

# **Impact of Minimum Wages-2019 on the Job Satisfaction of Bangladesh RMG Employee**

By

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A thesis submitted to the Department of BRAC Business School in partial fulfillment of  
the requirements for the degree of  
Masters of Business Administration

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Brac University  
August, 2021

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## **Declaration**

It is hereby declared that

1. The thesis submitted is my own original work while completing degree at Brac University.
2. The thesis does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The thesis does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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## **Approval**

The thesis titled “ **Impact of Minimum Wages-2019 on the Job Satisfaction of Bangladesh RMG Employee** ” submitted by

Sanjida Khanam, 18364095

of Spring, 2021 has been accepted as satisfactory in partial fulfillment of the requirement for the degree of Masters of Business Administration on 17/06/2021

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## **Letter of Transmittal**

Dr. Sumon Das  
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BRAC Business School  
BRAC University  
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Subject: Submission of internship report on “Impact of Minimum Wages-2019 on the Job Satisfaction of Bangladesh RMG Employee”.

Dear Sir,

With due respect and humble submission, I want to inform you that I have prepared a report named “Impact of Minimum Wages-2019 on the Job Satisfaction of Bangladesh RMG Employee” as per your given instructions. I have tried to give my utmost sincerity and tried my level best to provide as much information possible and make it comprehensive as I could. This report has helped me to acquire knowledge on the business development process of Impact of Minimum Wages on Job Satisfaction. I have gathered all the information from my market visits, internet and different subordinates. Without your friendly support, this report would have been an incomplete one.

I hope that this report will meet your expectations and will be able to enlighten you with enough information regarding my work.

Sincerely yours,

---

Sanjida Khanam  
BRAC Business School  
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## **Abstract**

The thesis has been conducted to identify the level of satisfaction created by the new minimum wage structure published in January 2019 in the ready-made garment industry of Bangladesh. Bangladesh is the second largest apparel exporter in the world maintaining a world market share of 6.80%, China is holding the first position by maintaining a market share of 30.8%. The third position is occupied by Vietnam by maintaining a market share of 6.2%, India 4<sup>th</sup> position and its market share is 3.5%, Turkey is in 5<sup>th</sup> position and its market share is 3.2%. After the independence minimum wages was fixed in 1984, 1994, 2006, 2010, 2013 and in 2019. This is a tri-party effort of workers, owner and government to fix the minimum wage. This paper intends to find out the level of satisfaction created by the minimum wage 2019 in the RMG sector of Bangladesh.

**Keywords:** Minimum Wage; Job Satisfaction; Purchasing Power; Labor Law; Gazette; Fringe Benefits

## **Acknowledgement**

Foremost, I would like to express my honest appreciation to my supervisor Dr. Sumon Das and Co-supervisor Mr. Syed Ibrahim Saajid for their continuous support of my thesis, for their patience, inspiration, enthusiasm, and massive knowledge. Their guidance helped me in all the time of research and writing of this thesis.

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My sincere thanks also go to the Head of HRM and Admin of Square Fashions Limited, Pacific Cotton Limited, P.A. Knit Composite Limited and Epyllion Knitex Limited. They helped me by giving access to their factory for taking interview. They have also helped me by providing various data related to my thesis topic.

Last but not the least, I would like to thank my parents for giving birth to me at the first place and supporting me spiritually throughout my life. They inspired me to choose such a thesis topic which should be related to my study, consistent with my career plan and reflects contemporary phenomena of our economy.

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## List of Acronyms

RMG	Ready Made Garments
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
HRM	Human Resource
OECD	The Organization for Economic Co-operation and Development
CPD	Centre for Policy Dialogue

## **CHAPTER 1: INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

In RMG sector of Bangladesh minimum wages-2019 was effective from 1 December 2018. As a minimum wage RMG workers demanded Tk 16,000 per month at that time. But after negotiations (tripartite committee) among trade unions, BGMEA and the government of Bangladesh it was fixed at Tk 8,000 per month.

Subsequently after declaring the new minimum wage structure both the employer and employee did show their feedback negatively. Capability to bear the burden of extra salary was a burning question from the perspective of the garments' owners. On the other hand, there were voices from the workers' side that minimum wage Tk 8,000 was very insufficient to maintain their cost of living.

### **1.2 OBJECTIVE OF THE STUDY**

The primary objective of the study is to identify the level of satisfaction of garments employee of Bangladesh created by the minimum wage 2019. The secondary objective is to identify recommendations for improvement the job satisfaction of garments employee as well as improving the profitability of the company.

Overall this study will fulfill the following objectives:

- To assess the level of job satisfaction created by the minimum wage gazette 2019;
- To identify the alternative job opportunity of the existing garments employee;
- To assess the loyalty of the employee to RMG factories.

### **1.3 RATIONALE OF THE STUDY**

Ready-Made Garments industry has the highest contribution in the economy of Bangladesh. The survival, growth and profitability of this industry is based on cheap labor. This is a labor intensive industry. On the other hand the main driving force of labor productivity depends on salary and wages. If wage is not properly fixed up then worker will not work. As a result the entire investment will not produce any result. So compensation is very important for the sustainability of this industry. On the other

hand I am going to complete my MBA, major in HRM. So considering my career and its importance in our economy, I think this is very value adding study.

## **1.4 SCOPE AND LIMITATIONS**

The scope of the thesis paper on “Impact of Minimum Wages-2019 on the Job Satisfaction of Bangladesh RMG Employee” is given below:

- Finding out issues in the existing wage rate gazette;
- Know the expectations of the workers;
- Develop a questionnaire;
- Develop the methodology of doing thesis;
- Selection of factories to be visited;
- Taking interview and get the questionnaire survey;
- Plot the data into a spread sheet;
- Analyze, interpret and plot data into graph;
- Identify findings;
- Make recommendations

Before starting the field work the following limitations can be identified:

- Lack of time and money;
- Access limitations to factories and employees;
- Lack of in-depth knowledge about the industry and related regulations;
- Data confidentiality from the perspective of factories;
- Data collection for study purpose is not inspired in the corporate sector of Bangladesh.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 WAGE RATE**

As per OECD, “Wage rates measure the basic remuneration per time unit or unit of output”. In a number of OECD Member countries wage rates are determined by law or regulation through combined negotiating agreements, etc. The statistics accumulated on these award rates (which are generally minimum or standard rates) are clearly notable from statistics referring to wage rates actually paid to individual workers.

### **2.2 MNIMUM WAGE RATE**

Although minimum wage is not defined in the Bangladesh labour law, it suggested to the Minimum Wage Board: “In making its recommendation the Wage Board shall take into consideration cost of living, standard of living, cost of production, productivity, price of products, business capability, economic and social conditions of the country and of the locality concerned and other relevant factors” (Labour Act 2006, cited in CPD report, 2013).

“Mere increase on wages doesn't guarantee the well-being of the workers in their daily lives. It has been experienced that any announcement of new pay scale, increases the prices of daily commodities instantly.”

After publishing the new minimum wage gazette-2019, the president of the National Garment Workers Federation said, “We welcome the revision and the new wage structure.”

Minimum wage rate history of Bangladesh RMG industry is given below:

<b>Year</b>	<b>Taka</b>
1984	560
1994	930
2006	1663
2010	3000
2013	5300
2019	8000

“The workers of garments industries remained as the lowest paid workers in the world.” (Khatun and Samsuzzaman).

“As a consequence, almost every year, the workers of RMG in different industries have been creating violence in the form of procession, vandalizing and blockading the roads to hike their minimum wage, attendance bonus and to ensure other facilities.” (Khondhker Bazlul, Razzaque Abdur, and Ahmed Nazneen).

## **2.3 JOB SATISFACTION**

Organizations can improve job satisfaction by introducing systems such as flexible work arrangements, favorable leave policy, training opportunities, safe working environment, job security or continuity, flexible benefits etc.

Announcing an effective mechanism by brands and buyers jointly on how additional wage costs at production level could be adjusted by the enterprises; and reviewing the institutional process of the Minimum Wage Board with a view to ensuring its effective role and function in the future.

## **2.4 VARIABLES OF JOB SATISFACTION**

In this regard Herzberg’s content theory (hygiene and motivating factors) can be integrated with the minimum wage of garments industry in Bangladesh. Herzberg (Work and the Nature of Man) found that the factors causing motivation and positive

job satisfaction were not simply the opposites of factors causing demotivation and dissatisfaction.

This led Herzberg to suggest a two-step approach to motivation and satisfaction.

Step 1: Hygiene Factors: Example, Salary. Here workers are no longer dissatisfied but not yet motivated.

Step 2: Motivating Factors: Foreign tour from company. It creates positive satisfaction and motivation.

If hygiene factors are absent in job then employees are become dissatisfied and demotivated. Hygiene factors are involved in dealing with dissatisfaction but motivating factors are needed to ensure actual motivation.

## **2.5 TOOLS AND TECHNIQUES OF INCRESING JOB SATISFACTION**

Just as hygiene may prevent disease but is insufficient to make people healthy, so dealing with 'hygiene factors' will prevent dissatisfaction but will not necessarily lead to motivated workers. Hygiene factors are concerned with the context of the job rather than its content:

- Company policy and administration
- Supervision
- Salary
- Relationship with other staff
- Working conditions

Motivating factors are concerned with the content of people's job and need to be addressed to ensure motivation. They include:

- A sense of achievement
- Recognition
- Challenging work



- Responsibility
- Advancement
- The job itself

One of the most significant aspects of Herzberg's findings was the classification of salary as a hygiene factor that is that increasing salary would reduce dissatisfaction but would not motivate workers. Like Maslow, Herzberg emphasized the importance of non-financial motivators.

This is in contrast to the prevailing thought of the time that would attempt to deal with problems regarding motivation by paying people more. Note that hygiene factors are concerned with satisfying lower-level Maslow needs (basic, safety, social) whereas motivating factors are more concerned with higher Maslow needs (status and self-actualization).

Maslow's content theory (the hierarchy of needs) is related with this study. One way of understanding individual behavior is in terms of the individual's needs, which may be conscious or subconscious. Abraham Maslow, *Motivation and Personality*, 1954, suggested a hierarchy of such needs to explain an individual's motivation.

A person will start at the bottom of the hierarchy or pyramid and will initially seek to satisfy basic physiological needs – food, shelter, clothing etc. Once these needs are satisfied they no longer motivate and the individual concerned moves up to the next level; safety/security needs. Safety needs could encompass physical safety (e.g. wearing a hard hat on a building site) and/or protection against unemployment and the consequences of sickness, as well as safeguarded against unfair treatment.

Again, once these needs are satisfied (e.g. by company rules re dismissal, health and safety, pension policies etc.) they no longer motivate and the person moves up to the next level in the hierarchy. Social needs recognize that people want to belong to a group. Being a member of an effective team, or enjoying good social interaction with colleagues, satisfies these needs so they no longer motivate, and the individual moves up to the next level in the hierarchy.

Status/ego needs involve the desire to have the respect and esteem of others. This could be satisfied, for example, by gaining a promotion. Self-actualization needs are concerned with what people think about themselves, whether they feel that their lives are worthwhile and that they have meaning. For many this can only be satisfied by ongoing success and new challenges.

This paper has shown that the minimum wage payout setting or increment has no significant influence as a determinant of RMG contribution to total export of country and number of garments factories. There are a number of other factors that have influence over them and act as their determinants. On the other hand, minimum wage payout has significantly act as one of the determinants of number of employs of the RMG sector as higher minimum wage attracts the new workforce toward the RMG sector. (Zaman and Khan, 2021). This thesis will help to provide further information about the impact of minimum wage 2019. Questionnaires have been developed in such a way so that directly or indirectly the employees express their opinion about their compensations.

## **CHAPTER 3: METHODOLOGY**

### **3.1 METHODOLOGICAL APPROACH**

Since the objective of the thesis is to identify the impact of minimum wages to the motivation of garments employee of Bangladesh, a primary data will be suitable approach to get the right kind of feedback. Considering the knowledge and education background of most of the garments employee close ended questions are designed. Questions are designed in such a way so that the participants will have to apply minimum level of judgment. Since the objective is to identify the impact of minimum wages I need qualitative data to draw conclusion. To get the right state of mind of the employee an indirect approach has been followed to set up the questions. Based on the data induction logic will be applied to draw conclusion.

### **3.2 METHOD OF DATA COLLECTION**

There are 200 garments employees have been selected from 4 factories. Factories have been selected based the availability of access and volume of export. Among the four factories 2 factories are big in case of export volume and two factories are small. To get both type of feedback both small and big factories have been selected. Empirically it has been found that big factories are very systematic, organized and the employees are more or less happy about their job. On the other hand, there is high employee turnover, low job satisfaction in case of small factories.

There are 7 grades of employees in all garments. I will choose 7 employees from grade 1 to 6 and 8 employees from grade 7. Total 50 employees from each factory have been selected. Employees have been stratified by job duration, i.e. I will select 50% participants from those who are working for the particular factory for less than 3 years and the remaining 50% from the employee who are working for 3 years or more. At final stage employee has been selected randomly.

### 3.3 LIST OF FACTORIES VISITED

Name of Company	Factory Address	Corporate Address
Square Fashions Ltd.	Zamirdia, Habirbari, Valuka, Mymensingh	Mascot Plaza (9 <sup>th</sup> – 12 <sup>th</sup> floor), Plot: 107/A Sector: 7, Uttara, Dhaka-1230 Web:www.squaregroup.com.bd
Pacific Cotton Ltd.	Amtali, Habirbari, Seed Store Bazar, Valuka, Mymensingh	House: 2, Road: 113/A, Gulshan-2, Dhaka-1212 Web:www.cottongroup.com.bd
P.A. Knit Composite Ltd.	Zamirdia, Habirbari, Valuka, Mymensingh	36, Shahid Tajuddin Ahmed Sarani, Tejgaon I/A, Dhaka-1208
Epyllion Knitex Ltd.	Banglabazar, Gazipur	Nina Kabbo, 227/A Tejgaon I/A Dhaka-1208

### 3.4 SELECTION OF SAMPLE

In Bangladesh there are more than 5,000 garment factories and more than 40 lacs employees are working there. It could be very expensive and time consuming to survey a representative sample size. Considering this limitations I have selected only 200 employees from four factories. Employees from all grades have been interviewed. Following is the distribution of sample size.

Grade	Square Fashion	Pacific Cotton	P.A. Knit Composite	Epyllion Knitex	Total
Grade-1	7	7	7	7	28
Grade-2	7	7	7	7	28
Grade-3	7	7	7	7	28
Grade-4	7	7	7	7	28
Grade-5	7	7	7	7	28
Grade-6	7	7	7	7	28
Grade-7	8	8	8	8	32
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>200</b>

Population will be stratified based on number of years served to the current company. Stratified number of year is 3. 50% of the sample size has been selected from the lower stratified population and remaining 50% has been selected from the upper stratified population.

### 3.5 QUESTIONNAIRE

The thesis is about to identify the impact of salary review on job satisfaction to the employee of ready-made garments of Bangladesh. Since job satisfaction cannot be measured with numbers, a qualitative research will fulfil the purpose of the thesis. To get feedback from the garments employee a set of questions has been developed.

The answers of the questions will produce the following outcome to draw conclusion.

Questions	Answers and Outcome
1. How many years are you working for the current company?	If answer is more than three years then it will mean the employee is satisfied with the current company and compensations.
2. Is it your first job?	If the answer is yes then this employee is less capable to compare salary.
3. Have you worked for any factory other than garments before?	If the answer is yes then this employee is capable to compare salary with other industry.
4. Have you looked for a job other than garments factory?	If the answer is yes then it will mean that this employee is not satisfied with the current job.
5. Do you think you deserve more than the current salary?	“Yes” answer will mean that the employee is not satisfied with the current salary.
6. Do you think you will get more if you switch the industry?	“Yes” answer will mean that the employee is not satisfied with the current salary.
7. Currently what should be the gross salary for an assistant operator who does not have any work experience?	If the said salary is greater than the current minimum amount then they are dissatisfied with the current salary.

- |   |  |
|---|--|
| 8. How many years did you worked for your last company?   | If the employee is staying in the current company for more years, then the previous company then she/he is satisfied with the current company. |
| 9. Do you know anybody who has the same qualification and experience as like you, who is working in any factory other than garments and who is getting more salary than you?  | “Yes” answer will mean that garments industry is providing less salary than other industry.  |
| 10. Do you know anybody who has the same qualification and experience as like you, who is working in any factory other than garments and who is getting less salary than you? | “Yes” answer will mean that garments industry is providing more salary than other industry.  |
| 11. Will you suggest anyone to take job in a garment factory?   | “Yes” answer will mean that this employee is satisfied with the garments industry.   |
| 12. For how many years you plan to work for garments factory from the rest of your life.  | If the number of years is more than 5 than it will be assumed that the employee is happy by working in garment industry.                       |

### 3.6 ASSUMPTIONS

- Respondents were honest in giving their opinion.
- Sample selection was representative of the population.
- Respondents have the same state of mind as it was when the current minimum wage was declared (January 2019).
- Opinion obtained from the sample selection is the representative of the population.
- Opinion given about the persons working in other industries is true and fact.
- Opinion given about the salary of other industries is true and fair.
- Garments industries are scattered in all over the country round. It is assumed that the data collected from the four factories are the representative of all the factories in the country.

- It is assumed that with the same minimum wage employees living in different part of the country has the same feeling about the wage amount.
- It is assumed that price of commodities in all over the country is same.
- It is assumed that all the garments employees maintain the same life style.

### 3.7 EXISTING MONTHLY WAGE RATE

Designation	Basic Salary	House Allowance	Medical Allowance	Conveyance Allowance	Food Allowance	Gross Salary
<b>Grade-1</b> <ul style="list-style-type: none"> <li>▪ Pattern Master</li> <li>▪ Chief Quality Controller</li> <li>▪ Chief Cutting Master</li> <li>▪ Chief Mechanic</li> </ul>	10,938	5,469	600	350	900	18,257
<b>Grade-2</b> <ul style="list-style-type: none"> <li>▪ Mechanic/ Electrician</li> <li>▪ Cutting Master</li> </ul>	9,044	4,522	600	350	900	15,416
<b>Grade-3</b> <ul style="list-style-type: none"> <li>▪ Senior Operator</li> <li>▪ Senior Cutter</li> <li>▪ Senior Quality Inspector</li> <li>▪ Senior Marker</li> <li>▪ Senior Screen Exposer</li> <li>▪ Senior</li> </ul>	5,330	2,665	600	350	900	9,845

<ul style="list-style-type: none"> <li>▪ Ironman</li> <li>▪ Senior Sample man</li> <li>▪ Junior Mechanic</li> <li>▪ Junior Electrician</li> <li>▪ Senior line leader</li> </ul>						
<b>Grade-4</b> <ul style="list-style-type: none"> <li>▪ Operator</li> <li>▪ Cutter man</li> <li>▪ Quality Inspector</li> <li>▪ Marker</li> <li>▪ Input man</li> <li>▪ Bundling man</li> <li>▪ Auto Spreader</li> <li>▪ Folding man</li> <li>▪ Tag man</li> <li>▪ Painter</li> <li>▪ Screen exposser</li> <li>▪ Iron man</li> <li>▪ Plumber</li> <li>▪ Sample man</li> <li>▪ Distributor</li> <li>▪ Normal Mechanic</li> <li>▪ Normal Electrician</li> <li>▪ Line Leader</li> </ul>	4,998	2,499	600	350	900	9,347
<b>Grade-5</b> <ul style="list-style-type: none"> <li>▪ Junior</li> </ul>	4,683	2,342	600	350	900	8,875



Operator						
▪ Junior Cutter man						
▪ Junior Quality Inspector						
▪ Junior Marker						
▪ Junior Input man						
▪ Junior Bundling man						
▪ Junior Auto Spreader						
▪ Junior Poly man						
▪ Junior Tag man						
▪ Junior Printer						
▪ Junior Screen Exposer						
▪ Junior Iron man						
▪ Junior Plumber						
▪ Junior Sample man						
▪ Junior Distributor						
▪ Assistant Mechanic						
▪ Assistant Electrician						
<b>Grade-6</b>	4,380	2,190	600	350	900	8,420
▪ Normal						

Operator						
▪ Normal Cutter man						
▪ Normal Quality inspector						
▪ Normal Marker						
▪ Normal Input man						
▪ Normal Bundling man						
▪ Normal Auto Spreader						
▪ Normal Folding man						
▪ Normal Tag man						
▪ Normal Printer						
▪ Normal Screen Exposer						
▪ Normal Iron man						
▪ Normal Plumber						
▪ Normal Sample man						
▪ Normal Distributer						
<b>Grade-7</b>	4,100	2,050	600	350	900	8,000
▪ Assistant Operator						
▪ Assistant Cutter man						

▪ Assistant Quality Inspector						
▪ Assistant Marker						
▪ Assistant Input man						
▪ Assistant Bundling man						
▪ Assistant Auto Spreader						
▪ Assistant Folding man						
▪ Assistant Tag man						
▪ Assistant Printer						
▪ Assistant Screen Exposer						
▪ Assistant Plumber						
▪ Assistant Sample man						
▪ Assistant Distributor						
▪ Finishing Assistant						
▪ Assistant Thread Cleaner						
▪ Line Iron man						

### 3.8 METHOD OF DETERMINING MINIMUM WAGES

Government, BGMEA and Companies of garments industries usually follow these steps in determining minimum wages. They are given below:

#### **Step 1: Employee Content Information**

- Average Number of adults wage earners in a family;
- Average number of children in a family;
- Average number of adult depends in a family;
- Average number of adults in a family following education course after works;
- Most common source of energy at home (gas, electricity, charcoal);
- Average distance between work and worker's home;
- Average distance between workers home and shopping infrastructure;
- Average distance between workers home and school infrastructure;
- Average distance between workers home and medical infrastructure;

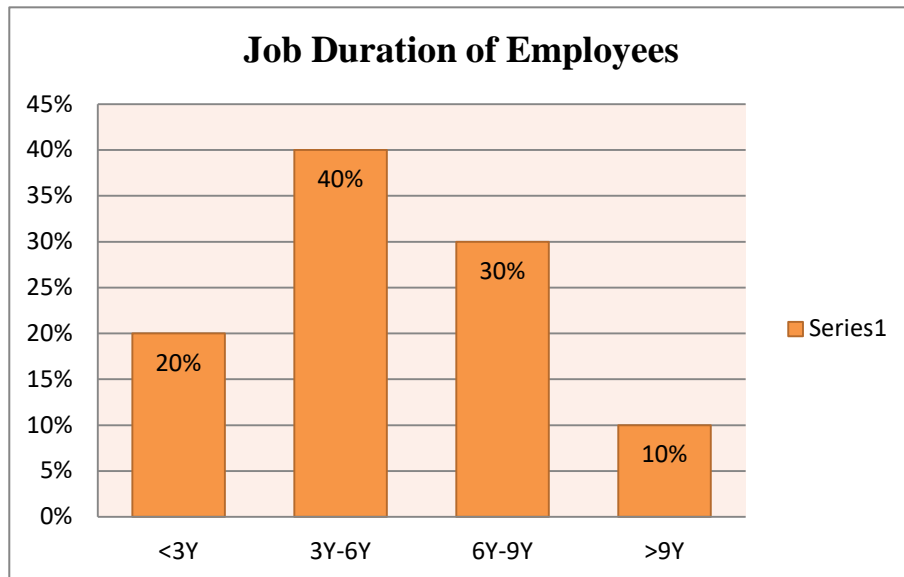
#### **Step 2: Average monthly expenditure information of' employees' family**

- Education
- Transportation
- Food
- Clothing
- Housing
- Energy water consumption
- Unexpected events
- Savings

## CHAPTER 4: ANALYSIS OF DATA

### 4.1 LOYALTY TO RMJ JOB

**Chart 1: Job Duration of Employees**



Among the participants to the survey 20% employees are working for the current year for less than 3 years; 40% of the respondents are working for 3 years to 6 years; 30% of the respondents are working for 6 years to 9 years and 10% of the respondents are working for more than 9 years.

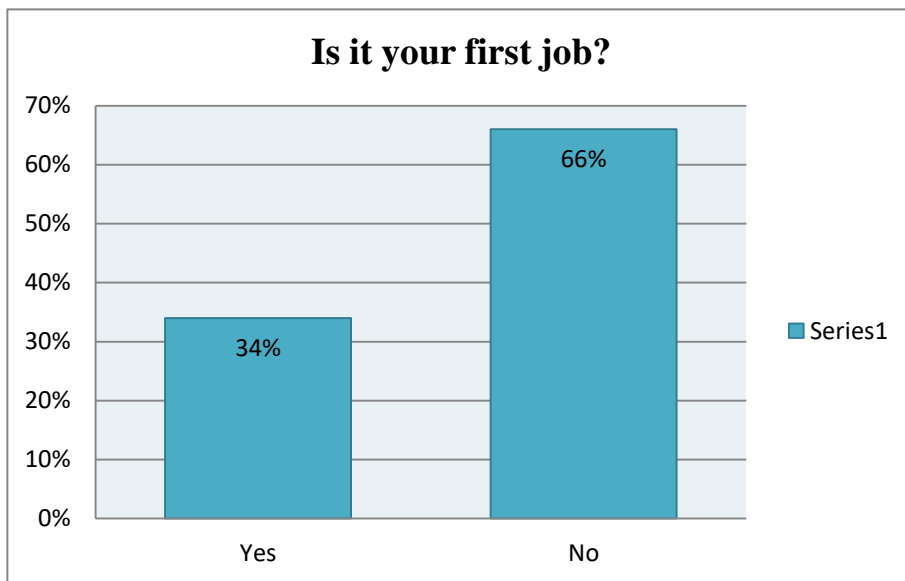
We can say that employee stability of the garments industry is moderately stable. High employee turnover is very bad for the productivity of a company. It at a time destroys the quantity and quality of output.

To decrease the employee turnover ratio companies can do the following activities:

- Counseling to the employees regularly
- Medical facilities
- Leave facilities
- Freedom to take decisions
- Employee engagements activities

- Recreations and entertainment
- Fairness in promotion and increment
- Leadership and management training
- Motivational training
- Capacity building workshops

**Chart 2: Job Status**



Among the participants of the survey 34% employees say yes because they are newly joined and 66% employees say no because they are not. In this chart we can see that every year few numbers of employees are required as a fresher.

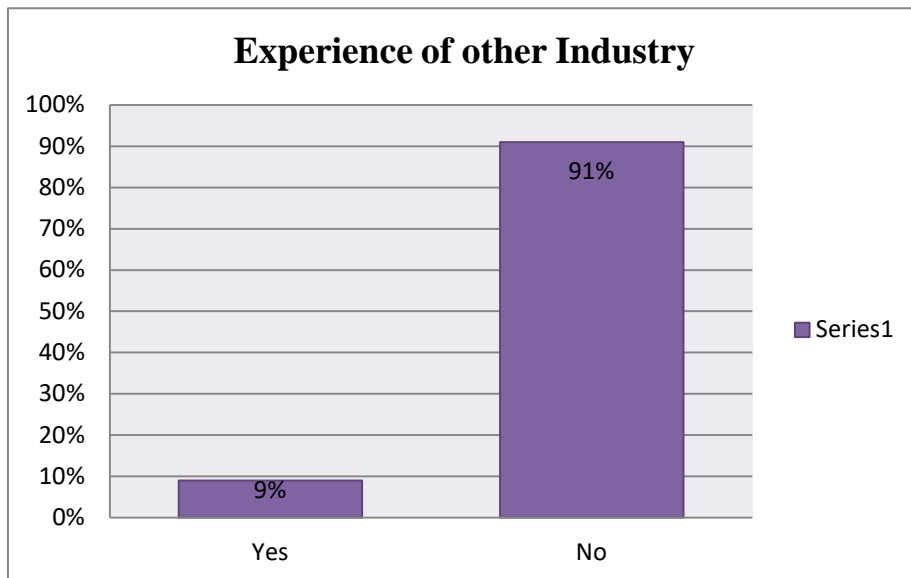
This is survey result indicate the following:

- A big number/percentage (34%) of people are joining in this industry without any experience;
- It indicates the lack of skilled and experience manpower in this sector;
- More number of skilled manpower in neighboring country, i.e. India, Pakistan, Sri Lanka, Vietnam, Malaysia and China;
- Unskilled employee is one of the reason Bangladeshi companies cannot make profit.
- Profit can be made from critical/fancy work.

- Critical/fancy work needs skilled and experience employee.

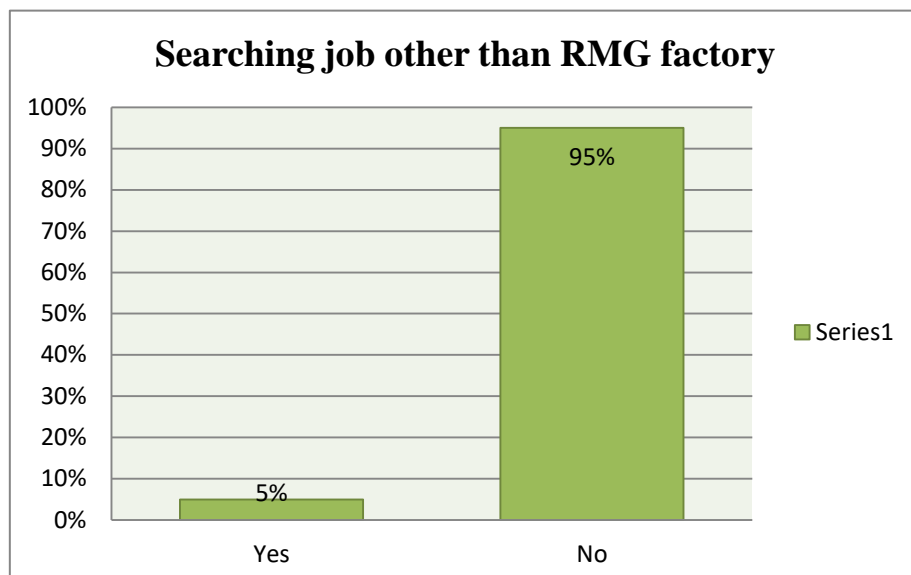
## 4.2 DIVERSITY OF RMG EMPLOYEE

**Chart 3: Experience in Other Industry**



Only 9% of the garments employee is coming from other industry background, 91% from the same background. The opinion of these 9% employees is very important to compare the minimum wages of garments industry with other industry. Among these employees 90% thinks that the minimum wages of RMG industry is satisfactory.

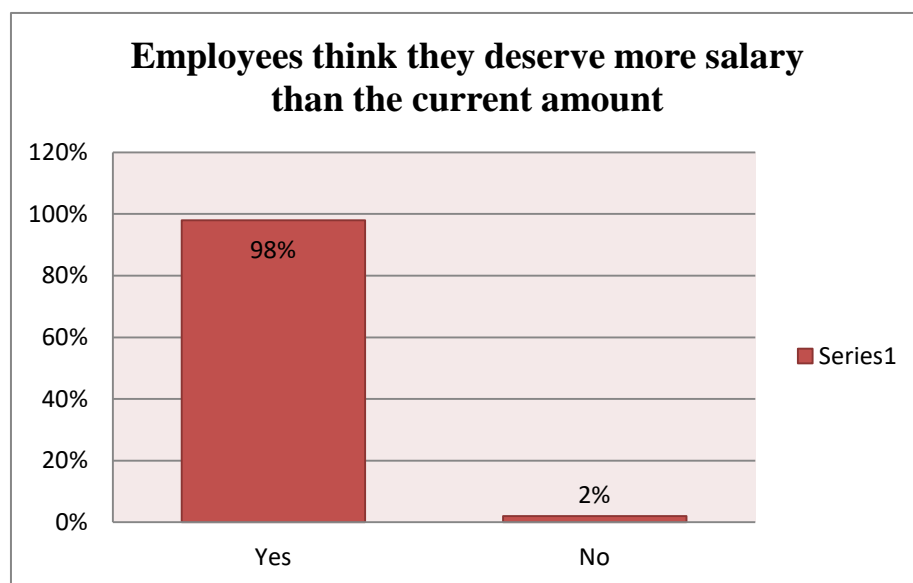
**Chart 4: Searching job other than RMG Factory**



Only a 5% of the existing garments employees want to switch from this industry to another industry. It means most of the employees are comfortable to their existing pattern of work. Another reason might be every industry requires some technical skills to work. So, most of the people do not take the burden of gaining new knowledge.

### 4.3 JOB SATISFACTION LEVEL

**Chart 5: Status of Existing Employee to other Industry**

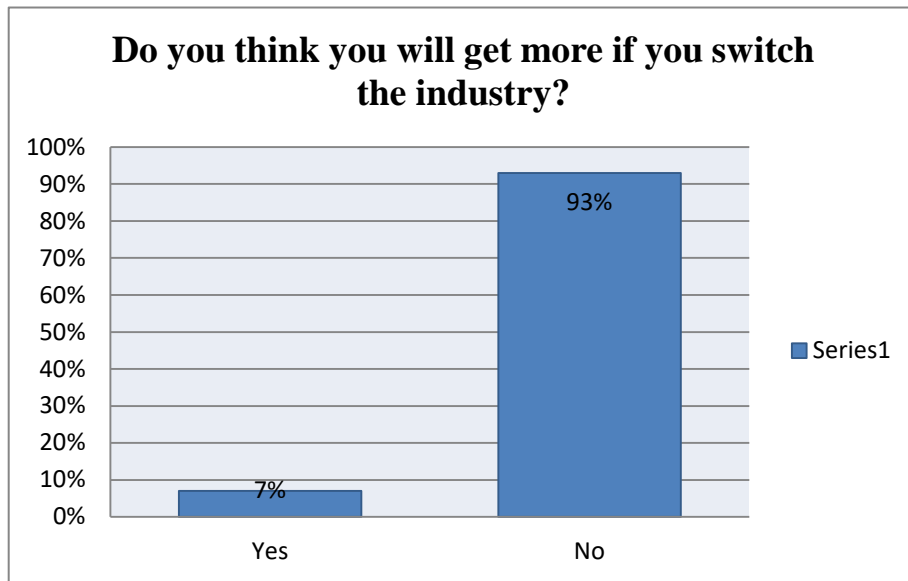


Naturally no one is happy in her/his existing pay out. From the survey we can find that 98% deserve more salary than their existing pay out.

- Practically company considers this as authentic when any one gets job offer with higher than existing salary amount.
- Sometimes a really deserving employee might not get expected position and compensation due to lack of opportunity.
- Abnormal % of employees is saying that they deserve more salary than the existing amount. It indicates that participants are not fair in giving their opinions.
- In research I have to follow few tricks to get the right opinion. To remove this problem the next question has been designed.

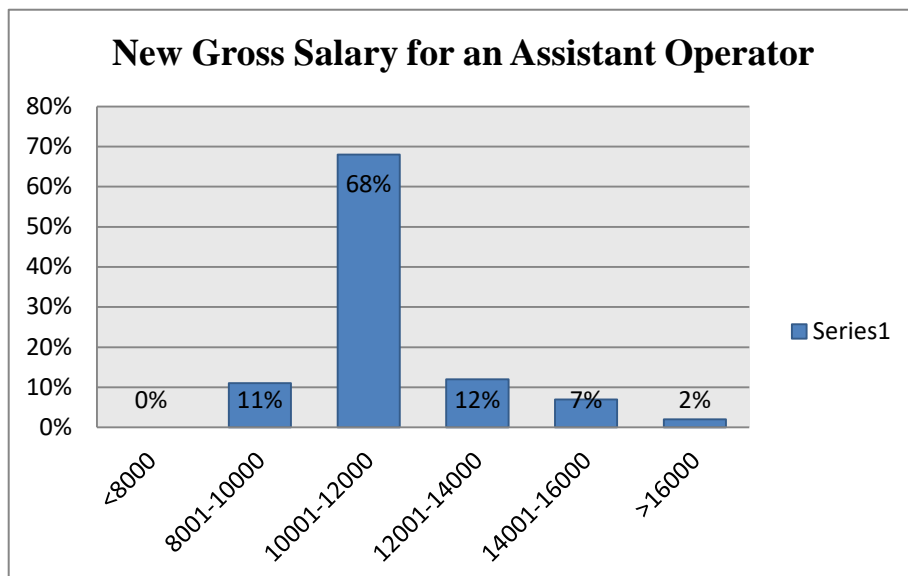


**Chart 6: Switching opportunity**



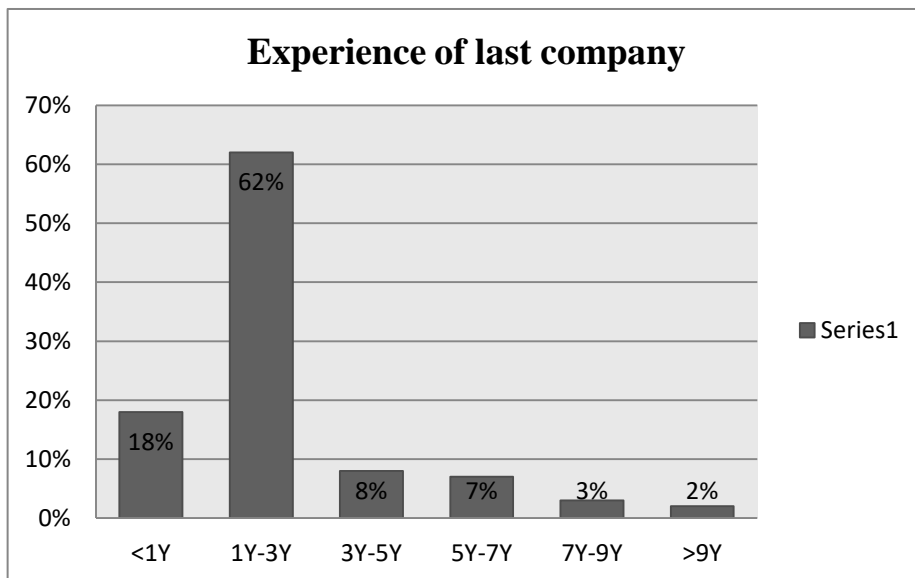
This question was the complementary one for the previous question. 93% of the participants think that they will not get more salary if they switch the industry. If we conclude by adding both question answer 6 and 5, we can say that their existing salary is almost justified to their experience and skills.

**Chart 7: Independent Feedback**



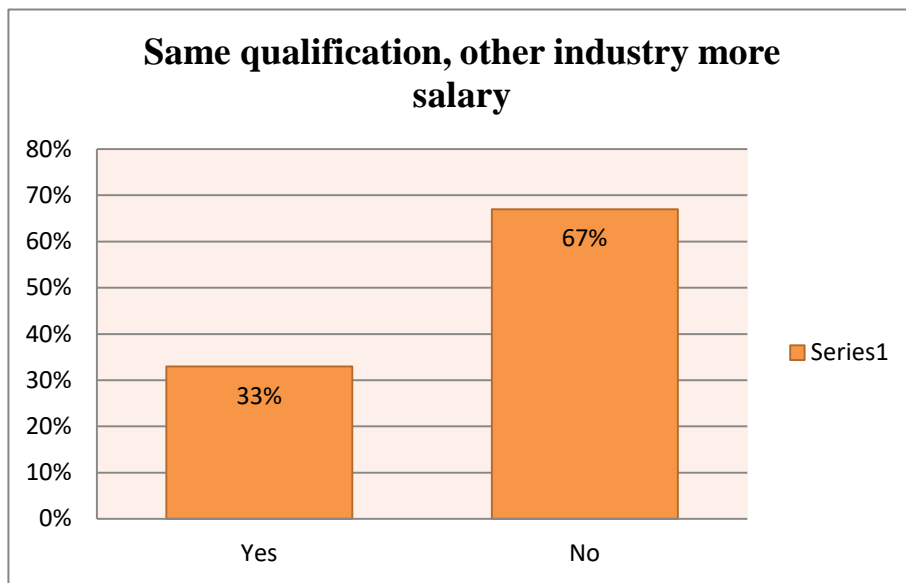
Among the participants to the survey 11% employees are working for the current year and they have not any work experience and they expect their salary range would be 8000-10000; 68% of the respondents are working for the current year without any experience and they expect their salary range would be 10000-12000; 12% of the respondent are working for the current year without any experience and they expect their salary range would be 14000-16000; and 2% of the respondent are working for the current year without any experience and they expect their salary range is would be more than 16000.

**Chart 8: Employee Stability**



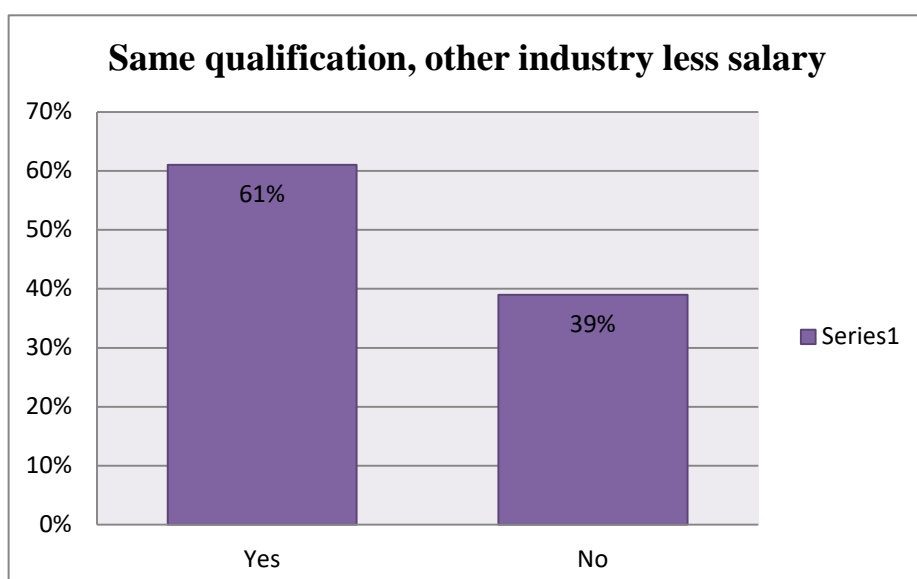
Among the participants to the survey 18% employees were worked for their last company less than 1 year; 62% of the respondents were worked for their last company in 1 year to 3 years; 8% of the respondents were worked for their last company in 3 years to 5 years; 7% of the respondents were worked for their last company in 5 years to 7 years; 3% of the respondents were worked for their last company in 7 years to 9 years; and 2% of the respondents were worked for their last company more than 9 years.

**Chart 9: Salary Comparison with other Industry**



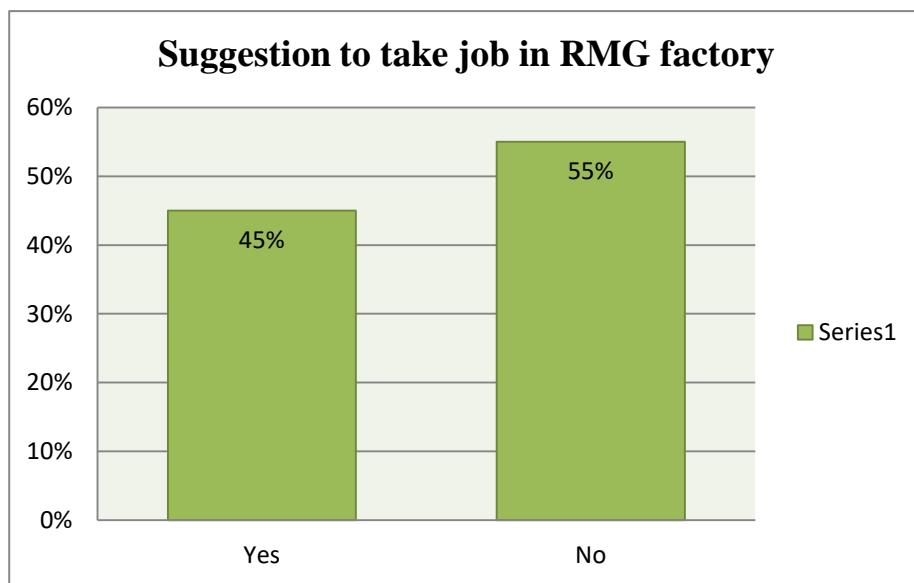
This is an indirect question to get the right state of mind of the employee. In question 5, 98% has replied that they deserve more salary than the existing amount. But here they have told that there are only 33% who are working other industry and getting more salary than them. So if we consider both questions, the employees are almost okay with their existing salary. 67% of the respondents think that with the same qualifications in other industry people are not getting more salary than them.

**Chart 10: Salary Comparison with other Industry**



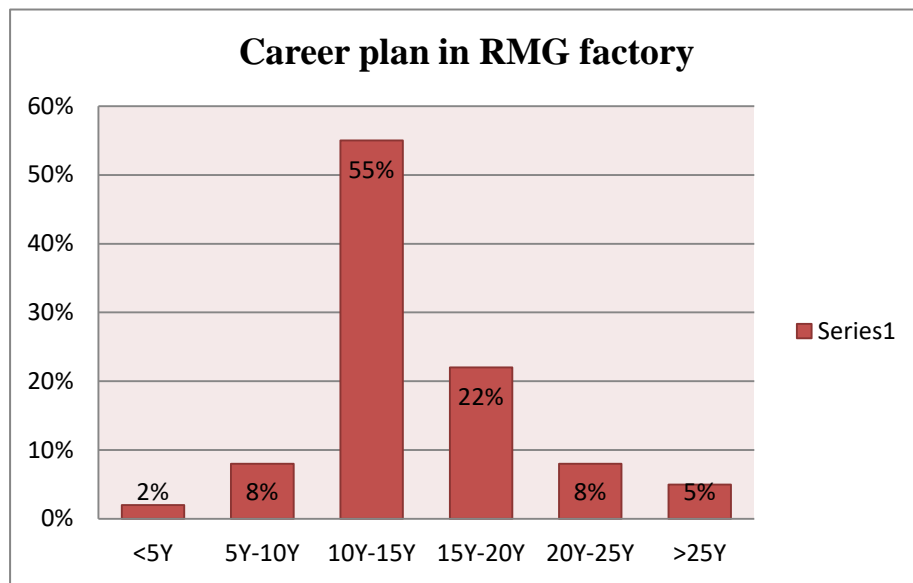
Question 9 and 10 are almost same. Same questions have been asked in a different way. Here 61% of the respondents think that with the same skill, experience and qualifications people are getting less salary than them in other industry. 39% think that with the same qualifications in other industry people are not getting less salary than them.

**Chart 11: Job Recommendation**



45% of the respondents think that they will suggest others to work in RMG industry. It means they are satisfied with their job. On the other hand 55% think that they will not suggest others to do job in garment industry.

**Chart 12: Career in RMG Industry**



Among the participants to the survey 2% employees wants to make as their career in RMG sector is more than 5 years; 8% of the respondents are wants to make as their career in RMG sector is 5 years to 10 years; 55% of the respondents are wants to make as their career in RMG sector is 10 years to 15 years; 22% of the respondents are wants to make as their career in RMG sector is 15 years to 20 years; 8% of the respondents are wants to make as their career in RMG sector is 20 years to 25 years; and 5% of the respondents are wants to make as their career in RMG sector is less than 25 years. Since majority of the respondents are intending to stay for a long period in this industry, they are almost happy with their job.

## **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

Practically a representative number of sample selection and finally drawing recommendations is really challenging due to various financial and non-financial limitations. Despite limitations time and effort have been given to overcome them. In the following sections survey findings, recommendations and limitations are given.

### **5.2 SUMMARY OF FINDINGS**

RMG is the largest industry in Bangladesh. It contributes more than 85% of the export earnings of the country. There are almost 4.62 thousand garments factories and more than 4 million people are working there. Based on the data and analysis in chapter 4 the following results are summarized:

- Most of the employees are not satisfied with their existing wage rate. Since there is not enough available alternative jobs in the country they have a very minimum opportunity to switch from the existing jobs.
- Still now financial benefits are the principle motivating factors in case of majority of the employee. After fulfilling the expected compensation level they will be interested to work environment, job security, savings plan, social recognition etc.
- Companies have no option to increase salary since prices of RMG products are decreasing day by day. In this case international competition is playing a major role.
- In spite of not being satisfied with their existing pay offs most of the garments workers want to stay in this industry till to their career.
- A good number of existing garment employee will suggest others to work in this sector.

Though there is common response in case of the existing salary level, a significant portion of the garments employee do not want to switch the industry. It indicates employees have little opportunity in alternative sector.

### **5.3 LIMITATIONS OF THIS STUDY**

Every study is impacted by internal and external limitations. This thesis study is not exceptional. This is also qualified by so many limitations. The significant limitations are given below:

- There is approximately 4 million garments employee in Bangladesh. For this thesis only 200 employees were selected for interview. This sample size is very small in comparison with the size of the population.
- Access to garments factory was one of the biggest limitations of this thesis activity. As a result standard sample selection process could not be applied for selecting factories to take interview.
- There was limitation in case of time and budget. Due to the submission deadlines of this thesis report and MBA semester final I have got a very few days to conduct survey and prepare this report. Since I have no earning source I had a very limited budget to conduct this survey.
- Due to the restrictions for COVID-19, I was not allowed to take face to face interview from the participants. So I had to depend on the data provided by the employee on the questionnaire only.
- Naturally employees are biased to their benefits. They want more than what they are getting now. So getting an unbiased view is very difficult.
- Minimum wages 2019 was effective from December 2018. Still today almost 2.5 years have passed. So this is too far to take opinion on minimum wages 2019.
- Level of education of our garments employees is very low. So this is very difficult to get an unbiased opinion from them.

- Most of the garments industries in Bangladesh are established in a scattered way. So this was very difficult for me to take sample from all areas of factories.
- Most of the garments worker did not agree to give interview because they are afraid of their administration.
- While questionnaire survey was conducting, the garments workers were asking whether I am working to increase their salary.

## 5.4 RECOMMENDATIONS

Despite so many big organizations like labor ministry of Bangladesh government, BGMEA and BKMEA are working for the minimum wages of garments employee of Bangladesh, I have the following recommendations:

- Minimum wages should be reviewed once at every 3 years. Historically it is found that in Bangladesh minimum wages of garments employee were not reviewed regularly. For example after liberation at first time minimum wages was fixed in 1984. After 10 years at 1994 for the second time minimum wages was fixed. Then it was fixed in 2006, 2010, 2013 and last in 2019.
- Minimum wages should be fixed consulting with all the related stakeholders, like workers, staffs, officers, owners, buyers and government. Representative from employees should be selected from all areas of garments factories.
- Minimum wages should vary geographically. For example the minimum wages in Gazipur, Narayongong, Dhaka should be different than the minimum wages in Dinazpur, Lalmonirhat, and Hobigong.
- Employees and stakeholders compare remuneration of the garments industry of Bangladesh with that of another country. In fixing minimum wages the wage board should consider the minimum wages of neighboring countries i.e. India, Pakistan, Sri Lanka, and Vietnam.



- Level of education, experience and skill are not same for all employees. For establishing fair remuneration these factors should be considered. If we provide same remuneration to all employees, the really deserving candidates will be demotivated. So minimum wages amount might be different depending on education, experience and skill.
- Every year price of commodities is increasing in Bangladesh. So increasing of salary is vital. But garments factories are not getting extra price for this extra salary increase. As a result hundreds of factories are closing their operations every year. So buyers should share the excess salary expense by increasing price.
- To increase employee motivation there should be performance bonus, workers' profit participation fund, provident fund, leave encashment, gratuity, long-service award etc.

Every company should have compensation strategy which determines the kinds and levels of knowledge and skills and the number of qualified employees required to achieve organizational objectives and promote organizational success and profitability. It Designs job that (i) support a desired organizational structure that in turn ensures organizational effectiveness; (ii) are compatible with organizational culture and philosophy; (iii) permit each jobholder to recognize the relationship between job activities and the common purpose of the organization.

If pay is to be based on work performed, some way is needed to discover & describe the differences & similarities among this jobs-observation alone is not enough. Job analysis is that systematic method.

The equation of minimum wages is not so simple. Workers want more salary. But most of the garments are not capable to increase salary because selling price is decreasing every year. So garments companies should work for critical or fancy items for higher price. This requires investment in technology. So finally this industry needs government assistance.

## 5.5 CONCLUSION

From this thesis experience and the outcome of survey data analysis it is found that the equation of determination of minimum wages for garments industry is very challenging. If we want to make our employees happy then our entrepreneurs will be unhappy and vice versa. There is serious conflict of interest involved with the issue. Employees are not happy with the existing wage rate. They have so many issues i.e. higher cost of groceries, house rent, treatment, education etc. They are not capable to make a small amount of saving at the end of the month. On the other hand the owners always demand that the prices of their outputs are decreasing day by day, increasing cost of raw materials, machineries, accessories, dyes, chemicals, gas, electricity etc. They are not affordable to meet up the excess salary cost after the minimum wage gazette 2019.

Since the development of Bangladesh is mostly dependent on this industry and the sustainability of this industry depends on the manpower, the government, BGMEA, BKMEA and the owners should review the wage rate once in every three years. A policy retaining the interest of both the employees and employers will help this industry for survival, growth and profitability as well as keep the growth of our economy up in the coming days.

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## Appendix

I have taken questionnaire survey for 200 garments employee. Two of them are given here for instances.

শ্রদ্ধেয় ভাই/বোন, আমি সানজিদা খানম এমবিএ করছি ব্র্যাক বিশ্ববিদ্যালয়ে। আমার একাডেমিক কাজে আপনাদের কাছ থেকে যে মতামত পাবো তা খুবই জরুরি। আশা করছি আপনারা সঠিক মতামত দিয়ে আমাকে সাহায্য করবেন। আমি কমিটমেন্ট করছি আপনাদের দেওয়া সকল মতামত গোপন থাকবে এবং শুধুমাত্র আমার একাডেমিক কাজে ব্যবহার করা হবে।

এখানে ১২ টি প্রশ্ন দেওয়া হয়েছে ২০১৯ সালের ন্যূনতম মজুরির বিষয়ে:

আপনার নাম (ইচ্ছিক): সানজিদা খানম

আপনার পদবি: মিস্টার

আপনি (দয়া করে টিক দিন): পুরুষ/মহিলা/অন্যান্য

দয়া করে নিচের প্রশ্নগুলোর উত্তর দিন:

- আপনি বর্তমান কোম্পানিতে কত বছর ধরে আছেন?  
উত্তর: ৬ বছর
- এটিই কি আপনার প্রথম চাকুরী?  
উত্তর: না
- গার্মেন্টস ছাড়া অন্য কোনো ফ্যাক্টরিতে কি কাজ করেছেন এর আগে?  
উত্তর: হ্যাঁ
- গার্মেন্টস ছাড়া অন্য কোনো ফ্যাক্টরিতে কি কখনো কাজের সন্ধান করেছেন?  
উত্তর: হ্যাঁ
- আপনি কি মনে করেন এখন যে বেতন পাচ্ছেন তার থেকে বেশি বেতন আপনার পাওয়া উচিত?  
উত্তর: হ্যাঁ
- আপনি কি মনে করেন এখন যে বেতন পাচ্ছেন গার্মেন্টস ছাড়া অন্য কোনো কোম্পানিতে গেলে এর থেকে বেশি বেতন পাবেন?  
উত্তর: হ্যাঁ

OPPO F11 Pro

7. একজন সহকারী অপারেটর যার কোন কাজের অভিজ্ঞতা নেই তার বর্তমান ন্যূনতম মোট মজুরি কত হওয়া উচিত বলে আপনি মনে করেন?

উত্তর: দুই হাজার টাকা

8. এর আগের কোম্পানিতে কত বছর কাজ করেছেন?

উত্তর: ১ বছর

9. আপনার পরিচিত কেউ কি আছে যে আপনার সমান যোগ্যতা সম্পন্ন, যে গার্মেন্টস ছাড়া অন্য কোনো কারখানায় চাকুরী করে এবং সে আপনার থেকে বেশি বেতন পায়?

উত্তর: হ্যাঁ

10. আপনার পরিচিত কেউ কি আছে যে আপনার সমান যোগ্যতা সম্পন্ন, যে গার্মেন্টস ছাড়া অন্য কোনো কারখানায় চাকুরী করে এবং সে আপনার থেকে কম বেতন পায়?

উত্তর: না

11. আপনি কি আপনার পরিচিত কাউকে গার্মেন্টস কারখানায় চাকুরী করতে পরামর্শ দিবেন?

উত্তর: না

12. আপনি বাকিটা জীবন গার্মেন্টস কারখানায় আরো কত বছর চাকুরী করবেন বলে ভাবছেন?

উত্তর: ১০ বছর

আপনার মূল্যবান সময় দেওয়ার জন্য আন্তরিক ধন্যবাদ।

নিরাপদে থাকুন, ভালো থাকুন।



শ্রদ্ধেয় ভাই/বোন, আমি সানজিদা খানম এমবিএ করছি ব্র্যাক বিশ্ববিদ্যালয়ে। আমার একাডেমিক কাজে আপনাদের কাছ থেকে যে মতামত পাবো তা খুবই জরুরি। আশা করছি আপনারা সঠিক মতামত দিয়ে আমাকে সাহায্য করবেন। আমি কমিটমেন্ট করছি আপনাদের দেওয়া সকল মতামত গোপন থাকবে এবং শুধুমাত্র আমার একাডেমিক কাজে ব্যবহার করা হবে।

এখানে ১২ টি প্রশ্ন দেওয়া হয়েছে ২০১৯ সালের নূন্যতম মজুরির বিষয়ে:

আপনার নাম (ঐচ্ছিক): মো: আবু নিশাদ

আপনার পদবি: চফ কোম্পানি

আপনি (দয়া করে টিক দিন): ☒ পুরুষ/মহিলা/অন্যান্য

দয়া করে নিচের প্রশ্নগুলোর উত্তর দিন:

1. আপনি বর্তমান কোম্পানিতে কত বছর ধরে আছেন?

৬ মাস  
উত্তর: .....

2. এটিই কি আপনার প্রথম চাকুরী?

হ্যাঁ  
উত্তর: .....

3. গার্মেন্টস ছাড়া অন্য কোনো ফ্যাক্টরিতে কি কাজ করেছেন এর আগে?

না  
উত্তর: .....

4. গার্মেন্টস ছাড়া অন্য কোনো ফ্যাক্টরিতে কি কখনো কাজের সন্ধান করেছেন?

হ্যাঁ  
উত্তর: .....

5. আপনি কি মনে করেন এখন যে বেতন পাচ্ছেন তার থেকে বেশি বেতন আপনার পাওয়া উচিত?

হ্যাঁ  
উত্তর: .....

6. আপনি কি মনে করেন এখন যে বেতন পাচ্ছেন গার্মেন্টস ছাড়া অন্য কোনো কোম্পানিতে গেলে এর থেকে বেশি বেতন পাবেন?

না  
উত্তর: .....

7. একজন সহকারী অপারেটর যার কোন কাজের অভিজ্ঞতা নেই তার বর্তমান ন্যূনতম মোট মজুরি কত হওয়া উচিত বলে আপনি মনে করেন?

নম-২১৬১৭  
উত্তর: .....

8. এর আগের কোম্পানিতে কত বছর কাজ করেছেন?

৬২১৭  
উত্তর: .....

9. আপনার পরিচিত কেউ কি আছে যে আপনার সমান যোগ্যতা সম্পন্ন, যে গার্মেন্টস ছাড়া অন্য কোনো কারখানায় চাকুরী করে এবং সে আপনার থেকে বেশি বেতন পায়?

-২১৭  
উত্তর: .....

10. আপনার পরিচিত কেউ কি আছে যে আপনার সমান যোগ্যতা সম্পন্ন, যে গার্মেন্টস ছাড়া অন্য কোনো কারখানায় চাকুরী করে এবং সে আপনার থেকে কম বেতন পায়?

-২১৭  
উত্তর: .....

11. আপনি কি আপনার পরিচিত কাউকে গার্মেন্টস কারখানায় চাকুরী করতে পরামর্শ দিবেন?

-২১৭  
উত্তর: .....

12. আপনি বাকিটা জীবন গার্মেন্টস কারখানায় আরো কত বছর চাকুরী করবেন বলে ভাবছেন?

২/৬ বছর  
উত্তর: .....

আপনার মূল্যবান সময় দেওয়ার জন্য আন্তরিক ধন্যবাদ।

নিরাপদে থাকুন, ভালো থাকুন।