INTERNERSHIP REPORT
Transparency of RMG Sector in Bangladesh

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DATE OF SUBMISSION September 8, 2018
LETTER OF TRANSMITTAL
Date: 8 September, 2018
To
Dr. Sumon Paul Chowdhury
Assistant Professor, BRAC Business School
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Subject: Submission of Internship Report.
Dear Sir,
It gives me great pleasure to submit the internship report on “Transperency of RMG sector in Bangladesh”. The report consists of the overview of the current situation of transparency and importance of transparency in supply chain of RMG of Bangladesh etc. It’s a great pleasure to let you know that I have tried to make my paper as comprehensive as possible.
I am grateful to you for giving me such an opportunity as well the guidelines that you have invested on me and I appreciate this internship program. I hope that you will cordially receive my internship paper.
Your acceptance of the report will make all the endeavors fruitful.
Thanking You
Syeda Umme Mariam
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Declaration

I hereby declare that the report entitled, “Transparency in RMG sector in Bangladesh” written and submitted by me, Syeda Umme Mariam in the partial fulfillment of the degree of Masters of Business Administration. This is my original work and conclusion drawn are based on the material collected by me.

I also reveal that this work has not been submitted to this or any other university and is prepared for only academic purpose.

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Acknowledgement

The successful completion of this Internship Report is the result of the contribution from number of people, especially those who have given the effort and their valuable time to share their opinion and suggestions to improve the report. At the very beginning I would like to express my deepest gratitude to Almighty God for giving me the strength and the consistency to finish the task within the scheduled time.

The guideline and preparation of the report was supervised and directed by Dr. Sumon Paul Chowdhury Assistant Professor, of BRAC Business School, BRAC University. I would like to express my appreciation to him for providing me all the guidance and support that I needed mostly. I would like to thank, Ms Afsana Chowdhury, Assistant Director of CED and Lead Operations of DRFM-B, BRAC University. Ms Iffat Enam, Programe Officer. All members of DRFM-B team for providing me guidance and with proper information that was very much needed in order to successful completion of this report.

Finally, my sincere gratitude goes to my family and friends for supporting me, sharing their thoughts and giving me the moral support during the preparation of this report.
Executive summary

The aim of this report is to focus the area of transparency of RMG sector in Bangladesh. The Bangladeshi garment sector is a leading garment manufacturing industry in the world that has been growing constantly during the last decades. Along with bringing blessing for the nation, textile and RMG industry also hold the record of experiencing some worst industrial accidents in the country. Lack transparency create so many unauthorized subcontracting factory whose news Brands and Buyers even don’t know. In this thesis project i used the literature to understand the current status transparency, its importance, some initiatives and competitive advantage. I have used the interviewing methodology to gather facts and opinions of the current system and to organize the information. Afterwards we analyzed the findings using cultural and economic indicators. This report covers the different types of Brands name and factory name who would maintain transparency in Bangladesh.
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CHAPTER 1 - INTRODUCTION
Origin of the Report

As a part of the MBA from BRAC Business School, I have joined in the CED, BRAC University under the project of Digital RMG Factory Mapping in Bangladesh (DRFM-B) as a Research Assistant. Therefore as a part of my internship I have selected my research topics titled as “Progress of Transparency of RMG Sector in Bangladesh”. Transparency means letting consumers know who make their apparel – from who farmed the cotton, who stitched them, right down to who dyed the fabric, and so on. So importance of transparency in garments sector is immense.

Rational of the Study

The ready made garment (RMG) industry of Bangladesh commenced its journey in the late 1970s and within a short period of time emerged as an important player in the economy in terms of export earnings, employment generation and poverty alleviation and empowering of women. Bangladesh exports its RMG products mainly to the United States of America (USA) and the European Union (EU). Garments exports from Bangladesh have been growing at an impressive rate in recent years. In 2007-08 alone, the garment export earned a record level of US$10.7 billion in 2007-08. Moreover, it accounts for over 75 percent of the country’s total export earnings, provides employment almost 5 million people, accounts for over 10 percent of the country’s GDP, and contributes around 40% of its manufacturing output. We all know the history of our ready-made garments (RMG) industry. After a journey of about 35 years, Bangladesh has become the second largest apparel exporting country in the world, after China. Our journey so far has not been easy. In the early days, industrialization happened in a largely unplanned manner. As we kept growing, we started adopting positive changes, particularly in the areas of compliance and well-being of workers. In fact, Bangladesh was among the first few RMG-exporting countries to eliminate child labor from the industry in 1995, through the “Earn & Learn” program, with support from the United States, International Labor Organization (ILO), and UNICEF.
Today garments sector represents 80% of the national export. These numbers describe the sector as the most leading manufacturing industry in Bangladesh. Despite of this I want to explore of both Opportunities and Challenges of transparency Social of RMG Factories in Bangladesh.

**Scope of the Study**

The scope of the study is to understand the current status of the working conditions in the garment sector and to identify the major factors that influence, impact. As a student of BRAC University MBA Program, it is very much necessary for me to know about the factors of transparency.

**Objective of the Study**

Focusing on the transparency (letting consumers to know the total process of making stage) of RMG factory in Bangladesh.

**Methodology of the Study**

Both primary and secondary data are used in this report.

1. **Primary Sources**
   - Collect data or information directly from the officials.
   - Interview survey carefully designed

2. **Secondary Sources**
   - Consulting official documents of garment industries
   - Internet
   - Industry manuals,
Limitations

- Due to the company's limitations, unable to acquire sufficient information. (Business secrecy and confidentiality);

- Personal barriers like inability to understand some official terms;

- Time was also a limitation. Gathering a huge amount of information during working for only three months was really a difficult job.
Chapter 2 – Organization Overview
Centre for Entrepreneurship Development (CED)

Centre for Entrepreneurship Development (CED) started its journey in April 2011 with the view to encourage Bangladeshi entrepreneurs and engender entrepreneurial knowledge and skill so that they can develop and grow their own businesses. CED provides a platform for new, small and medium – scale enterprise through skills acquisition activities for the development and management of the enterprise. To understand the enterprise better CED emphasizes on research that will contribute to entrepreneurial development in Bangladesh, advance education and skill acquisition along this line, and popularize the idea of entrepreneurship. Entrepreneurship plays an essential role in ensuring a strong resource for economic development and it is the key to high growth of economy in a country. It is also considered as the root of our economy. With a growing economy like Bangladesh, having an increasing youth population, entrepreneurs will be a key driving force to meet the needs of the industry and economy. It has the ability to foster growth and alleviate poverty. One of the major problems of entrepreneurship development in our country is the absence of the entrepreneurial skills in majority of the entrepreneurs. In line with this, BRAC University, first time in Bangladesh, came-up with an idea to establish a center for entrepreneurship development with a commitment to contribute to the development of entrepreneurship in Bangladesh.

Vision

To make significant contribution in creating an inclusive entrepreneurial ecosystem in Bangladesh. A commitment to contributing to the qualitative improvement of entrepreneurship in Bangladesh with the view to accelerate business and thereby socio-economic development.

Mission

- To inspire, devise, nurture, develop, and elevate entrepreneurship through innovation, institutional capacity, and leadership
- Unlocking the potential of young entrepreneurs in Bangladesh
- Visibly impacting Bangladeshi entrepreneurs and setting them on the path to sustainability
Goals & Objectives

The goal and objective of CED is to encourage entrepreneurship and engender entrepreneurial knowledge and skills by “helping people help themselves” through innovation, capacity development and leadership.

The key/major functions of CED are as follows:

- Promoting the idea of entrepreneurship in Bangladesh.
- Help build capabilities of our entrepreneurs.
- Address the knowledge gap and skill shortcomings that prevent entrepreneurs (in various sectors) from growing their business and run them effectively.
- Develop academic curricula and introduce courses targeting entrepreneurs and students, who wish to pursue an entrepreneurial path.
- Engage and collaborate with organization which may include educational institutions for improving the entrepreneurial ventures of local and foreign entrepreneurs.
- Run International exchange programs, industry specific seminars.
- Act as project implementer for international donors and agencies.
- Research on the various aspect of entrepreneurship development.

Project Handled By CED

Digital RMG Factory Mapping in Bangladesh” (DRFM-B) Project

Bangladesh to Lead in Garment Industry Transparency, new mapping project that discloses location and data on garment factories operating in Bangladesh signals push for transformative industry change.
Innovation Workshop on “Business Plan Development” organized

Centre for Entrepreneurship Development (CED), BRAC University (BRACU) organized a day-long workshop on “Business Plan Development” as a part of the CED Entrepreneurs’ Den program on 29 September 2016 at the Business Incubation Centre (BIC) of BRACU. The program is funded by the sub-project titled “Establishing a Business Incubation Centre for Graduate Students” under the Higher Education Quality Enhancement Project (HEQEP) by the Government of Bangladesh. The workshop aimed at providing necessary support for developing the business plans/ideas submitted by the BRACU students who intend to become successful entrepreneurs. The workshop is expected to aid them with entrepreneurial knowledge and skill of these aspiring entrepreneurs. A total of 31 participants from 12 groups participated in the workshop.

Boot Camp Organized for the Aspiring Entrepreneurs

CED-BRACU has taken an initiative to encourage entrepreneurship among the students of BRAC University for developing their potentials through a package of entrepreneurship development program titled CED Entrepreneurs’ Den, which is open for all registered students and alumni of BRAC University to participate. The program is intended to simulate the real world situations where entrepreneurs have to organize and develop their business ideas through innovation workshop, boot camp, business plan development to market their visions, create a strategy for executing plans, and deal with rejections; finally, by participating to the Business Plan Competition (Round 3, 2015-16). In accordance to this, a 3-day Boot Camp under CED Entrepreneurs’ Den was organized during 1-3 September 2016 with day-long sessions. The sessions of the Boot Camp included: financial modeling for business plans, human resources management and development, human resources and business initiative, effective planning skill, mock presentations, etc.
CED and ILO Organized Training on “Generate Business Idea”

Centre for Entrepreneurship Development (CED), BRAC University (BRACU) and International Labor Organization (ILO) jointly organized a 3-day training titled “Generate Your Business Idea” (GYB) as a part of the “Start and Improve Your Business (SIYB) Programme” under the “Bangladesh Skills for Employment and Productivity” (B-SEP) project being implemented by the Government of Bangladesh and ILO. The training was organized during 19-21 May 2016 at CED premises in BRAC University with the aim to provide the aspiring Bangladeshi youths and/or potential entrepreneurs with necessary skills to generate their business ideas efficiently and structure bankable business plans successfully.
Chapter 3- Experience of Internship
I have started my internship in DRFM-B, CED BRAC University from 20th October 2017. I have worked here in HR and Admin department. From this organization I have learned so many things. My main job responsibility was:

1. Assist in managing of DRFM-B documents.
2. Assist in various data entry, sorting, searching, etc. related works.
3. Assist in all HR and Admin related works
4. Assist in documentation of meetings, FGD and other interaction with various stakeholders.
5. Assist in organizing workshops, seminars and field visits.
6. Any other tasks as required by the project.

Besides all of this responsibilities there are so many work which I did. I prepared all contractual employees payroll in manual way. All Field officer’s travel bill and all costs calculated. Financial report also reviewed. Many survey related training meeting etc. was arranged by me. I also provided many logistics support in many trainings and meetings

Basically internship period is the first step of job. Organization environment, office environment, office culture, different human behavior all these things are adopted by internship. So many knowledge are gained by internship with collaborate assigned work and academic syllabus.

By my internship I gained lots of knowledge and practical experience which will help my upcoming career.
Chapter 4- Ensuring Transparency in RMG of Bangladesh

As consumers we do not think much about the “Made in …” labels sewn on our clothes or stamped onto the soles of shoes, if we notice it at all. But woven invisibly into the fabric of the
clothes we wear are stories of individuals—often women—who cut, stitch, and glue the shoes, shirts, and pants that we pick from store shelves and hang in our closets. We never think about that women.

There are so many problems in our garments industry. Factory building collapses and fire are not the only problem, labor rights abuses, deny maternity leave, force workers to do overtime work, male managers or workers sexually harass female workers etc. Besides this problem recently another problem arises in the apparel industry which is lack of transparency. Brands & Buyers don’t know who made their product, what amount of female and male workers work here, what kind of facility workers get from company, fire facility, either company maintain workers rights or not etc. But according to international standards though non-binding, global apparel and footwear companies or “brands” that order products manufactured in factories also have a responsibility to ensure that the rights of workers are respected throughout their supply chain. They must take measures to prevent and address human rights abuses. Even workers don’t know which brands are working with them. So everybody should know the basic information of both sides workers and buyers. They should make sure workers and the public know which factories are producing for which brands, and they should be transparent about their supply chains. Too often, though, brands side-step responsibility by failing to publish key information—such the names, addresses, and other important information about factories manufacturing their branded products.

This is especially important because in the apparel sector, unauthorized subcontracting is a frequent problem. Some of the worst labor abuses occur in such unauthorized subcontracted sites, farthest from any kind of scrutiny or accountability.

Such disclosure not only demonstrates that a company is mapping its supply chain, it also helps to identify good and bad subcontractors, and focus additional monitoring efforts where they are most needed. Workers need this information too, as do those who may advocate on their behalf, including union representatives, local and international nongovernmental organizations, lawyers, journalists, and academics. The more supply chain data is publicly available, the more likely it is that abusive conditions will be reported—whether publicly or to the brands whose supply chains are implicated—and the more likely it becomes that problems can be solved.
More and more apparel companies disclose this information to show where they are producing and the sites they are monitoring. By the end of 2016, these included adidas, C&A, Columbia Sportswear, Cotton On Group, Disney, Esprit, Forever New, Fruit of the Loom, Gap Inc., G-Star RAW, Hanesbrands, H&M Group, Hudson’s Bay Company, Jeanswest, Levi Strauss, Lindex, Marks and Spencer, Mountain Equipment Co-op, New Balance, Nike, Pacific Brands, PAS Group, Patagonia, Puma, Specialty Fashion Group, Target USA, VF Corporation, Wesfarmers Group (Kmart and Target Australia, and Coles), and Woolworths.

DRFM-B is aimed at mapping of the ready-made garment (RMG) factories in Bangladesh. The goal of DRFM-B is to provide industry stakeholders with real-time, credible RMG factory data through an interactive online platform (like Google Maps). The project will also work to enable greater accountability, transparency in supply chains, and enhancing confidence in the ability of the sector to contribute to equitable development in Bangladesh.

The project will be implemented by BRAC University’s Centre for Entrepreneurship Development (CED), and coordinated by BRAC USA, and with C&A Foundation as the lead funder with potential additional co-funding. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is the strategic partner of this project.

The DRFM-B project builds on the initial pilot conducted in 2015 which mapped two clusters (Mirpur and Kaliakair). With the pilot data, BRAC University developed a prototype map (similar to the Google Map) on a global platform consisting of various factory information. Three (3) workshop with different sector stakeholders were also organized to showcase the map and to obtain feedback from the key stakeholders.

With the success of the pilot project, DRFM-B would like to broaden the project beyond the pilot phase. At present, DRFM-B will cover the entire garment industry, i.e. to find out the actual number of factories as well as workers involved in this sector.

DRFM-B would cover various factory information like factory name/address/GPS location, operational status of factories (active/inactive/shut down, etc.),
registration status (member of BGMEA/BKMEA/EPB), type of production, factory building structure, number of workers, zone/countries where products are exported, major buyers/brands working with a particular factory, distance of the nearest hospitals and fire service stations, information on Workers Participatory Committee (WPC) and Safety Committee, affiliation with and information on having trade unions, and certifications [National Action Plan (NAP), Accord, Alliance, ISO, OEKO-TEX, LEED, WRAP, SEDEX, etc.]

The factory data and the developed map are expected to create credibility and accountability in the sector with a shared value and responsibility approach for all sector stakeholders. This will help clear out the debates and misconceptions about the sector.

BRAC University hopes that through this project, the world will be more aware of the genuine progresses made by the Bangladeshi apparel producers in bringing more transparency to this vital export earning sector, and respectability in the global community. Thus, with the enhanced credibility of the sector, we will be able to lead the sector towards the BGMEA’s envisioned $50 billion industry and the government’s mandated “Digital Bangladesh”.

**Update as January 2018**

- DRFM-B has officially on-boarded its key technical service provider, Source map Inc to design the project’s database and online mapping platform.
- Strategic partnership with the Bangladesh Garment Manufacturers and Export Association (BGMEA) and the Department of inspection for Factories and Establishments (DIFE) have become more refined. These partnership will ensure necessary legislative support as enumerator visit every factory in the country.
- Maintaining a collective action approach, the project held its first multi-stakeholder Project Advisory Committee meeting.
- External baseline consultants are in the final stages of producing a report on what other RMG databases currently exist in the RMG sector in Bangladesh.

**Opportunity**
Bangladesh is experiencing an unparalleled period of development, with its GDP growing at an average of six percent annually. The RMG sector itself is growing at an average of seven percent per year, becoming the world’s second largest garment exporter. Valued at $25 billion, the garment industry comprises nearly 80% of the country’s total exports, supports the livelihoods of about four million garment workers, and is two-thirds of the labor force, 85% of whom are women from rural areas.

By using DRFM-B’s mapping platform, brands and buyers can increase their vigilance and understanding within the sector through periodic monitoring and updates from their suppliers. The data on the platform can also generate reports which can be used to augment internal business audits and ultimately mitigate high risks in supply chains. Brands and buyer can become more adept at tracking where their labels are produced and have the ability to make more informed business decisions. The platform can also inform parallel chain of other brands, buyer, suppliers, sub-contractor and proactively provides insights into new business or investment opportunities. DRFM-B can also serve as a useful directory tool when strategizing with which factories to work.

Factory owner can gain access to a free, globally accessible tool to features their work. Owners can highlight the specialized product of their factories, key features, including international certificates and promote their best practices to gain new business in a competitive sector. At the same time, factory owner can improve their business models by building greater relationships within other tires of their own supply chains. Private financiers can also use the platform to develop context specific financial products for employees or strategize where their branches and ATM should be located.

Strategic partnership
DRFM-B is cultivating strategic partnership with key public and private governance bodies in Bangladesh’s garment sector to collect information from factory owners with greater efficiency and ease. Partners play a role in DRFM-B’s Project Advisory Committee, share feedback on the factory survey questionnaire, provide authorization documents for factory entry, and provide personnel who will directly support the project’s field survey staff. DRFM-B has also importantly gained the support of the Department of Inspection for Factories and Establishment (DIFE), a department under the Ministry of Labor and Employment and is in the process of drafting. DIFE is normalizing and facilitating the development of a safety and healthy work culture, while improving working condition and ensuring dignified work opportunities.

**Initiatives For Transparency:**

In 2016, eight international labor rights groups and global unions advocating for a basic level of transparency in the apparel industry. The coalition developed a "Transparency Pledge," a uniform minimum standard for transparency, drawn from industry good practices. The pledge is a modest starting point for company disclosure. Companies can do far more than what the pledge seeks, for example by publishing information about where they source cotton and other materials from. The coalition reached out to 72 brands—some leaders on transparency and others that lag behind—to urge them to align their practices with the Transparency Pledge. Seventeen leading global apparel and footwear companies have to date committed to publishing all of the information sought in the pledge.

Each company that does so commits to regularly publish on its website a list of all factories that manufacture its products. The list should specify the full name of all authorized production units and processing facilities; site addresses; parent company information for the production units; type of products made; and a rough indication of the number of workers at each site.
Among the leaders who previously already disclosed supplier factory information and fully committed to the pledge are adidas, C&A, Cotton On Group, Esprit, G-Star RAW, H&M Group, Hanesbrands, Levi’s, Lindex, Nike, and Patagonia. Companies that were going transparent for the first time and committed to the pledge are: ASICS, ASOS, Clarks, New Look, Next, and Pentland Brands.

Another 17 companies, though falling short of pledge standards, shifted in a positive direction, and committed, for the first time, to publishing their supplier factory information. Disappointingly, however, many apparel companies simply rejected transparency altogether or did not respond to our repeated efforts to engage with them.

**Transparency as Competitive Advantage**

Some brands rejected transparency because they think that it will create competitive disadvantage. They argue that publishing the names and locations of the factories that produce for them will be detrimental to staying competitive. This thinking is misguided. The logical and real thing is it creates lots of competitive advantage.

Firstly, when a leading company disclose their information, they will not face any financial harm as well.

Secondly, by disclosing factories or brands information new companies and buyers will get great opportunity to do their business and also competition will be increased.

Publishing supplier factory information would only amplify the effectiveness of such a global framework agreement and already which have global framework agreements, also publish their supplier factory information. Their practices demonstrate that the two tools—framework agreements and transparency.
Chapter 5- Conclusion
The demand for transparency in the textile and garment supply chains is growing as consumers are becoming more socially and environmentally conscious every day. For ensuring transparency throughout the entire apparel supply chain, a trusted and predictable relationship between all the stakeholders is the key. DRFM-B or similar initiatives can be main pathway for transparency of RMG in Bangladesh. There should be interlinks between all the information database to ensure traceability of this sector. Transparency initiative would significantly complement ongoing efforts towards enhanced, more risk-averse supply chains. We believe it will empower stakeholders across the industry, including workers, factory authority, brands, government, and civil society organizations to create positive changes and strengthen the effectiveness of improvements already underway. We hope this will be instrumental toward establishing a strong marketing and branding tool for the ready-made garment industry in Bangladesh through increased accessibility of information. A transparent RMG industry would help make sue the growth of Bangladesh economy.
Reference

5. http://www.wrapcompliance.org/12-principles