



# THE CURRENT STATE OF WOMEN'S ECONOMIC EMPOWERMENT IN THE RMG SECTOR IN BANGLADESH

Overview Report  
Microfinance Opportunities  
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*Photo courtesy of a garment worker in Bangladesh*

## INTRODUCTION

The Garment Worker Diaries (GWD) initiative has collected data every week from a representative sample of women employed in the ready-made garment (RMG) sector in Bangladesh for over 3 years. The RMG sector employs about 4 million people of whom about 60% (or more) are women, meaning the sample represents at least 2.4 million women. The RMG sector accounts for about 80% of Bangladesh's export earnings. Bangladesh is the second largest apparel exporter after China (although Vietnam is catching up rapidly). Given the importance of women in the RMG sector in Bangladesh, Microfinance Opportunities (MFO) has compiled data from the GWD initiative into a series of reports that examine the current state of women in the RMG sector.

## WOMEN'S ECONOMIC CONTROL

Women's economic empowerment (WEE) plays out in different physical spaces. Two of the most important are the workplace and the home. The focus of this report is on the control women have over the time spent at their workplace and the control they have over the money they earn when they bring it home.

- Economic control at work:

Women have little control over their workplace schedules. In a separate GWD study with a subsample of women garment workers from specific brand-facing factories, a majority reported not having a choice about working overtime and almost everyone asked said verbal reprimands were common when they could not stay to work overtime.

- Women often work more hours than allowed by Bangladesh's labor laws—referred to as “excess” work hours. In the period from September to December 2021, 29% of workers worked excess hours in any given week. Early results from the first quarter of 2022 suggest that the share climbed to over 50%.
- Though they are supposed to earn a premium for working overtime, women earned less per hour in months when they worked longer hours.
- Women earn about 5 taka per hour less than men, taking into account differences in education and other qualifications of men and women.
- Economic control at home:
  - Despite earning a regular, monthly salary, women's spending options are constrained. Their largest purchases each week are for mundane food and household items.
  - Most women (78%) report that they are in charge of making the decision to spend on these large purchases.
  - The decision to make a transfer to someone either within the household or outside of it is often made by someone other than the worker themselves. This is true for both men and women and suggests that transfers are “pulled” from the person making the transfer, in response to a request by the recipient, rather than “pushed” by the worker.
  - Economic behavior is not the same across all women. They can be divided into three segments:
    - Women who hand over a large share of their salary, about half, to someone else in their household, most commonly their spouse: they make up 25% of the women in our sample.

- Women who give and receive transfers from other members of their households but in small amounts relative to their average monthly salary. They constitute 60% of women.
- Women who not only earn a salary but receive money from other members of the household. They are 15% of the women in our sample

## IMPACT OF DIGITAL FINANCIAL SERVICES ON ECONOMIC RESILIENCE AND SAVINGS

As a result of the Government of Bangladesh's lockdown in later March and early April 2020 and the general uncertainty created by the global pandemic, workers in the RMG sector reported very high levels of food insecurity in the second quarter of 2020. At the same time, the government promoted a wage support scheme through digital wage payments that increased the share of workers being paid digitally from about 28% in April 2020 to about 76% in June 2020. Since then the share has fallen back to just over 50%.

- In the 5 months between the end of the Government of Bangladesh's initiative to promote wage digitization in July 2020 and the end of the year, the data suggest that:
  - Women who were paid digitally before the pandemic were more economically resilient (as measured by food security) than those who were paid in cash throughout 2020;
  - Women who began to receive their wages digitally in May 2020 due to the government initiative were no more economically resilient than women paid in cash throughout 2020.
- In 2021 the economic resilience of all workers increased to the point that only about 3% reported food security in any given month, suggesting that the impact of digital wages on economic resilience was in how it affected women's ability to bounce back from a crisis.
- Workers paid digitally in 2020 and 2021 were more likely to save money than their counterparts paid in cash. This was solely due to the fact that they left some money in their digital accounts, after withdrawing what they needed for their regular expenses.

## LIVING WAGE, LIVING PLANET

In the **Living Wage, Living Planet** report we calculate the living wage of workers in Dhaka, the surrounding industrial areas, and Chittagong using detailed data from the Diaries with the Anker methodology as a guide. The keys findings in this report are:

- Based on these estimates, including the range of housing costs, we estimate the living wage range to be:
  - Dhaka: Tk. 17,870 to Tk. 22,394
  - Satellite areas: Tk. 19,536 to Tk. 23,191
  - Chittagong: Tk. 20,579 to Tk. 24,939
- Workers' standardized income, which reflects what they would have earned in a 48-hour workweek was between Tk. 8,840 and Tk. 10,157 for women and between Tk. 9,691 and Tk. 11,168 for men, depending on the area in the first quarter of 2022. Depending on the area and the living wage benchmark used, the wage gap at the start of 2022 was anywhere from Tk. 9,030 to Tk. 14,782 per month for women and Tk. 8,179 to Tk. 13,771 for men.

## THE FUTURE OF WORK

Despite the concern that multi-lateral organizations such as the IFC and the ILO express regarding the impact of automation on workers, there is very little data on what the workers themselves think about automation. The Future of Work report fills that gap and shows:

- Not many garment workers, but some (one in four) have personal or anecdotal experience with automation.
- Those who have had experience with automation are likely to say that the introduction of it made their work go faster and that it produces better quality products—in other words, their experience of automation is not of “disruptive” automation that changes how they work but the improvement of existing production tasks.
- Almost all workers were able to learn how to use their new machines (either immediately or after a while).
- Most workers felt their educations prepared them sufficiently to use the new machines.
- Most workers stated that it is their employer’s responsibility to train them to use new machines.

## WORKER ASPIRATIONS AND CONCERNS

This report focuses on workers’ aspirations and concerns. It is an effort to give workers voice in policy debates as to how to improve their lives. Some key messages that come out of this report are the following:

- Worker aspirations are constrained by the daily grind that we reported under Economic Control:
  - Despite working long hours and having little time off only a few workers report saving for long-term purposes, beyond unforeseen events or emergencies.
  - When asked if they find joy in their work, 71% of workers reported they do not.
  - 96% said they do not want their children to grow up to become garment workers. Instead, they want their children to get educated.
- Workers have clear educational aspirations for themselves and their children:
  - Cumulatively, about 90% of parents want both girls and boys to get an education all the way through to the Higher Secondary Certificate level
  - 65% of parents want their girls to attend university, while just under 90% want their boys to do so.
  - 17% of young women attend university in Bangladesh today and only 24% of young men do so, according to the World Economic Forum’s latest Global Gender Gap Report.
- Workers themselves also have educational aspirations:
  - 82% of garment workers had not completed their secondary education
  - Of those, 30% of them told us they would still like to do so (similar rates for women and men)
  - Among those respondents who already had completed higher secondary school, or who hadn’t yet but still had aspirations of doing so (374 workers in total), 67% told us they would like to attend university (70% of women compared to 59% of men)

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