though there are few employees working in MSMEs which should be the driving factor to keep and maintain the standard working condition, but still there is a serious devastating deviations of working condition found at workplaces all over the world. In a separate study in Iran, it has been identified that though the prevalence of eye, skin, ear and respiratory symptoms are significantly higher in medium enterprises compared to

small enterprises, the frequency rate of accidents in small enterprises are significantly higher than in medium enterprises (Jahangiri et al, 2019). Regarding the risk attitudes which is one of the pre-conditions for the entrepreneurial standard working condition mind-set are found negatively correlated in another study. It has been found that the SMEs largely seek and embrace risk and that they are poorly ranked in terms of risk management adoption (Chimwai, and Munyanyi, 2019). In a Malaysian study, it indicated that 70% of Malaysian SME workers were seeing more stress-related illness and if not properly handled it will bring a negative influence on the humanity in the future (Binti, et al, 2017).

In Bangladesh, a study was conducted on 991 garments workers in 2018 to find out the working conditions and found that the migrants are in firms with higher wages but worse working conditions, but as their career progress, they have higher mobility than locals as they move towards firms with better conditions (Boudreau, Heath, and McCormick, 2018). In another specific study which was conducted in Sylhet, Bangladesh and found that the perceived precarity is the most critical construct for worker's life satisfaction (Hussain, et al, 2018). Moreover, in another study it was highlighted that most of the garments organizations are not capable to administer a proper working environment, or ensure health and safety of the workers, they only highlight the limited issues of the labor acts (Hasan, et al, 2018). The minimum set of working conditions that employers must provide has been defined by laws in many jurisdictions. Bangladesh has espoused a revised Bangladesh Labour Law (BLL) in 2006 intending to align its labour market with International Labour Organization (ILO). The BLL can be considered as a combination of 25 different acts (Sharma, 2015). The revised law has fetched significantly many changes in areas like hygiene, safety, and labour welfare that met the basic working conditions (BLL, 2006). A safe workplace is a prerequisite to work in any organizational setting. No one wants to have a serious illness or injures while working in the organizational milieu. The European Pillar of Social Rights announced on 17th November 2017 devoted its 2nd chapter to fair working conditions. Its 10th principle upholds the right to a 'healthy, safe, and well-adapted work environment and personal data protection in the employment context' (Aleksynska et.al, 2019). The Sustainable Development Goals (SDG) incorporate Goal 8 on advocating 'sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all'. In more specifically, Target 8.8 spotlights the need to 'protect labour rights and promote safe and secure working conditions for all workers' (Aleksynska et.al, 2019). Even the notion of safety goes beyond physical conditions, however. It is

an endeavour to make bullying, intimation, and harassment-free work environment. To provide a harassment-free work environment is a positive duty and general obligation concerning maintain a healthy and safe work environment (Macdermott, 1995).

There is a relationship that exists between different components of compensation, work motivation, and job satisfaction of employees and the total components of compensation comprises fixed pay, flexible pay, and benefits (Igalens and Roussel, 1999). Gainsharing, goal-based pay, bonuses, and profit-sharing are numerous progressive components of the compensation package that accelerates a favourable work condition for employees (Sire and David, 1993).

The dominant available measurements of working conditions focus on working hours, remuneration, and contractual arrangements. On the contrary, working conditions survey covers a broad range of issues within the workplace. The 6th European Working Conditions Survey features the individual data that are executed in the econometric analysis. Eurofound depicts a comprehensive description of the survey design. The survey lays down a thorough illustration of Europe at work over time within various countries, professions, gender, and age cohort which gives a snapshot of the working conditions in European countries. There were about 43,000 workers selected with 15 or more years of age. The random selections were interviewed face-to-face. The questionnaire of the European Working Conditions Survey contains some issues concerned with working time duration and organization, employment status, work organization, physical and psychological risk factors, health and safety, learning and training, and worker participation. (Thirion et.al. 2017 & Nappo, 2019). Additionally, it comprehends job quality which covers physical environment, social environment, work intensity, and working time quality. Apart from these, it embodies the quality of working life as evaluated by employees, for instance, work-life balance, earnings and financial security, the sustainability of work, and health and well-being (Eurofound, 2014) and (Eurofound, 2016).

In addition to the foregoing, the research identifies seven key workplace conditions that facilitate employee commitment: the characteristics of job design, autonomy, feedback, collaboration, resources, and learning opportunities (Firestone and Pennell, 1993). In some cases, autonomy is given to the expert employees. It can be defined as the extent to which the jobs provide the employees with considerable independence, substantial freedom, and the power to plan their jobs and bring off the duties and responsibilities (Hackman & Oldham, 1980). Autonomy can

be perceived as the most important dimension of work design. In this context, researches tend to spotlight two components: job characteristics and features of an organization (Glisson & Durick, 1988). The job characteristic model typically concentrates on task identity, task significance, skill variety, autonomy, and feedback.

Furthermore, the changing trends and the nature of the recent workplace demands to accelerate personal responsibility and increasingly used self-management practice. Thus, it promotes personal control to give ample opportunity for employees with significant freedom. While organizations provide support for self-management practices, however, external organizational control remains as a crucial feature of the organizational workplace setting. In this manner, both internal and external control both are significant for a meaningful working condition (Dose and Kliomoski, 1995).

Based on these facts of literature, this study thus sets the objective to find out the working condition of garments factories of MSMEs in Bangladesh.

## 1.2 Methodology

This study collected data through primary and secondary sources. Multiple methods (FGD, & KIIs) have been applied to cross-validate the data.

## 1.3 Areas of the Study

SME Foundation has already conducted SME cluster mapping and identified 177 clusters scattered across Bangladesh. Among them, garments cluster at Panchesar, Mirkadim, Rampal, Mahikhali & Bozrojoginij in Munshiganj are selected for the study. A detail of the areas of the study is given below:

**Table 2**  
**Areas of Study**

Division	District	Location	No. of enterprises	No. of workers
Dhaka	Munshiganj	Panchesar, Mirkadim, Rampal, Mahikhali & Bozrojoginij	5,000	50,000 (All are male)

## 1.4 Instruments

FGDs and KIIs are used for collecting data. All data are validated accordingly.

### 1.5 Focus Group Discussions (FGD)

This study collected data from a FGD. The FGD was scheduled and conducted in October 16, 2018 in Munshiganj. About two hours FGD were conducted with a semi structured questionnaire with 22 participants from the stakeholders of the Munshiganj Garments cluster. Among them 11 participants were owners, 6 labours, and 5 local shopkeepers.

### 1.6 Key Informant Interviews (KIIs)

KIIs are also conducted for primary data collection and validation purposes. In KIIs, a total of 13 several notable stakeholders of this cluster are interviewed, and their opinions are sought.

### 1.7 Data Analysis

For developing the case, various qualitative tools had been used such as quasi statistics, content analysis and semiotics.

## 2. Discussions

### 2.1 Case Overview of the Garments Cluster, Munshiganj

There are around 5,000 manufacturing firms which operate in these clusters and predominantly they are producing children's wears. Each of the firms has 8 to 12 employees with a cutting master. Generally, the cutting masters are the owners of the firms. In those clusters there are around 50,000 male employees working on part-time and contractual basis. A basic summary of this cluster is shown in the table 3.

**Table 3**  
**Summary of the Garments Cluster, Munshiganj**

Sl	Particulars	Description
1	Number of Organizations	5,000*
2	Number of employees	50,000*
3	Types of employees	Master, helper
4	Nature of ownership	100% sole proprietorship
5	Use of Technology	Second hand machines were bought from local market which are made of Japan and China.
6	Credit facilities	Inadequate loan facility by Government Bank and they have to go for several documentations for taking loan from Private Banks. They have to pay high interest for taking loan from NGOs.
7	Raw materials	Fabric, yarn, China net, Soft net, Bangla net, bellflower, button, chain, lace, flower etc.
8	Business cycle	Festivals and Occasions (January-July)
9	Factory area	800 sq2/per unit**
10	Products	Children wears: skirt, lehenga, three-pieces, frock for girls (children), shirt for boys.
11	Annual Production	Tk 14,00,000/per unit**

\* SMEF cluster documents, \*\* Primary survey

## **2.2 Elements of working condition:**

This study identified that this garments cluster failed to maintain a minutest standard working conditions. One of the important cause for such working condition is the knowledge and capacity of the owners. Most of the owners are the cutting masters and they do not have HR knowledge or to some extent no knowledge about the safety, security, working hours, work days etc. They do not even have the interest to know these issues due to the underprivileged cultural values. Besides, there is no scope to maintain a good health and hygiene for the workers due to density of the labourers in the production areas. All the factories are following the same old customs and traditions and withholding all the basic working condition issues of the labourers. This study just investigates the present working condition of this cluster. The core findings of the study are given in the subsequent section.

## **2.3 Working hours:**

Surprisingly, all the labourers are employed as contractual basis but there is no formal employment contract made by the employer to labourers. Labourers are mostly the migrants from other districts in Bangladesh and employed for a specified period/season as per their oral contract. Moreover, the production house is used as their sleeping lodge because the factories are the owners' own house. Based on these notes, there is no definitive working hours found in this cluster. On average, labourers work 12 hours a day but also it depends on the work load and customer orders.

## **2.4 Work days and day off:**

As the labourers are the migrants and staying in the owner's house, they employed for 24/7. But there is no pressure to work on Fridays and the labourers also reluctant to work on Fridays. Unexpectedly, the labourers do not count the Fridays when it required to work for fulfilling the customer orders. So, literally there is no formal day off found in this cluster.

## **2.5 Food:**

There is no common facility for having food. Yet, the labourers make an informal arrangement for food but there is no formal initiative taken by the owner, which also lack the quality food and hygiene. Besides this informal arrangement, the labourer mostly depends on the local restaurants which are also very poor in the quality and hygiene.



## **2.6 Constricted working space:**

Most of the factories of this cluster are 500 sqf to 900 sqf. Within this small area the labourers operate 8 to 12 machines, store raw materials and finished products and keep an open space for cutting clothes. The remaining space becomes very insufficient and congested for workers to perform their task effectively.

## **2.7 Poor, insufficient and unhealthy sanitation facilities:**

The workers are suffering from poor sanitation facilities. One toilet is being used by 12-18 individuals per day including the owner's family. Moreover, the toilet is unhygienic, poorly designed, unplanned, and wrongly placed in the locality/house. These labourers are very used to this type of poor sanitation facilities at their home, so they have no complaint about this. But this needs to be properly addressed for the health and hygiene issue for the labourers and for the community.

## **2.8 Absence of the activity of labour union:**

There is no labour union in this garments cluster. They cannot express their claims or conditions to the owners. Therefore, a communication gap arises between the labourer and owners. The labour union can act as the representative of the labourers.

## **2.9 Child labourer:**

There are around 8 to 12 workers each of the factories and most of them are child labourer. The factories hire them as helper and train them through practical guidance by the masters. The factory owner employs the child labourer for one season as a full time worker. Even the child labourer in this cluster is performing more than an adult worker. On average they perform 12 hours a day in their working period. They stay at the workplace after completing their tasks. Around 6 to 7 child labourer are sleeping on the narrow space of working area.

# **3. Implications from the Case**

A cluster with 5000 firms should be the ideal target for intervention whilst the scope for intervention is further cherished due to the nature and characteristics of this cluster. This study just heightens a line in the research and intervention scope by unearthing the present working condition of this cluster. Based on these findings the overall rating of the working condition of garments cluster, Munshiganj is below to any standard. Though there are plenty opportunities for this cluster because

of the local demand but it entails a guided effort from all the stakeholders to foster the working condition at workplace and hence the growth of the ventures. First, the owners' need to change their standing towards the working condition at the workplace. But they need a formal training, an awareness program, a counselling from an industrial psychologist to break the freezing attitudes towards the custom and tradition about the working condition and labor law. Second, to stop many contagious diseases which spreads very easily from the poor sanitation facilities need to change. Third, though this cluster does not seem to have any accident pro facilities, but the labor-machine uneven ratio suggest to have an insurance facilities to the labourer to cover any future unexpected incidents. Fourth, this cluster should stop employing child labourer to maintain a legal and healthy atmosphere at the workplace. And finally, there should have been labour union who can address such labour related issues to the related authorities and will fight for bringing the legal rights and benefits to these underprivileged labourer of the garments cluster, Munshiganj.

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