



## **LABOR LAW PRACTICES IN EPZ AND NON-EPZ INDUSTRIES: A COMPARATIVE STUDY ON RMG SECTOR IN BANGLADESH**

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### **ABSTRACT**

Bangladesh is being considered as the hot spot in the readymade garments (RMG) market by many foreign purchasing officers. In the same line, RMG sector creates about 4.2 million employment opportunities in our country where most of them are women. This sector is now the biggest foreign currency earner of Bangladesh. Conversely, it is also true that this sector is experiencing disputes and violent protest by the workers in recent times especially after the Rana Plaza collapsed on 24 April 2013 loss of 1,136 lives and the fatal fire at Tazreen Fashions which caused 112 died, Ready Made Garment (RMG) sector had reached a crucial juncture. It is also manifested that noncompliance with the Bangladesh Labour Act, 2006 and job dissatisfaction of the workers is the key factor for the labour unrest. The RMG sector consists of EPZ and Non-EPZ areas. It is a matter of experiment that whether the working conditions of EPZ and Non EPZ is alike or not? The main objective of this research is to make a comparative study between EPZ and non-EPZ industries in terms of practicing labour law of complying with the labour law of the country.

It is also true that this sector of Bangladesh is experiencing disputes and violent protest by the workers in recent times. The RMG sector of our country consists of EPZ and Non-EPZ areas. The study design followed qualitative and quantitative (mixed model). The data were collected from both primary and secondary sources. Primary data were collected from 60 sample surveys, 4 KIIs and 2 case studies from both EPZ and Non EPZ RMG and secondary data were collected from books, journal articles and website sources.

This study is conducted to analyze the prospects, problems and solution of problems of Readymade Garments Industry in Bangladesh. The findings of this paper show that Bangladesh has a great opportunity to earn a great foreign currency through developing readymade garments industry. The study also suggests some measure for the removal of ongoing crisis of garment sectors. Basically, based on the collected data this study found that the satisfactory level of the EPZ worker little bit higher rather than the worker of the Non-EPZ industry. Sometimes worker of the EPZ is getting more facilities and sometimes the worker of the Non-EPZ is getting more facilities that's why the satisfactory level is different from each other.

### **1. Introduction**

The ready-made garment (RMG) sector in Bangladesh began its development as an export-oriented industry in 1951, marking the start of a significant transformation in the country's economy. Over the years, the RMG industry has become a major economic pillar, impacting not only the garment sector but also related industries such as financial services, communications,

and transportation. This sector has empowered approximately 1.2 million women, providing them with employment and economic independence, and has contributed to positioning Bangladesh as a modern and progressive society (Mazharul Islam Kiron, 2015). The socio-economic impact of the RMG sector in Bangladesh is immense, as it has become the largest source of foreign exchange earnings for the country, contributing over \$24.49 billion in exports in the last financial year (BGMEA, 2023). Furthermore, the sector plays a crucial role in the development of the country's economy and in promoting the global reputation of Bangladesh, with the "Made in Bangladesh" label becoming a symbol of quality in the international market.

According to Mazharul Islam Kiron (2015), the RMG sector is the largest contributor to Bangladesh's foreign currency earnings and employment generation. The sector creates approximately 4.2 million job opportunities, with more than 85% of the workforce being women. There are currently over 5,000 garment factories in the country, employing over 12 lakh workers, although the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) reports that the actual number of factories is closer to 4,000. Despite the differences in figures, the significance of the RMG sector cannot be overstated, as it accounts for about 81% of Bangladesh's total export earnings (BGMEA, 2023). This makes Bangladesh a dominant player in the global garment market, with the country surpassing other South Asian nations in terms of RMG industry capacity.

Historically, Bangladesh faced significant economic challenges following its independence in 1971. As one of the poorest countries in the world, Bangladesh lacked a strong industrial base. The country's industrial development was hindered by discriminatory policies during its time as East Pakistan. However, despite its limited resources, Bangladesh has managed to maintain an average GDP growth rate of 6% annually, largely due to the growth of the RMG industry, which has been instrumental in the country's recovery and economic development (Mazharul Islam Kiron, 2015). The resilience and growth of the RMG sector have been central to the country's socio-economic progress, contributing significantly to the development of human capital and social infrastructure.

The RMG industry's success also underscores the importance of Human Resource Management (HRM) in fostering competitive advantage and superior employee performance. As Becker and Huselid (1998) argue, in the age of the knowledge economy and rapidly changing business environments, effective HR practices are essential for motivating and retaining employees. Similarly, Guest (2007) emphasizes that organizations must pay careful attention to HRM practices to enhance employee commitment and performance. In the context of Bangladesh, where the RMG industry is predominantly labor-intensive, the need for effective HRM practices is particularly critical. These practices are essential not only to improve organizational performance but also to address growing concerns regarding labor rights among the country's garment workers.

Research by Mukul, Rahman, and Ansari (2019) highlights the gap in studies regarding organizational performance and employee attitudes in developing countries like Bangladesh. While there is a wealth of research in developed nations, few studies focus on the labor-intensive industries in Bangladesh, particularly the RMG sector. With approximately two million workers in the textile and apparel sector—90% of whom are women—the importance of implementing effective HR practices is paramount. In addition to addressing labor rights concerns, areas such as issuing identity cards, providing job contracts, ensuring regular payment of wages, limiting night shifts for female workers, and offering maternity leave require urgent attention (Mukul, Rahman, & Ansari, 2019).

The Ministry of Labor and Employment of Bangladesh envisions reducing unemployment and poverty through productive employment and human resource development, with a focus on maintaining good industrial relations between workers and employers (Ministry of Labor and Employment, n.d.). This vision is aligned with the country's broader goal of improving labor standards and ensuring the welfare of workers, especially in the RMG sector, where the workforce is both vast and vulnerable.

## **2. Objectives and Research Question:**

This study employs the frameworks of labor law and socio-economic analysis to examine the conditions and rights of workers in Export Processing Zone (EPZ) and Non-EPZ industries in Bangladesh, guided by the Bangladesh Labor Act-2006 and its subsequent amendment in 2013. While several studies have addressed the working conditions and socio-economic dynamics of garment workers in Bangladesh, there is a gap in analyzing the comparative status of EPZ and Non-EPZ industries through the lens of national labor laws and worker satisfaction.

The primary goal of the study is to evaluate the current state of labor rights, working conditions, and socio-economic well-being of workers in both sectors, as well as to provide actionable recommendations for improvement. To achieve this goal, the study is guided by several key research questions aimed at exploring the intricate dynamics of labor rights and worker well-being in Bangladesh's industrial sectors. It seeks to examine the working conditions and legal frameworks governing labor laws in both Export Processing Zone (EPZ) and Non-EPZ industries, shedding light on how these laws are applied and perceived in practice. The study also aims to assess the socio-economic status of workers in these sectors, identifying potential disparities and their underlying causes. Additionally, it investigates the level of worker satisfaction across various workplace issues, such as wages, benefits, and work environment, to provide a comprehensive understanding of their experiences. The nature of industrial relationships within and between these sectors is another critical area of inquiry, as it reflects the broader labor-management dynamics. Finally, the study examines the status of job security and job satisfaction, emphasizing how these factors contribute to overall worker well-being and stability within the labor market. These research questions collectively aim to provide an in-depth understanding of the challenges and opportunities faced by workers in EPZ and Non-EPZ industries.

### **3. Methodology**

This study adopts a mixed-methods approach, combining qualitative and quantitative research methodologies, to achieve its objectives. Data collection involves both primary and secondary sources, ensuring a comprehensive understanding of the research context. Secondary data will be gathered through a detailed desk review of relevant project documents, reports, and existing literature. The primary data collection process includes developing survey instruments such as structured, semi-structured, and open-ended questionnaires, along with interview schedules tailored to the study's objectives. For case studies, qualitative insights will be gathered by taking detailed histories from workers. The methodology is structured into four key stages: secondary research and preparatory works, survey preparation, field survey, and analysis and reporting. Preparatory activities include recruitment and training of enumerators, developing survey monitoring tools, and designing a data management and quality assurance plan. Fieldwork will encompass surveys, case studies, and key informant interviews to gather rich, context-specific data. Finally, data analysis and reporting will synthesize the findings, integrating insights from both qualitative and quantitative data to address the research questions comprehensively. This adaptable methodology allows modifications based on ground-level realities to ensure the study's rigor and relevance.

### **4. Theoretical Framework:**

#### **5. Labor Law-2006 Practices of Garments industries in Bangladesh**

The Ready-Made Garment (RMG) sector in Bangladesh began attracting investment in the early 1980s and emerged as a significant contributor to the economy by the late 1980s. The industry's foundation was supported by Daewoo, a South Korean company, which provided free training to Bangladeshi workers. Many trainees later established their own ventures, laying the groundwork for the sector's growth. Today, the RMG industry is a cornerstone of Bangladesh's economy, serving as the largest foreign currency earner and driving progress in financial services, transportation, communication, and related industries. Additionally, it has empowered approximately 1.2 million women with economic independence, contributing to Bangladesh's reputation as a progressive and modern society.

#### **5.1 RMG sectors in Bangladesh**

In the early 1980s, Bangladesh began attracting investment in the Ready-Made Garment (RMG) sector, supported by free training provided to Bangladeshi workers by the South Korean company Daewoo. Many of these trained workers later established their own businesses, contributing to the sector's rapid growth. RMG exports have shown remarkable progress, with their share in total exports rising from 12.44% in 1984-1985 to 60.64% in 1992-1993. Currently, the RMG sector is the largest source of foreign exchange earnings for Bangladesh. However, it faces challenges such as addressing internal inefficiencies, improving port management, developing backward and

forward linkages, diversifying product lines, and exploring new markets, especially following the phasing out of the Multi-Fiber Arrangement (MFA) in 2005.

## **5.2 Labor law practices in RMG**

### **5.2.1 Workers' Rights Guaranteed Under the Bangladesh Labour Act, 2006**

The Bangladesh Labour Act (BLA), 2006, was enacted to regulate employment conditions, wage determination, compensation for workplace injuries, and overall worker welfare. It also governs trade union formation, dispute resolution, health and safety standards, and apprenticeship opportunities (Bangladesh Labour Act, 2006). Below is an overview of the rights guaranteed to workers under the Act:

#### **5.2.1.1 Payment of Wages**

Section 123 of the BLA mandates that workers' wages must be paid no later than the seventh working day following the end of the wage period (BLA, 2006).

#### **5.2.1.2 Working Hours and Leave**

According to section 100 of the Act, an adult worker may work eight hours per day, with a maximum of ten hours including overtime. Workers are entitled to specific types of leave, including:

Casual Leave: Ten days annually with full wages, non-cumulative (Section 115).

Sick Leave: Fourteen days annually with full wages (Section 116).

Annual Leave: One day for every 18 days of work after completing a year of continuous service (Section 117).

#### **5.2.1.3 Employment of Children and Adolescents**

The Act defines a child as a person aged 14-16 and an adolescent as 16-18 years old. Employment of children in hazardous jobs is strictly prohibited, though they may engage in light work that does not harm their health, development, or education. Adolescents must have a fitness certificate to work, valid for 12 months (Section 44, BLA, 2006).

#### **5.2.1.4 Occupational Safety and Health**

Sections 51–78A of the Act provide comprehensive safety and health provisions, emphasizing cleanliness, hazard prevention, and workplace safety improvements. Section 61 specifically mandates that buildings, infrastructure, and machinery must meet safety standards, and inspectors have the authority to halt operations deemed dangerous (BLA, 2006; BLA Amendment, 2013).

#### **5.2.1.5 Right to Join Trade Unions**

Section 176 guarantees workers the right to form trade unions to regulate relations between workers and employers. However, Section 179 requires a minimum of 30% membership for union registration, limiting the number of registered unions, especially in sectors like garment manufacturing (BLA, 2006; ILO, 2021).

#### **5.2.1.6 Job Security**

Employers must issue appointment letters and provide identity cards with photographs upon hiring. Termination of permanent employees requires notice—120 days for monthly workers and 60 days for others. Compensation is mandatory if termination is unrelated to misconduct, and employers must provide justification for dismissals (Sections 3 and 26, BLA, 2006).

#### **5.2.1.7 Payment for Unused Leave**

Section 11 ensures workers are paid for unused annual leave if their employment ends due to retrenchment, discharge, dismissal, or retirement (BLA, 2006).

#### **5.2.1.8 Death Benefits**

Section 19 requires employers to provide death benefits to workers' nominees or dependents if the worker dies after three years of continuous service. The compensation is equivalent to 30 days' wages for each completed year of service or gratuity, whichever is higher (BLA, 2006).

#### **5.2.1.9 Provident Fund**

Workers eligible for a provident fund are entitled to benefits, including employer contributions, even if dismissed or terminated (Section 29, BLA, 2006).

#### **5.2.1.10 Safety of Buildings and Machinery**

The Act mandates that establishments maintain safe buildings and machinery. Inspectors may order immediate safety measures or suspend operations if there is imminent danger to workers' lives (Section 61, BLA, 2006).

### **5.3 Labor Practices in RMG**

The ready-made garment (RMG) sector in Bangladesh is a critical source of industrial employment, with the workforce reaching approximately 2 million in 2007, exhibiting a 24 percent annual growth in employment (Rahman et al., 2008). This sector has played a pivotal role in creating job opportunities for millions of women, with a significant impact on the national economy by catering to global markets, including the USA and Europe (Rahman & Anwar, 2007). The abolition of the quota system in 2005 introduced new competition, particularly from India and China, which possess advantages in skilled labor, advanced technology, and stronger

backward linkages (Abdullah, 2009). While Bangladesh's competitive edge has historically been its low-cost labor force, this advantage has been increasingly offset by other countries that benefit from superior labor productivity, modern infrastructure, and political stability (Abdullah, 2009). The labor force in Bangladesh's RMG sector remains predominantly unskilled, which contributes to low productivity and higher per-unit production costs (Chowdhury, Ali, & Rahman, 2005). A study of the RMG sector revealed that 20 percent of workers in sample enterprises were unskilled, 30 percent were semi-skilled, and only 44 percent were skilled senior operators, with just 5.7 percent of workers in professional and management roles (Rahman, Bhattacharya, & Moazzem, 2008). Large factories tend to have a higher proportion of skilled workers (46-53%) compared to smaller and medium-sized enterprises, where the proportion of unskilled workers ranges from 18 to 26 percent (Rahman, Bhattacharya, & Moazzem, 2008).

Despite these challenges, RMG firms in Bangladesh face immense pressure from international buyers to comply with codes of conduct, necessitating improvements in the working environment (Haider, 2007). Due to high unemployment rates, workers have limited options in terms of job environments (Sarker, 1997), and labor turnover within the garment industry remains high (Sarker, 1997). Notably, 74 percent of workers in knit factories, 68 percent in woven enterprises, and 81 percent in sweater factories do not receive appointment letters, indicating a significant issue in formal employment documentation (Rahman, Bhattacharya, & Moazzem, 2008). Moreover, wage rates in Bangladesh have risen due to a shortage of skilled labor, which undermines the country's competitive advantage in labor costs. Given the labor-intensive nature of the garment industry, the availability of skilled labor remains crucial for maintaining competitiveness (Abdullah, 2005a).

The RMG sector's primary resource is its human capital, and workers are generally considered reliable, adaptable, and responsive to training (Spinagager, 2001). The sector's competitiveness is closely linked to the productivity of its workforce, which is significantly influenced by the work environment and job satisfaction (Abdullah, 2009). RMG manufacturing companies can enhance productivity by improving these factors. Job satisfaction contributes to higher employee morale by providing psychological comfort and incentives, while a positive working environment boosts mental motivation. Factories with lower productivity often experience low job satisfaction and poor working conditions. However, studies suggest that job satisfaction has a stronger impact on worker productivity than working conditions alone (Abdullah, 2009).

#### **5.4 Recent Labor Unrest in RMG Sector: Events and the Possible Reasons**

The Ready-Made Garment (RMG) sector in Bangladesh has played a significant role in both the economic and social development of the country. Economically, the sector has been a major source of foreign exchange earnings, and socially, it has created employment opportunities for

approximately five million people, many of whom are young, poor, and illiterate women (Islam & Ahmad, 2010). The employment in this sector has empowered women by providing them with economic independence and improving their social status. However, despite these contributions, the RMG sector is currently facing significant challenges, particularly with labor unrest and industrial disputes.

Recent disturbances have highlighted the tension between garment workers and factory management, as well as the role of law enforcement in maintaining order. For instance, on January 11, 2010, garment workers in Bangladesh erupted in violence following their demands for improved working conditions, such as lunch bills and encashment of casual leaves. This incident resulted in the injury of 40 workers and halted production in 30 garment factories (Islam & Ahmad, 2010). Similarly, on April 28, 2010, workers staged another protest demanding an increase in their monthly wage rate from US\$ 25 to US\$ 70. The conflict led to the disruption of operations in more than 22 garment factories and resulted in 30 injuries (Islam & Ahmad, 2010). The wage rate in Bangladesh's garment sector remains one of the lowest globally, at US\$ 0.25 per hour, which is considerably less than that in countries like China (US\$ 0.35), Vietnam (US\$ 0.40), Pakistan (US\$ 0.40), and India (US\$ 0.60) (Siddiqi, 2005). Furthermore, overtime allowances in the sector are also deemed insufficient, contributing to worker dissatisfaction and unrest (Sarker, 1997).

In terms of labor rights, Bangladesh has made significant strides by ratifying several core conventions set by the International Labour Organization (ILO). These conventions aim to uphold workers' rights and improve their working conditions. Bangladesh has ratified the following International Labour Conventions (ILCs): ILC 29 (Forced Labour), ILC 87 (Freedom of Association and Protection of the Right to Organize), ILC 98 (Right to Organize and Collective Bargaining), ILC 100 (Equal Remuneration), ILC 105 (Abolition of Forced Labour), ILC 111 (Discrimination in Employment and Occupation), and ILC 182 (Elimination of the Worst Forms of Child Labour). These commitments indicate Bangladesh's efforts to align with international labor standards and ensure fair treatment of workers in the RMG sector. However, challenges remain in enforcing these conventions effectively, as evidenced by the ongoing labor unrest and the disparity in wages and working conditions.

## **6. Analysis**

### **6.1 Results (EPZ Compliance Factory)**

The survey team conducted an in-depth study at seven garment industries located within the Export Processing Zone (EPZ) in Savar. For a detailed profile of each company. The results of the survey pertaining to these EPZ factories are presented and analyzed below.



**6.1.1 EPZ Respondents (Workers) Profile**

The baseline profile of EPZ workers reveals that the majority (56.7%) are aged between 25–39 years, with most holding the designation of Loader (60%) and working predominantly in the Shipping department (50%). The workforce is predominantly male (80%), with a significant proportion (73.3%) being married. Over half of the workers (56.7%) have attained only primary education, while 13.3% have completed higher secondary education (HSC). In terms of income, most workers (53.3%) earn between 10,000–10,999 BDT per month, while 70% of workers report monthly expenses within the range of 10,000–10,999 BDT. A majority (93.3%) belong to single-family households, with 43.3% having two dependents. Recruitment is primarily skill-based (63.3%), reflecting the workforce’s operational focus in EPZ factories. (Table 6.1.1)

**Table 6.1.1: Baseline Profile of EPZ Workers**

| Category                 | Subcategory        | Frequency | Percentage (%) |
|--------------------------|--------------------|-----------|----------------|
| <b>Age Group (Years)</b> | 20–24              | 5         | 16.7           |
|                          | 25–39              | 17        | 56.7           |
|                          | 40–44              | 4         | 13.3           |
|                          | 45–49              | 2         | 6.7            |
|                          | 50–54              | 2         | 6.7            |
| <b>Designation</b>       | Loader             | 18        | 60.0           |
|                          | Labour             | 5         | 16.7           |
|                          | Machine Operator   | 1         | 3.3            |
|                          | Assistant Operator | 2         | 6.7            |
|                          | Clerk              | 1         | 3.3            |
|                          | Cutting Master     | 2         | 6.7            |
|                          | Distributor        | 1         | 3.3            |
| <b>Department</b>        | Admin              | 1         | 3.3            |
|                          | Print              | 3         | 10.0           |
|                          | Sewing             | 3         | 10.0           |
|                          | Netting            | 1         | 3.3            |
|                          | Sampling           | 1         | 3.3            |
|                          | Linking            | 1         | 3.3            |
|                          | QC                 | 1         | 3.3            |
|                          | Cutting            | 2         | 6.7            |
|                          | Production         | 2         | 6.7            |
| Shipping                 | 15                 | 50.0      |                |
| <b>Gender</b>            | Male               | 24        | 80.0           |
|                          | Female             | 6         | 20.0           |
| <b>Marital Status</b>    | Single             | 8         | 26.7           |
|                          | Married            | 22        | 73.3           |

|                               |               |    |      |
|-------------------------------|---------------|----|------|
| <b>Education Level</b>        | Primary       | 17 | 56.7 |
|                               | High School   | 7  | 23.3 |
|                               | SSC           | 2  | 6.7  |
|                               | HSC           | 4  | 13.3 |
| <b>Monthly Income (BDT)</b>   | 8,000–8,999   | 1  | 3.3  |
|                               | 9,000–9,999   | 2  | 6.7  |
|                               | 10,000–10,999 | 16 | 53.3 |
|                               | 12,000+       | 11 | 36.7 |
| <b>Monthly Expenses (BDT)</b> | 6,000–6,999   | 1  | 3.3  |
|                               | 8,000–8,999   | 1  | 3.3  |
|                               | 10,000–10,999 | 21 | 70.0 |
|                               | 11,000–11,999 | 2  | 6.7  |
|                               | 12,000+       | 5  | 16.7 |
| <b>Family Type</b>            | Single        | 28 | 93.3 |
|                               | Joint         | 2  | 6.7  |
| <b>Dependents</b>             | None          | 3  | 10.0 |
|                               | One           | 2  | 6.7  |
|                               | Two           | 13 | 43.3 |
|                               | Three         | 8  | 26.7 |
|                               | Four          | 1  | 3.3  |
|                               | Five          | 2  | 6.7  |
|                               | Six           | 1  | 3.3  |

(Source: Survey, 2023)

### 6.1.2 EPZ Garments workers situation

This table summarizes the workers’ responses to various aspects of their workplace situations in EPZ factories, including recruitment, discrimination, wage satisfaction, union participation, medical facilities, job security, and compliance with labor laws. The findings highlight both positive aspects, such as good infrastructure (73.3%), and areas needing improvement, such as limited medical facilities (16.7%) and job security (13.3%).

**Table 6.1.2: EPZ Garments Workers' Situations**

| Category                         | Subcategory | Frequency | Percentage (%) |
|----------------------------------|-------------|-----------|----------------|
| <b>Recruitment Criteria</b>      | Skill       | 19        | 63.3           |
|                                  | Experience  | 6         | 20.0           |
|                                  | Others      | 5         | 16.7           |
| <b>Grounds of Discrimination</b> | Task        | 15        | 50.0           |
|                                  | None        | 6         | 20.0           |

|                                      |                    |    |      |
|--------------------------------------|--------------------|----|------|
|                                      | Gender             | 9  | 30.0 |
| <b>Wage Satisfaction</b>             | Satisfied          | 8  | 26.7 |
|                                      | Neutral            | 20 | 66.7 |
|                                      | Dissatisfied       | 2  | 6.7  |
| <b>Labor Union Participation</b>     | Yes                | 1  | 3.3  |
|                                      | No                 | 29 | 96.7 |
| <b>Medical Facility Availability</b> | Available          | 5  | 16.7 |
|                                      | Not Available      | 25 | 83.3 |
| <b>Daily Working Hours</b>           | 6–8                | 4  | 13.3 |
|                                      | 8–10               | 25 | 83.3 |
|                                      | 10–12              | 1  | 3.3  |
| <b>Decision-Making Participation</b> | Can Participate    | 2  | 6.7  |
|                                      | Cannot Participate | 28 | 93.3 |
| <b>Job Security</b>                  | Secured            | 4  | 13.3 |
|                                      | Not Secured        | 23 | 76.7 |
|                                      | Very Much Secured  | 3  | 10.0 |
| <b>Factory Working Conditions</b>    | Very Good          | 5  | 16.7 |
|                                      | Good               | 21 | 70.0 |
|                                      | Satisfactory       | 3  | 10.0 |
|                                      | Bad                | 1  | 3.3  |
| <b>Infrastructure Facility</b>       | Very Good          | 5  | 16.7 |
|                                      | Good               | 22 | 73.3 |
|                                      | Satisfactory       | 3  | 10.0 |
| <b>Leave Facility</b>                | Very Good          | 5  | 16.7 |
|                                      | Good               | 20 | 66.7 |
|                                      | Satisfactory       | 4  | 13.3 |
|                                      | Bad                | 1  | 3.3  |
| <b>Overtime Facility</b>             | Very Good          | 3  | 10.0 |
|                                      | Good               | 20 | 66.7 |
|                                      | Satisfactory       | 4  | 13.3 |
|                                      | Bad                | 3  | 10.0 |
| <b>Communication Process</b>         | Very Good          | 3  | 10.0 |
|                                      | Good               | 4  | 13.3 |
|                                      | Satisfactory       | 20 | 66.7 |
|                                      | Bad                | 3  | 10.0 |
| <b>Compliance with Labor Laws</b>    | Strongly Agreed    | 1  | 3.3  |
|                                      | Agreed             | 20 | 66.7 |

|                               |                 |    |      |
|-------------------------------|-----------------|----|------|
|                               | Neutral         | 9  | 30.0 |
| <b>Work Stress Perception</b> | Strongly Agreed | 4  | 13.3 |
|                               | Agreed          | 2  | 6.7  |
|                               | Neutral         | 9  | 30.0 |
|                               | Disagreed       | 15 | 50.0 |
|                               |                 |    |      |

(Source: Survey, 2023)

### 6.1.3 KII Findings

Table 6.1.3 summarizes the Key Informant Interview (KII) findings for two EPZ factories, Hop Lun BD Ltd and Experience Clothing, highlighting their operational conditions and compliance with labor standards. Hop Lun BD Ltd employs 600 workers in a very good working environment, with proper waste management, food facilities, and comprehensive overtime options. In contrast, Experience Clothing, with a larger workforce of 3,400, provides similar absenteeism rates (5-10%) but identifies specific reasons such as sickness and road issues.

The salary range is notably higher at Hop Lun BD Ltd (10,000–30,000 BDT) compared to Experience Clothing (5,000–7,000 BDT), where salaries are structured as basic pay (60%), house rent (30%), and medical allowance (10%). Recruitment processes differ, with Hop Lun relying on HR and admin, while Experience Clothing requires minimum education (Grade 8) and supervisor-led requisitions.

Both factories follow Labor Law-2006, but Experience Clothing incorporates the Amendment-2013 and offers annual leave (1 day per 22 working hours), sick leave (14 days), and maternity leave (112 days). While worker participation is absent at Hop Lun, Experience Clothing has a welfare manager and adheres to WWAC rules. Training and medical facilities are available at Experience Clothing but absent at Hop Lun. Despite some limitations, both factories demonstrate adherence to labor laws and overtime provisions, with Experience Clothing reporting an annual labor turnover of 5-10%.

**Table 6.1.3: Key Informant Interview (KII) Findings for EPZ Factories**

| Category                      | KII-1  | KII-2                                    |
|-------------------------------|--|--|
| <b>Factory Name</b>           | Hop Lun BD Ltd   | Experience Clothing                      |
| <b>Location</b>               | Standard Factory Building#3, DEPZ, Ganakbari, Savar, Dhaka | EPZ (Savar)                              |
| <b>Respondent Name</b>        | MH. AZAD   | Md. Jahangir                             |
| <b>Total Workers</b>          | 600  | 3400                                     |
| <b>Working Environment</b>    | Very good  | Good                                     |
| <b>Absenteeism Rate</b>       | 5-10%  | 5-10%                                    |
| <b>Reason for Absenteeism</b> | -  | Sickness, parent's sickness, road issues |

|                               |                                  |  |
|-------------------------------|----------------------------------|--|
| <b>Waste Management</b>       | Properly maintained              | -  |
| <b>Food Facility</b>          | Yes                              | Lunch Facility   |
| <b>Overtime Availability</b>  | Yes                              | Yes (52%)  |
| <b>Medical Allowance</b>      | Available for most employees     | 10% of salary  |
| <b>Salary Range</b>           | 10,000–30,000 BDT                | 5,000–7,000 BDT  |
| <b>Salary Breakdown</b>       | -                                | Basic: 60%, House Rent: 30%, Medical: 10%  |
| <b>Recruitment Process</b>    | Managed by HR and Admin          | Requisition from production level by supervisors; minimum education: Grade 8     |
| <b>Dispute Settlement</b>     | Labor Law-2006 (Sec-24 & Sec-26) | Labor Law-2006 and Amendment-2013  |
| <b>Leave Policy</b>           | Follows Labor Law-2006           | Annual: 1 day per 22 working hours, 14 days sick leave, 112 days maternity leave |
| <b>Workers Participation</b>  | Not maintained                   | Welfare manager present; follows WWAC rules                                      |
| <b>Increment</b>              | -                                | 10% of basic pay   |
| <b>Training</b>               | -                                | 1-week training and monitoring for effectiveness                                 |
| <b>Doctor Availability</b>    | -                                | Doctor assigned for free treatment   |
| <b>Labor Turnover</b>         | -                                | 5-10% annually   |
| <b>Strike/Lockout History</b> | None in the last 10 years        | None   |
| <b>Police Availability</b>    | Yes                              | No   |
| <b>Space for Work</b>         | Adequate                         | Narrow and insufficient  |

### 6.1.4 Case Study

#### Case Study: Mr. Mohor Ali – A Dedicated Worker in the EPZ Garment Sector

Mr. Mohor Ali, a 50-year-old married individual, has been serving as a cutting master in a Dhaka EPZ factory owned by Hop Lun BD Ltd, referred to as "Standard Factory Building 3." Originally from Nilphamari District, Mr. Ali relocated to Dhaka in 2003 in pursuit of better employment opportunities to support his family.

Initially, he worked as a driver for various vehicle owners, but due to the inherent risks and demanding nature of the job, he transitioned to the comparatively safer and more stable work environment of the ready-made garment (RMG) sector. Driven by the need to secure a steady income for his wife, two sons, and three daughters, Mr. Ali accepted the role of cutting master, where he has since demonstrated unwavering dedication.

As of 2017, Mr. Ali has been employed in the sampling department of Hop Lun BD Ltd for 11 years. His consistent performance and the respect he receives from colleagues and management have solidified his position within the organization. Despite a modest monthly salary of 12,000 BDT, Mr. Ali values the cooperation and support he experiences at his workplace, which he considers more significant than monetary compensation.

Although financial shortages occasionally pose challenges, Mr. Ali remains optimistic about the future. He finds motivation in the prospects of his sons achieving greater success, reflecting his long-term vision for his family’s well-being. His story exemplifies the balance between economic necessity and the intrinsic value of a supportive and respectful work environment in the EPZ garment sector.

**6.2 Results (Non-EPZ Compliance Factory)**

The survey was conducted at the NAZ factory located in Gazipur. For a detailed profile of the company. The results presented below pertain to the Non-EPZ factory and provide a comprehensive analysis of the demographic and socio-economic characteristics of its workers.

**6.2.1 Non-EPZ Workers Profile**

Table 6.2.1 summarizes the demographic and socio-economic characteristics of workers in the non-EPZ garments industries, based on a 2017 survey. The majority of non-EPZ workers are aged 25-39, with most holding the "Loader" designation and working in the "Print" department. Most are married (73.3%) and have primary education (73.3%). Their monthly income mainly falls between 5000-6999 BDT, and expenses are predominantly in the 10000-10999 BDT range. Family types are equally split between single and joint families, with the number of dependents ranging from two to six. EPZ workers are mostly male (83.3%) and earn salaries, though additional detailed socio-economic data for this group is not provided. This table offers essential baseline information for analyzing the working conditions of both worker groups.

**Table 6.2.1: Baseline Profile of Workers in Non-EPZ**

| Category           | Subcategory        | Frequency | Percentage (%) |
|--------------------|--------------------|-----------|----------------|
| <b>Age Group</b>   | 20-24              | 3         | 10.0           |
|                    | 25-39              | 20        | 66.7           |
|                    | 40-44              | 1         | 3.3            |
|                    | 45-49              | 5         | 16.7           |
|                    | 50-54              | 1         | 3.3            |
| <b>Designation</b> | Cleaner            | 4         | 13.3           |
|                    | Loader             | 12        | 40.0           |
|                    | Labor              | 6         | 20.0           |
|                    | Machine Operator   | 3         | 10.0           |
|                    | Assistant Operator | 1         | 3.3            |
|                    | Fireman            | 1         | 3.3            |
|                    | Printing Master    | 2         | 6.7            |
|                    | Clark              | 1         | 3.3            |
| <b>Department</b>  | Admin              | 4         | 13.3           |

|                               |                      |    |      |
|-------------------------------|----------------------|----|------|
|                               | Print                | 11 | 36.7 |
|                               | Accessories          | 3  | 10.0 |
|                               | Sewing               | 4  | 13.3 |
|                               | Dyeing and Finishing | 1  | 3.3  |
|                               | Fabric               | 2  | 6.7  |
|                               | Fire Section         | 1  | 3.3  |
|                               | Netting              | 4  | 13.3 |
| <b>Sex</b>                    | Male                 | 25 | 83.3 |
|                               | Female               | 5  | 16.7 |
| <b>Marital Status</b>         | Single               | 8  | 26.7 |
|                               | Married              | 22 | 73.3 |
| <b>Education</b>              | Primary              | 22 | 73.3 |
|                               | High School          | 5  | 16.7 |
|                               | SSC                  | 2  | 6.7  |
|                               | Degree               | 1  | 3.3  |
| <b>Monthly Income (BDT)</b>   | 5000-5999            | 9  | 30.0 |
|                               | 6000-6999            | 9  | 30.0 |
|                               | 7000-7999            | 5  | 16.7 |
|                               | 8000-8999            | 2  | 6.7  |
|                               | 9000-9999            | 2  | 6.7  |
|                               | 10000-10999          | 3  | 10.0 |
| <b>Monthly Expenses (BDT)</b> | 4000-4999            | 2  | 6.7  |
|                               | 5000-5999            | 1  | 3.3  |
|                               | 6000-6999            | 4  | 13.3 |
|                               | 8000-8999            | 2  | 6.7  |
|                               | 9000-9999            | 3  | 10.0 |
|                               | 10000-10999          | 10 | 33.3 |
|                               | 11000+               | 8  | 26.7 |
| <b>Family Type</b>            | Single               | 15 | 50.0 |
|                               | Joint                | 15 | 50.0 |
| <b>Number of Dependents</b>   | Two persons          | 7  | 23.3 |
|                               | Three persons        | 8  | 26.7 |
|                               | Four persons         | 5  | 16.7 |
|                               | Five persons         | 2  | 6.7  |
|                               | Six persons          | 6  | 20.0 |
|                               | Seven persons        | 2  | 6.7  |

(Source: Survey, 2023)

#### 4.2.2 Non-EPZ Garments Workers situation

Table 6.2.2 summarizes the survey results on the situation of workers in Non-EPZ garments industries, focusing on various aspects such as labor recruitment criteria, grounds of discrimination, wage satisfaction, involvement with labor unions, medical facilities, working hours, and job security. It reveals that most workers (46.67%) are recruited based on skill, with significant discrimination occurring due to lack of participation (33.33%) and gender (23.33%). A large proportion of workers (43.33%) are neither satisfied nor dissatisfied with their wages, and 90% are not involved in labor unions. The majority of workers report long working hours (63.33% work 10-12 hours daily), limited involvement in decision-making (83.33% cannot participate), and concerns over medical facility availability (50% report none). Job security perceptions vary, with 40% feeling secure, and most workers report positive relationships with co-workers, supervisors, and owners. Additionally, a substantial proportion (53.33%) strongly agreed that labor laws are followed, although issues like salary discrimination (50% agree there is none) and work stress (50% report low stress) are also notable. The table reflects both positive and negative aspects of the workers' conditions, offering a comprehensive view of the work environment in Non-EPZ garments industries.

**Table 6.2.2: Non-EPZ Garments Workers situation**

| Category                                | Subcategory                              | Frequency | Percentage (%) |
|---|--|-----------|----------------|
| <b>Labor Recruitment Criteria</b>       | Based on Skill                           | 14        | 46.67          |
|   | Based on Experience                      | 5         | 16.67          |
| <b>Grounds of Discrimination</b>        | No Participation                         | 10        | 33.33          |
|   | Gender                                   | 7         | 23.33          |
| <b>Satisfaction with Wage</b>           | Neither Satisfied Nor Dissatisfied       | 13        | 43.33          |
|   | Dissatisfied                             | 9         | 30.00          |
|   | Satisfied                                | 5         | 16.67          |
|   | Highly Dissatisfied                      | 3         | 10.00          |
| <b>Involvement with Labor Union</b>     | Not Involved                             | 27        | 90.00          |
|   | Involved                                 | 3         | 10.00          |
| <b>Medical Facility Availability</b>    | Not Available                            | 15        | 50.00          |
|   | Available                                | 13        | 43.33          |
|   | Partial Availability                     | 2         | 6.67           |
| <b>Daily Working Hours</b>              | 10-12 hours                              | 19        | 63.33          |
|   | 6-8 hours                                | 4         | 13.33          |
|   | 8-10 hours                               | 1         | 3.33           |
| <b>Participation in Decision Making</b> | Cannot Participate                       | 25        | 83.33          |
|   | Can Participate (Directly or Indirectly) | 5         | 16.67          |
| <b>Job Security</b>                     | Secured                                  | 12        | 40.00          |
|   | Not Secured                              | 11        | 36.67          |
|   | Very Secured                             | 7         | 23.33          |
| <b>Factory Working Conditions</b>       | Good                                     | 14        | 46.67          |
|   | Satisfactory                             | 8         | 26.67          |
|   | Bad                                      | 1         | 3.33           |



|                                     |                              |    |       |
|-------------------------------------|------------------------------|----|-------|
| <b>Factory Infrastructure</b>       | Very Good                    | 13 | 43.33 |
|                                     | Good                         | 12 | 40.00 |
|                                     | Satisfactory                 | 5  | 16.67 |
| <b>Leave Facility</b>               | Very Good                    | 13 | 43.33 |
|                                     | Good                         | 9  | 30.00 |
|                                     | Satisfactory                 | 6  | 20.00 |
|                                     | Bad                          | 2  | 6.67  |
| <b>Overtime Facility</b>            | Very Good                    | 12 | 40.00 |
|                                     | Good                         | 11 | 36.67 |
|                                     | Satisfactory                 | 7  | 23.33 |
| <b>Communication Process</b>        | Satisfactory                 | 12 | 40.00 |
|                                     | Good                         | 10 | 33.33 |
|                                     | Very Good                    | 7  | 23.33 |
|                                     | Bad                          | 1  | 3.33  |
| <b>Adherence to Labor Laws</b>      | Strongly Agreed              | 16 | 53.33 |
|                                     | Neither Agreed Nor Disagreed | 8  | 26.67 |
|                                     | Agreed                       | 6  | 20.00 |
| <b>Work Stress</b>                  | Low                          | 15 | 50.00 |
|                                     | Neither Agreed Nor Disagreed | 3  | 10.00 |
|                                     | Disagreed                    | 8  | 26.67 |
|                                     | Strongly Disagreed           | 4  | 13.33 |
| <b>Salary Discrimination</b>        | No Salary Discrimination     | 15 | 50.00 |
|                                     | Strongly Agreed              | 6  | 20.00 |
|                                     | Disagreed                    | 5  | 16.67 |
|                                     | Neither Agreed Nor Disagreed | 3  | 10.00 |
|                                     | Strongly Disagreed           | 1  | 3.33  |
| <b>Child Care Facility</b>          | Strongly Agreed              | 14 | 46.67 |
|                                     | Agreed                       | 6  | 20.00 |
|                                     | Disagreed                    | 5  | 16.67 |
|                                     | Strongly Disagreed           | 3  | 10.00 |
|                                     | Neither Agreed Nor Disagreed | 2  | 6.67  |
| <b>Bonus Facility</b>               | Strongly Agreed              | 14 | 46.67 |
|                                     | Agreed                       | 12 | 40.00 |
|                                     | Disagreed                    | 2  | 6.67  |
|                                     | Neither Agreed Nor Disagreed | 2  | 6.67  |
| <b>Relationship with Co-workers</b> | Good                         | 14 | 46.67 |
|                                     | Agreed                       | 12 | 40.00 |
|                                     | Neither Agreed Nor Disagreed | 3  | 10.00 |
|                                     | Disagreed                    | 1  | 3.33  |
| <b>Relationship with Supervisor</b> | Agreed                       | 16 | 53.33 |
|                                     | Strongly Agreed              | 9  | 30.00 |
|                                     | Neither Agreed Nor Disagreed | 3  | 10.00 |
|                                     | Strongly Disagreed           | 1  | 3.33  |
|                                     | Disagreed                    | 1  | 3.33  |

|                                |                              |    |       |
|--------------------------------|------------------------------|----|-------|
| <b>Relationship with Owner</b> | Agreed                       | 15 | 50.00 |
|                                | Neither Agreed Nor Disagreed | 9  | 30.00 |
|                                | Strongly Agreed              | 3  | 10.00 |
|                                | Strongly Disagreed           | 2  | 6.67  |
|                                | Disagreed                    | 1  | 3.33  |

(Source: Survey, 2023)

### 6.2.3 KII Findings

Table 6.2.3 presents an overview of the key informant interview (KII) findings from two EPZ factories: N.A.Z. Bangladesh Ltd. and Horizon Fashion Ware Ltd. The table highlights several key aspects of each factory's operations and worker-related policies. N.A.Z. Bangladesh Ltd. operates with a workforce of 10,000 and offers a satisfactory working environment with certifications like ACCORD, BSCI, W.S.T., and GOTS, alongside a structured HR department, regular training programs, and a well-managed waste treatment system. In contrast, Horizon Fashion Ware Ltd. with 428 workers has a more average working environment, limited food facilities, and no formal training programs. Both factories follow the Labor Law of 2006 for misconduct, leave, and dispute resolution, but N.A.Z. provides a welfare manager, timely salary payments, and stricter control over worker-management interactions, whereas Horizon allows direct worker-management interaction and faces issues with timely salary disbursements. Additionally, industrial police are available in the EPZ, but not in the non-EPZ factories. Despite these differences, neither factory has faced strikes or lockouts in the past decade.

**Table 6.2.3: Key Informant Interview (KII) Findings for EPZ Factories**

| Category                           | KII-1  | KII-2                               |
|------------------------------------|--|-------------------------------------|
| <b>Factory Name</b>                | N.A.Z. Bangladesh Ltd.   | Horizon Fashion Ware Ltd.           |
| <b>Location</b>                    | 5, BishuyaKuribari, Mirzapur, Gazipur-1700, Bangladesh   | Mirzapur Union Gazipur              |
| <b>Total Workers</b>               | 10,000   | 428                                 |
| <b>Admin and Compliant</b>         | 500  | 8                                   |
| <b>Mid-Level Officer/Executive</b> | 500  | 27                                  |
| <b>Factory Area</b>                | 459,000 sqft   | Not Mentioned                       |
| <b>Working Environment</b>         | ACCORD, BSCI, W.S.T., GOTS Certified, Satisfactory   | Average                             |
| <b>Absenteeism</b>                 | 2%-5%  | 8%-12%                              |
| <b>Training</b>                    | Regular base training programs from different organizations                                      | No formal training, only commitment |
| <b>Waste Management</b>            | Own Effluent Treatment Plant (ETP)   | Poor                                |
| <b>Food Facility</b>               | Provided for staff, executive, and mid/high-level officers. Workers get food in case of overtime | Only breakfast provided             |
| <b>Overtime</b>                    | Available during shipment crises   | 10-11 hours per week                |

|  |  |  |
|--|--|--|
| <b>Medical Allowance</b>                         | Provided based on experience, position, and job area     | 5%   |
| <b>Salary Range</b>                              | 6,000 to 16,000 BDT                                      | 3,500 to 8,000 BDT   |
| <b>Recruitment Process</b>                       | Strong and effective HR department, internal recruitment | Recruitment committee (HR, compliance, time section, production) |
| <b>Dispute Settlement</b>                        | No labor unrest or strikes in the last 10 years          | Follows Labor Law-2006   |
| <b>Misconduct</b>                                | Follows Labor Law-2006 (Sec-24 & Sec-26)                 | Follows Labor Law-2006 (Sec-24 & Sec-26)                         |
| <b>Welfare Manager</b>                           | Yes  | No   |
| <b>Leave Policy</b>                              | Follows Labor Law-2006                                   | Follows Labor Law-2006   |
| <b>CBA/WAA/WWC</b>                               | No   | No   |
| <b>Direct Worker-Management Interaction</b>      | Workers do not deal directly with management             | Workers deal directly with management                            |
| <b>Workers' Participation in Decision Making</b> | Not involved in decision making                          | Strictly maintained  |
| <b>Salary Timeliness</b>                         | Timely payment   | Not paid timely  |
| <b>Industrial Police</b>                         | Not available  | Available in EPZ, not in Non-EPZ                                 |
| <b>Strike/Lockout in Last 10 Years</b>           | No strikes or lockouts                                   | No strikes or lockouts   |

### 6.2.4 Case Study

Jobed Ali, a 45-year-old loader, has been working at a garment factory in Gazipur for the past three years. Originally from Dinajpur, Jobed moved to Dhaka in search of employment, initially securing a position at a small garment factory for less than a year before transferring to his current workplace through a colleague’s reference. His salary began at 4000 BDT, increased to 5500 BDT in the second year, and is now 7000 BDT. Despite these increases, he finds his salary insufficient to support his family, which includes his wife (a housewife who had previously worked as a maid), his married daughter (who works in a garment factory), and his son (currently studying at the SSC level). Jobed has never experienced salary delays and typically receives his bonuses on time. While he enjoys a generally positive relationship with his supervisors, he occasionally faces reprimands. Jobed is concerned about his job security and desires both a higher salary and more stability in his employment.

### 6.3 Comparison of Garments of EPZ and Non-EPZ

Table 6.3 presents a comparative analysis of key differentiators between garments in Export Processing Zones (EPZ) and Non-EPZ areas. It highlights notable disparities in various aspects such as food provision, compensation, leave facilities, salary patterns, holidays, security, and working environment. EPZ garments generally offer superior benefits, including higher wages, more comprehensive food and leave facilities, standard salary patterns, and better security, compared to their Non-EPZ counterparts. While the compensation and working conditions are

more favorable in EPZ factories, absenteeism rates are lower, and workers receive higher salaries. Additionally, labor turnover in both zones is similar, though EPZ workers benefit from more structured facilities, including medical allowances and training programs. The table also reveals that while Non-EPZ factories typically lack structured benefits like standardized salary increments and formal training, they experience fewer strikes or lockouts, possibly due to the absence of a Collective Bargaining Agreement (CBA).

**Table 6.3: Comparison of Garments of EPZ and Non-EPZ**

| Point of Differentiation | EPZ Garments   | Non-EPZ   | Remarks   |
|--------------------------|--|---|---|
| Food                     | The EPZ garments provides foods for its workers  | Most of the Non-EPZ garments don't provide foods for its workers  | The food facility of EPZ is better than Non-EPZ   |
| Compensation             | The wage of EPZ garments is much higher (in some cases double from non-EPZ garments for the same post)<br>In EPZ the salary is higher than the Non-EPZ Industry. EPZ workers are getting 10% medical allowance, overtime 52% | The wage of non-EPZ garments is much lower than EPZ garments<br>Whereas Non-EPZ workers are getting 5% medical allowance, overtime 10 to 11 hours per week. | In terms of Compensation issue, workers of EPZ are more satisfied rather than the workers of Non-EPZ. |
| Leave facility           | The EPZ garments provide enough leave facility   | The non-EPZ garments usually don't provide enough leave facility (especially during heavy workloads)  | The leave facility of EPZ is better than Non-EPZ  |
| Standard salary pattern  | The EPZ garments have standard salary pattern  | The non-EPZ garments usually don't have standard salary pattern   | The salary pattern of EPZ is better than Non-EPZ  |
| Holidays                 | The EPZ garments provide 10 days of holidays per Eid   | The non-EPZ garments provide 5 to 7 days of holidays per Eid  | The holiday facility of EPZ is better than Non-EPZ  |
| Security                 | The EPZ garments are highly secured from any outrage   | The non-EPZ garments are not that much secured from any outrage in comparison to EPZ garments   | The security system of EPZ is better than Non-EPZ   |
| Salary increase rate     | For the EPZ garments, the yearly salary increase is 1000 to 2000 taka for most of the cases  | For the non-EPZ garments, the yearly salary increase is 750 taka for most of the cases  | The salary increase rate of EPZ worker is better than Non-EPZ worker                                  |

|                         |  |   |   |
|-------------------------|--|---|---|
|                         |  |   |   |
| Working Environment     | <p>a) Lunch Facility, Feasible Bonus according to rules</p> <p>b) Maintained PP planning, use gloves</p> <p>c) Doctor assigned If there is any physical problem (Free Treatment)</p> <p>d) Trained up for 1 week</p> <p>e) Monitoring in the work place whether the training is effective or not</p> <p>f) Police available in EPZ</p> | <p>a) Only Breakfast</p> <p>b) No training just commitment</p> <p>c) Worker deal directly with management</p> <p>d) Police is not available in Non-EPZ</p>            | <p>In EPZ, working condition is good In Non-EPZ, working condition is Average</p>   |
| Absenteeism             | <p>In EPZ, The percentage of absenteeism 5% to 10% and 2/3 days absent for sickness, parent's sickness, problems in road etc. Workers are getting Payments salary between 10000 to 15,000 BDT.</p>   | <p>The percentage of absenteeism In Non-EPZ, were 8% to 12%. Workers are getting salary between 5000-8000 BDT but most of the factories don't give salary timely.</p> | <p>Working conditions of Non-EPZ are less favorable than EPZ.</p>   |
| Labor turnover          | <p>In EPZ, the labor turnover ratio is between 5% to 10% yearly</p>  | <p>In Non-EPZ, the ratio is 5% to 7%.</p>   | <p>Though EPZ workers are getting more facilities &amp; benefits rather than Non-EPZ workers but EPZ workers need to go to the out of the town where Non-EPZ workers are working in the City.</p> |
| No. of strikes/ lockout | <p>EPZ industry faced strike or lockout twice in the last 10 years.</p>  | <p>No Strike or Lockout in the Non-EPZ industry in Last 10 years</p>  | <p>In Non-EPZ, there is no CBA for the workers. So that could be the reason of fewer strikes in Non-EPZ than EPZ.</p>   |

#### 6.4 Status of Individual Grievances, Industrial Disputes, and Stages of Dispute Settlement in EPZ and Non-EPZ Industries

Table 6.4 compares the handling of individual grievances, industrial disputes, and the stages of dispute settlement in both EPZ and Non-EPZ industries. It highlights that both industries follow

the grievance procedure outlined in the Bangladesh Labor Act (BLA) 2006, where workers can submit written grievances, and the employer is required to investigate and provide a decision within a specified period. If dissatisfied, the worker can escalate the issue to the Labor Court and then to the Tribunal. However, there is no detailed information provided regarding industrial disputes in either sector. The table also shows that both industries follow the general labor laws, but EPZ industries apply the Amendment of Labor Law 2013 for dispute settlement.

**Table 6.4: Status of Individual Grievances, Industrial Disputes, and Stages of Dispute Settlement in EPZ and Non-EPZ Industries**

| <b>Point of Differentiation</b>         | <b>EPZ Industry</b>   | <b>Non-EPZ Industry</b>                             | <b>Remarks</b>   |
|---|---|---|--|
| <b>Individual Grievances</b>            | Follows BLA-2006 grievance procedure: 1) Worker submits grievance in writing within 30 days. 2) Employer investigates and communicates decision within 15 days. 3) If unsatisfied, worker may appeal to the Labor Court. 4) Further appeal to the tribunal. | Follows BLA-2006 grievance procedure (same as EPZ). | Both EPZ and Non-EPZ industries follow the same grievance procedure under the BLA-2006.                    |
| <b>Industrial Dispute</b>               | No detailed information on industrial disputes.   | No detailed information on industrial disputes.     | Both industries did not provide specific information regarding industrial disputes.                        |
| <b>Stages of Settlement of Disputes</b> | Dispute settlement follows Labor Law-2006. The Amendment of Labor Law-2013 is applied. Owner and worker hear each other's sides.  | Dispute settlement follows Labor Law-2006.          | Both industries follow Labor Law-2006 for dispute settlement. EPZ applies the Amendment of Labor Law-2013. |

### **6.5 Hypothesis testing**

The analysis of the ANOVA results reveals that there are significant differences in the responses of workers from EPZ and Non-EPZ factories regarding various labor-related factors. According to the standard threshold of significance, a p-value less than the alpha level of 0.05 indicates that the observed differences are statistically significant. In this study, the null hypothesis ( $H_0$ ), which posits no difference in labor law practices between EPZ and Non-EPZ industries, has been tested against the alternative hypothesis ( $H_1$ ), which asserts that such differences do exist.

Focusing on the variable "Followed the Labor Law Strictly," the p-value obtained from the ANOVA test is 0.001, which is considerably smaller than the alpha value of 0.05. This result suggests that there is a significant difference in how strictly labor laws are followed between EPZ and Non-EPZ industries. Given this evidence, we can reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis ( $H_1$ ), confirming that labor law practices differ between these two types of industries. This conclusion highlights the impact of the work environment in EPZs, where labor

law compliance is typically more rigorously enforced compared to Non-EPZ settings, thus indicating variations in regulatory adherence between the two sectors.

**Table 6.5: ANOVA Results for Workers' Satisfaction and Conditions in EPZ and Non-EPZ Factories**

| Factor                                      | (EPZ and Non-EPZ Factory Types) | Sum of Squares | df | Mean Square | F      | Sig. |
|---|---------------------------------|----------------|----|-------------|--------|------|
| <b>Workers satisfaction on wage</b>         | Between Groups                  | 4.267          | 1  | 4.267       | 7.864  | .007 |
|   | Within Groups                   | 31.467         | 58 | .543        |        |      |
|   | Total                           | 35.733         | 59 |             |        |      |
| <b>Workers condition of job security</b>    | Between Groups                  | .267           | 1  | .267        | .615   | .436 |
|   | Within Groups                   | 25.133         | 58 | .433        |        |      |
|   | Total                           | 25.400         | 59 |             |        |      |
| <b>Work stress is law</b>                   | Between Groups                  | 4.267          | 1  | 4.267       | 3.847  | .055 |
|   | Within Groups                   | 64.333         | 58 | 1.109       |        |      |
|   | Total                           | 68.600         | 59 |             |        |      |
| <b>There is no salary discrimination</b>    | Between Groups                  | 5.400          | 1  | 5.400       | 7.727  | .007 |
|   | Within Groups                   | 40.533         | 58 | .699        |        |      |
|   | Total                           | 45.933         | 59 |             |        |      |
| <b>Bonus facility is available</b>          | Between Groups                  | 1.667          | 1  | 1.667       | 3.251  | .077 |
|   | Within Groups                   | 29.733         | 58 | .513        |        |      |
|   | Total                           | 31.400         | 59 |             |        |      |
| <b>Relationship with co-worker is good</b>  | Between Groups                  | 8.067          | 1  | 8.067       | 15.771 | .000 |
|   | Within Groups                   | 29.667         | 58 | .511        |        |      |
|   | Total                           | 37.733         | 59 |             |        |      |
| <b>Relationship with supervisor is good</b> | Between Groups                  | 6.667          | 1  | 6.667       | 10.193 | .002 |
|   | Within Groups                   | 37.933         | 58 | .654        |        |      |
|   | Total                           | 44.600         | 59 |             |        |      |
| <b>Relationship with owner</b>              | Between Groups                  | 1.667          | 1  | 1.667       | 2.401  | .127 |
|   | Within Groups                   | 40.267         | 58 | .694        |        |      |
|   | Total                           | 41.933         | 59 |             |        |      |
| <b>Working condition of the factory</b>     | Between Groups                  | .267           | 1  | .267        | .413   | .523 |
|   | Within Groups                   | 37.467         | 58 | .646        |        |      |
|   | Total                           | 37.733         | 59 |             |        |      |
| <b>Workers Leave facility</b>               | Between Groups                  | .267           | 1  | .267        | .390   | .535 |
|   | Within Groups                   | 39.667         | 58 | .684        |        |      |

|   |                |         |    |        |        |      |
|---|----------------|---------|----|--------|--------|------|
|   | Total          | 39.933  | 59 |        |        |      |
| <b>Followed the labor law strictly</b>        | Between Groups | 7.350   | 1  | 7.350  | 12.099 | .001 |
|   | Within Groups  | 35.233  | 58 | .607   |        |      |
|   | Total          | 42.583  | 59 |        |        |      |
| <b>Childcare facility is available</b>        | Between Groups | 30.817  | 1  | 30.817 | 22.333 | .000 |
|   | Within Groups  | 80.033  | 58 | 1.380  |        |      |
|   | Total          | 110.850 | 59 |        |        |      |
| <b>Workers overtime facility</b>              | Between Groups | 2.400   | 1  | 2.400  | 3.917  | .053 |
|   | Within Groups  | 35.533  | 58 | .613   |        |      |
|   | Total          | 37.933  | 59 |        |        |      |
| <b>Infrastructure facility of the factory</b> | Between Groups | .600    | 1  | .600   | 1.466  | .231 |
|   | Within Groups  | 23.733  | 58 | .409   |        |      |
|   | Total          | 24.333  | 59 |        |        |      |
| <b>Workers communication process</b>          | Between Groups | 4.267   | 1  | 4.267  | 6.389  | .014 |
|   | Within Groups  | 38.733  | 58 | .668   |        |      |
|   | Total          | 43.000  | 59 |        |        |      |

## 7. Discussion

The study titled *Labor Law Practices in EPZ and Non-EPZ Industries: A Comparative Study on the RMG Sector in Bangladesh* provides valuable insights into the labor law practices across two distinct types of garment factories—those located within Export Processing Zones (EPZs) and those outside these zones (Non-EPZs). Bangladesh’s RMG sector plays a critical role in the country's economy, contributing significantly to its foreign exchange earnings and employing millions of workers. However, despite its economic importance, labor conditions and HR practices within the sector have often been under scrutiny. This study explores the differences in labor law practices and workers' satisfaction between these two factory types, emphasizing wage satisfaction, working conditions, labor law adherence, and employee relations.

### A. Labor Law Adherence and Workers' Rights

One of the study's major findings is that while both EPZ and Non-EPZ factories are governed by the Bangladesh Labor Act (BLA) of 2006, the implementation and adherence to labor laws vary between the two types of factories. EPZ factories appear to have more structured and formalized HR practices, with better adherence to legal standards such as wage payments, holiday provisions, and safety regulations. In contrast, Non-EPZ factories exhibit significant lapses in these areas. For example, while EPZ workers receive their wages on time, the wage structures in Non-EPZ factories often lack transparency, and salary discrimination is prevalent. These findings are consistent with previous research by Siddique et al. (2018), which highlighted that compliance with labor laws is more rigorously enforced in EPZ factories, particularly those that cater to export markets, where foreign buyers impose stricter monitoring of labor conditions (Siddique, Z., & Naz, S. 2018). On the other hand, Non-EPZ factories often operate with more lenient enforcement



of labor regulations, contributing to issues such as job insecurity, inadequate leave facilities, and poor work conditions.

### **B. Wage and Compensation Disparities**

The study found notable disparities in workers' satisfaction with wages between EPZ and Non-EPZ factories. EPZ workers reported a higher level of satisfaction, primarily due to better wage structures and additional benefits. The compensation package in EPZ factories is generally more competitive, often offering better pay scales, bonuses, and incentives. Conversely, Non-EPZ workers often face dissatisfaction due to low wages, salary discrimination, and inadequate compensation, as indicated by the findings of this study and previous research (Rashid, S. M., & Islam, M. N. 2019). Wage dissatisfaction among Non-EPZ workers is often linked to inconsistent salary increments and a lack of standard salary structures. These issues are exacerbated by the absence of transparent communication between workers and management, which was found to be a significant factor in workers' dissatisfaction in Non-EPZ factories.

### **C. Work Environment and Health & Safety**

In terms of work environment and health and safety, EPZ factories generally offer better facilities, including child care, medical services, and safety measures. Non-EPZ factories, however, often fall short in providing adequate health care, child care, and job security, as revealed in the study's findings. The lack of these facilities in Non-EPZ factories contributes to higher levels of stress and dissatisfaction among workers. This disparity is consistent with the findings of previous studies, such as those by Ahmed et al. (2017), which pointed out that EPZ factories tend to have better infrastructure and facilities compared to Non-EPZ factories, especially with regard to safety measures and employee welfare (Ahmed, S., & Rahman, A. 2017).

### **D. Job Satisfaction and Labor Relations**

Labor relations and job satisfaction also vary significantly between EPZ and Non-EPZ factories. Workers in EPZ factories tend to have a better relationship with their supervisors and co-workers, which is reflected in the higher levels of satisfaction with these aspects. In contrast, Non-EPZ workers often face strained relationships with their supervisors, and their concerns may not always be effectively communicated to upper management. These findings align with those of earlier studies (Hossain, M. 2016), which noted that effective communication and positive labor relations are crucial in enhancing workers' job satisfaction and overall productivity in the RMG sector. The absence of a participatory decision-making process in EPZ factories, as highlighted by this study, is a critical factor contributing to the dissatisfaction of Non-EPZ workers, who often feel more involved in decision-making processes at the factory level.

## **8. Conclusion**

The findings of this study reveal significant differences between workers in EPZ and Non-EPZ factories, particularly in areas such as wage satisfaction, salary discrimination, relationships with coworkers and supervisors, adherence to labor laws, child care facilities, and communication processes. Workers in EPZ factories generally reported higher levels of satisfaction, particularly concerning salary and facilities, while Non-EPZ workers demonstrated a higher level of satisfaction in terms of workplace participation and decision-making. However, there were also notable dissatisfaction levels in both sectors, especially in terms of job security, medical facilities, and work stress. The Ready-Made Garments (RMG) sector in Bangladesh, a major contributor to the country's economy, faces challenges such as high turnover rates, absenteeism, and labor unrest, which are largely attributed to poor HRM practices, low wages, and insufficient work conditions. These factors have led to a shift in employee attitudes, with workers increasingly demanding better treatment and working conditions.

To address these issues, it is essential for both EPZ and Non-EPZ factories to improve wage structures, enhance worker benefits, and ensure compliance with labor laws as per the Bangladesh Labor Act of 2006. Recommendations include offering more flexible work schedules, improving health and safety standards, providing better facilities, ensuring gender equality, and promoting a more participative management system. Additionally, the RMG sector should focus on reducing gender discrimination, enhancing communication between workers and supervisors, offering residential facilities, and creating a favorable work environment through recreational activities and performance-based rewards. Strengthening monitoring and evaluation systems, ensuring compliance with international standards, and focusing on improving overall worker satisfaction are key to ensuring the continued growth and success of the sector. By addressing these challenges, both EPZ and Non-EPZ factories can contribute to a more productive and harmonious work environment that benefits both workers and employers.

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