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## **Letter of Transmittal**

September 5, 2023

Tajuddin Ahmed

Department of Management

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**Subject: Submission of HRM-450 Case Study 1 on Industrial Safety in the Readymade Garment Sector**

Dear Sir,

With all due respect, we, the HRM450 section 4 students, are now writing a case on Industrial Safety in the Readymade Garment Sector by Group D.

The group's members and I have worked hard to make the report as powerful as we possibly could. We would like to take this opportunity to thank you very much for helping us with the case and for your support. Without your help, we would not have been able to accomplish our goal.

We apologize for any small mistakes we may have made. Mention any alterations or recommendations you would want us to make. We would be happy to consider any recommendations you may have. We appreciate your cooperation and support during the whole semester. We are eager to hear more from you.

Sincerely,

Group D

Miftahul Jannat Juhi:

Maisha Maliha:

Anika Nower:

## **Executive Summary**

The readymade garment (RMG) sector of Bangladesh, which serves as the cornerstone of the nation's economic growth, presents a significant task in maintaining the safety and well-being of its massive workforce. This is because the RMG sector employs a large number of people. The severity of the safety risks, which are typified by a worrying pattern of reoccurring workplace fires and devastating building collapses, reveals a troubling vacuum in the government's oversight, regulation, and enforcement systems. This not only puts a shadow over the industry's economic significance, which provides over three-quarters of the country's export earnings, but it also raises significant ethical and humanitarian problems concerning the treatment of RMG sector workers. This not only casts a shadow over the industry's economic significance, which contributes over three-quarters of the country's export earnings. The research findings highlight the urgent need for an all-encompassing and multi-pronged strategy that incorporates strong safety standards, frequent and thorough inspections, and a culture of accountability. This strategy is not only crucial for maintaining the economic health of the RMG sector, but it is also essential, more importantly, for safeguarding the fundamental rights of workers to work in an atmosphere that is safe and secure. It is incumbent upon all stakeholders, including the government, industry leaders, and international partners, to collectively address these challenges in order to ensure that the tragedies of the past do not repeat themselves and that a commitment to the safety and dignity of worker employees accompanies the growth of the RMG sector.

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## Background:

### Introduction

The introduction highlights the pivotal role played by Bangladesh's readymade garment (RMG) sector in the country's economic development, contributing more than 76% of total export earnings. This growth has been fuelled by a labour-intensive and cost-effective production model. However, safety concerns have emerged as a critical issue, exemplified by incidents such as factory fires and collapses, resulting in tragic fatalities. The research aims to scrutinize the interplay between safety and labour productivity, analyse existing safety challenges, and ultimately provide actionable recommendations for improvement.

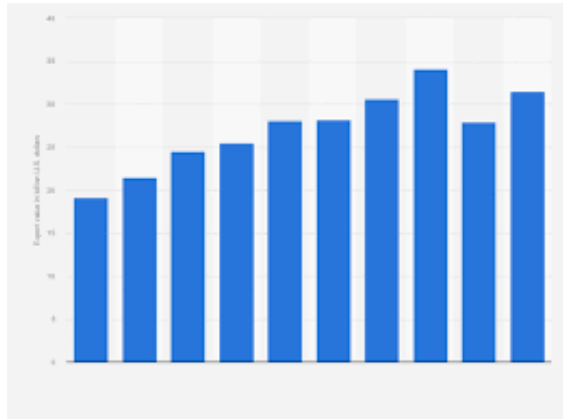


### Methodology

The methodology section outlines the data collection strategy employed in the research. It incorporates both primary and secondary data sources, involving interviews with professionals from the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) and focus group discussions with RMG sector workers. Additionally, newspaper articles published between 2005 and 2007 were reviewed for accident data. A significant aspect of this methodology is the extensive use of case studies, providing detailed insights into specific safety incidents. On-site visits to factories in Dhaka City further enriched the research. The overarching goal of this approach is to offer a comprehensive view of the safety challenges faced by the RMG industry.

## Economic Significance of RMG Sector

The economic significance of Bangladesh's RMG sector is underscored, with its contribution exceeding 76% of the country's total export earnings. This dominance in exports has been built on consistent growth over the years, driven by the sector's labor-intensive nature, which relies on inexpensive labor, basic technology, and limited capital.



## Safety Concerns

The safety concerns within the RMG sector are thoroughly examined, highlighting recurring incidents such as fires and factory collapses, which have led to tragic fatalities. These incidents have underscored the need for robust safety measures. Moreover, the research delves into the impact of safety issues on the workforce, emphasizing the ongoing challenges in ensuring the well-being of RMG sector workers and exploring the potential effects of safety improvements on labor productivity.



## Safety Regulation in Bangladesh

**A Serious Concern** The research underscores that safety in Bangladesh's industrial sector, particularly in the RMG industry, is a critical and mandatory aspect of production. However, it highlights that safety regulation and intervention by the state have been sorely lacking and largely relegated to routine, dependent on the discretion of factory owners rather than rigorous prevention and inspection. This lax oversight has raised concerns about the safety of workers.

**Ineffective Government Oversight** The study points out that despite the presence of three ministries and laws aimed at safeguarding workers' rights, the government has not effectively carried out its responsibilities in ensuring safety. Over the past decade, Bangladesh has witnessed more than 100 factory fires, yet the government's response and enforcement of safety measures have been insufficient.



**Challenges in Safety Inspection** One major challenge identified is the inadequate capacity of the Chief Inspector of Factories (CIF) office, responsible for health and safety compliance in industries. It lacks sufficient staff and resources to carry out comprehensive inspections, further hampering safety oversight.

**Unsafe Working Environments** The research reveals that many garment factories are located in buildings not originally constructed for industrial purposes. This poses a considerable risk to workers, as these factories often lack proper safety measures. Additionally, narrow lanes around such factories have led to worker stampedes, causing injuries and fatalities.





**Compensation and Record Keeping** Another concerning aspect highlighted in the research is the lack of proper compensation for workers affected by accidents. Many small incidents go unreported at the national level, with inadequate record-keeping systems in place.



**Analysis of Safety Facilities** The study presents an analysis of health and safety facilities in sample factories, emphasizing the number of emergency exits, fire extinguishers, and medical personnel. While the availability of emergency exits is noted, it is emphasized that having exits alone does not guarantee full safety. Factors like exit width and landing space are also crucial for worker safety.

**Insufficient Inspections** The research exposes the limited frequency of factory inspections in Bangladesh compared to other countries, with government inspectors visiting factories only eight times in 2005. This infrequent oversight raises concerns about compliance with safety standards.

**Variation in Compliance** The study suggests that Foreign Direct Investment (FDI) enterprises tend to be more compliant with safety standards than non-FDI enterprises. Similarly, Export Processing Zone (EPZ) enterprises show slightly better compliance compared to non-EPZ enterprises. However, it is noted that not all exporters meet safety standards, raising questions about labor standards and product quality in importing countries.





Consumer Awareness and Pressure Finally, the research underscores a growing trend in importing countries where consumer bodies are taking a keen interest in the conditions under which apparel is produced in exporting countries. This indicates an increasing demand for accountability and higher safety standards in the RMG industry.

#### 4.1 Case One

**Chowdhury Knitwear and Garment Factory** In a tragic incident on November 25, 2000, the Chowdhury Knitwear and Garment factory in Shibpur, near Dhaka, witnessed one of the deadliest factory fires in Bangladesh's history. The fire claimed the lives of at least 48 workers, while over 150 others were injured, some critically. The blaze erupted during the night shift, with an estimated 800 workers inside the factory due to overtime work. Horrifyingly, the only exit gate was locked, preventing workers from escaping the inferno. Panic ensued, and workers on the second and third floors rushed to escape, only to find the first-floor gate locked. Firefighters and neighbors eventually had to break open the gate to rescue screaming survivors.. It took four hours to control the blaze and rescue the remaining workers, but the shortage of water further delayed the firefighting efforts. The catastrophe resulted in four workers being burnt alive, while others suffocated, were electrocuted, or trampled in the chaos. Some victims were so badly burnt that their bodies could not be recognized. Desperate workers tried to break windows and even throw themselves out of the building, with some tragically impaled on the iron railings surrounding the factory.



#### 4.2 Case Two

**Spectrum Garments at Palashbari Savar** The collapse of the Spectrum Sweater Factory near Savar's Palashbari area serves as a stark illustration of the vulnerabilities faced by workers in the RMG sector. This nine-story factory building, situated in the Savar Export Processing Zone (EPZ), collapsed in the early hours of April 11, 2005, resulting in the deaths of at least 80 people, numerous injuries, and over a hundred

individuals trapped beneath the rubble. The death toll was expected to rise as rescue operations continued. Rescue workers, including firefighters, army personnel, and volunteers, scrambled to remove the debris using shovels, hammers, and even their bare hands, while survivors trapped under the wreckage desperately called for help. The lack of proper equipment and experience hampered the rescue operation, with many survivors and factory officials attributing the collapse to a boiler explosion. However, civil engineers and rescuers blamed the faulty construction of the building, which was packed with approximately 300 night-shift workers from the Spectrum Sweater and Knitting Factory. Responders from the police, army, Rapid Action Battalion (RAB), fire brigade, and locals struggled to initiate rescue efforts due to insufficient equipment. Some relatives and volunteers resorted to using their bare hands to unearth survivors, while others cut holes in the concrete to provide oxygen and light to those trapped below. Tragically, many succumbed to their injuries in full view of the rescuers. The collapse highlighted concerns about the building's structural integrity, as it had been constructed only three years prior, reportedly without proper design and using inappropriate materials. Investigations into the exact cause of the collapse were ongoing, with some sources suggesting a boiler explosion triggered the disaster, while others believed the structural failure was already underway before the explosion occurred.



### Case Three

*Deadly Factory Fire in Bangladesh* In February 2006, a devastating fire engulfed KTS Fabrics Industries in Chittagong, Bangladesh, marking one of the worst tragedies in the country's garment industry. The fire claimed the lives of an estimated 54 people, including young girls, and severely injured around 150 workers, primarily women. Tragically, many were unable to escape because the main emergency gate was intentionally locked. The fire's probable cause was a boiler explosion,

exacerbated by the presence of yarn stacks on the factory floor. This incident shed light on numerous labor rights violations at the



factory, including forced overtime, seven-day work weeks, extremely low wages, denial of maternity rights, physical abuse, and suppression of workers' rights to association and collective bargaining.

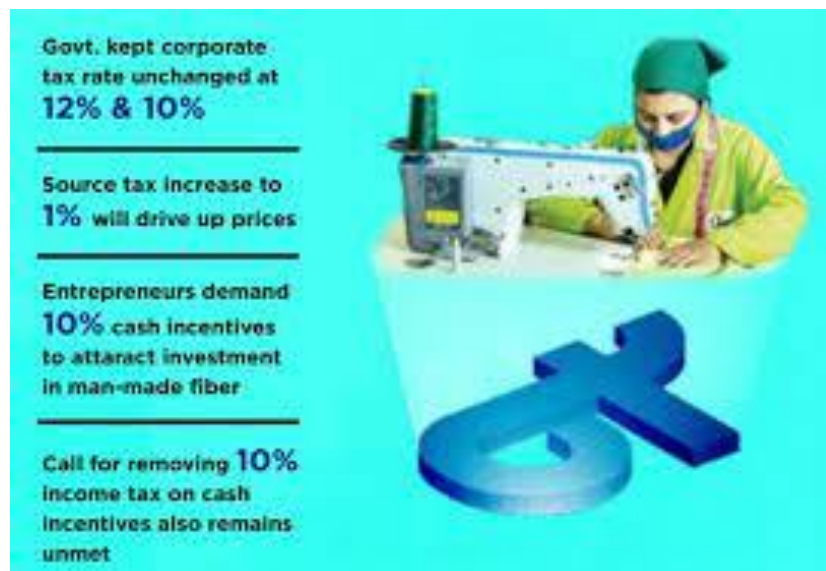
### **Continued Safety Failures**

A year prior, in 2005, two electricians died from electrocution at the same facility in the Kalurghat Industrial Area. This factory produced goods for U.S. companies, including Uni Hosiery, Mermaid International, ATT Enterprise, and VIDA Enterprise Corp. The authorities also sealed off three other factories associated with this facility due to unplanned construction and inadequate safety measures, affecting over 6,000 workers. This incident was part of a series of tragedies illustrating the disregard for garment worker safety in Bangladesh's garment industry.



## Government and Industry Responses

Efforts have been made by both the government and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to address safety concerns in the Ready-Made Garment (RMG) sector. These include the establishment of forums, task forces, and compliance monitoring cells. BGMEA has been conducting safety programs and inspections to raise awareness and ensure compliance in their member factories.



## Conclusion

A safe working environment is a fundamental right of workers, but shortcomings in enforcing safety regulations and a lack of accountability have led to tragic incidents in Bangladesh's garment industry. A multi-pronged approach involving government oversight, industry cooperation, and adherence to international standards is necessary to prevent further disasters and ensure the safety and well-being of workers in the RMG sector.

## Problem Identification:

1. **Locked Emergency Exits:** Several cases, including the Chowdhury Knitwear factory fire and the KTS Fabrics fire, highlighted the intentional locking of emergency exits, violating safety regulations and endangering workers' lives.
2. **Lack of Fire Safety Equipment:** Many RMG factories lack proper fire safety equipment and fire drills, leaving workers at risk in the event of a fire.
3. **Violations of Labor Rights:** The RMG sector was found to be in violation of various labor rights, including fair wages, working hours, and maternity rights, contributing to poor working conditions.
4. **Negligence in Building Construction:** Building collapses, like the Spectrum Sweater Factory collapse, pointed to the widespread neglect of safety and health regulations in construction, putting workers in jeopardy.
5. **Inadequate Oversight:** Government authorities often failed to inspect and enforce safety regulations before granting licenses to factories, allowing unsafe working conditions to persist.
6. **Unsafe Working Environments:** Many garment factories are located in buildings not originally designed for industrial purposes, which poses significant risks to workers due to the lack of proper safety measures.
7. **Ineffective Government Oversight:** Despite the presence of laws and ministries aimed at safeguarding workers' rights, the government's response and enforcement of safety measures have been insufficient, leading to recurring safety incidents.
8. **Challenges in Safety Inspection:** The Chief Inspector of Factories (CIF) office lacks sufficient staff and resources to conduct comprehensive safety inspections, further compromising safety oversight.
9. **Compensation and Record Keeping:** Workers affected by accidents often do not receive proper compensation, and small incidents frequently go unreported due to inadequate record-keeping systems.
10. **Insufficient Inspections:** The frequency of factory inspections in Bangladesh is limited compared to other countries, raising concerns about compliance with safety standards.



## Justification of PESTEL:

The PESTEL analysis on "Industrial Safety in the Readymade Garment Sector: A Developing Country Perspective" provides a complete overview of the various elements that define the safety landscape within this business. This research offers a formal framework for evaluating the multifaceted factors on industrial safety, allowing stakeholders to make educated decisions, establish focused strategies, and promote positive change. Let's look at the reasons for conducting this PESTEL analysis:

**Comprehensive Insight:** The analysis provides a comprehensive view of safety dynamics by considering Political, Economic, Sociocultural, Technological, Environmental, and Legal issues, assisting decision-makers in addressing many facets.

**Proactive Risk Mitigation:** The study enables proactive risk assessment, allowing the industry to foresee future dangers and put preventive measures in place.

**Effective Policies:** Political and legal insights help policymakers develop legislation that are in line with worldwide safety standards, resulting in safer working conditions.

**Strategic Planning:** Economic insights aid in balancing cost-effective safety measures with long-term growth objectives.

**Cultural Alignment:** Sociocultural considerations dictate initiatives that are appealing to the local workforce, hence increasing the adoption of safety measures. **Technology Integration:** Being aware of technological trends can help you choose relevant technologies for improving safety, such as wearables or automation.

**Disruption Resilience:** Environmental factors equip the industry to reduce disruptions caused by natural occurrences and to embrace sustainable practices. **Legal Compliance:** Understanding legal elements ensures that safety rules are followed, legal concerns are avoided, and worker rights are protected. **Collaboration:** The study supports stakeholder collaboration, enabling cooperative efforts to address safety concerns and promote collective accountability.

In summary, this short PESTEL analysis provides a holistic perspective on industrial safety in a developing country's readymade garment sector, allowing stakeholders to negotiate hurdles and establish a safer work environment.



## PESTEL Analysis:

### Political Factor

Bangladesh's political environment has a considerable impact on the Ready-Made Garment (RMG) business, as government policies, laws, and stability all play important roles in moulding its performance. Despite having a democratic political system, the industry faces significant problems as a result of political instability. Political violence and strikes in the past have disrupted manufacturing, resulting in income loss. Furthermore, the RMG industry is vulnerable to political meddling. The government has the authority to regulate the industry, set minimum wages, and levy export duties. Political corruption and nepotism have hampered industry growth and competitiveness even further. The industry, which has been lobbying for these conditions, seeks a stable political environment free of violence, as well as consistent and supporting legislation.

Several significant political issues influence Bangladesh's RMG industry:

**Government Rules and Regulations:** The RMG industry is governed by a number of government rules and regulations. To support business expansion while guaranteeing compliance with labor laws, safety standards, and environmental restrictions, the government uses incentives, subsidies, and tax breaks. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) have been formed to provide assistance.



**Political Stability:** A stable political climate is critical for the growth and development of the RMG industry. Political stability promotes international investment, broadens export markets, and assures that government policies are consistent. Previous political upheaval in Bangladesh, on the other hand, has resulted in labor unrest, industry closures, and export interruptions. Attempts to combat political polarisation and corruption have had varied success.

**International connections:** Because the RMG industry is primarily reliant on exports, international connections are critical. Trade policies, agreements, and diplomatic ties between countries all have an impact on export competitiveness. Concerns over labor standards and safety in the industry have hampered Bangladesh's participation in programs such as the United States Generalised System of Preferences (GSP) and the European Union's Generalised System of Preferences (GSP+).

**Labour Issues:** The RMG industry contributes significantly to employment and poverty reduction by employing a huge workforce, largely women. However, labour issues such as low salaries, poor working conditions, and insufficient safety precautions persist. Through labour laws, courts, and dispute settlement processes, the government has taken attempts to resolve these challenges.

To encourage the RMG business, the Bangladeshi government has implemented policies like as tax breaks and duty-free access to overseas markets in recent years. Despite gains in political stability, issues like as labor strikes, protests, and violence continue to threaten the operations and supply chain of the business. Similarly, continued attempts to conform to international trade norms continue to have an impact on the industry's global competitiveness

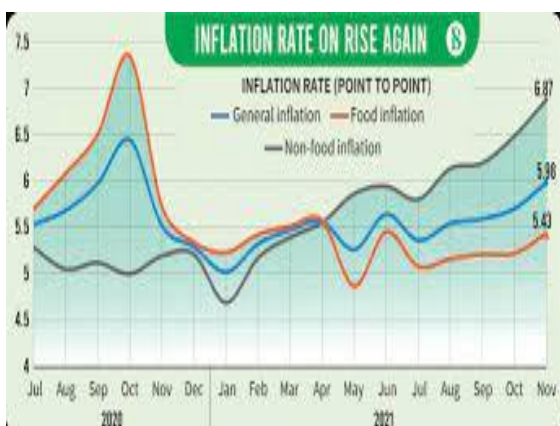


## Economic Factor

The economic component of PESTLE research digs into the factors that have a direct impact on an industry's financial well-being and growth trajectory. Several economic elements are significant in the context of Bangladesh's Ready-Made Garment (RMG) industry, a vital sector driving the nation's economic success.

**Economic Growth:** Bangladesh has had significant economic growth in recent years, which has benefited the RMG business. Consumers' disposable income is increasing as the country's economic output continues to climb. As a result, apparel demand increases, perhaps contributing to stronger sales for the RMG industry. The industry itself contributes significantly to Bangladesh's economic landscape, accounting for an astounding 84% of total exports and employing over 4 million people, the majority of whom are women.

**2. Inflation:** Inflation has emerged as a major worry in Bangladesh's RMG business. Inflationary forces can increase production costs by raising expenses for raw materials and labour. Furthermore, high inflation rates might limit consumer purchasing power, which may lead to lower industry sales. This situation has ramifications for the industry's worldwide competitiveness. Factors contributing to inflation in the RMG industry include rising global raw material prices such as cotton and polyester, rising energy costs, wage inflation due to minimum wage increases, currency fluctuations impacting import costs, and infrastructure bottlenecks impeding transportation efficiency and thus increasing logistical costs.



**3. Exchange Rates:** Exchange rates have a significant impact on the competitiveness and performance of the RMG industry. Because the RMG business is primarily reliant on exports, the competitiveness of the sector can be boosted or hampered by the strength or weakness of the local currency. A weaker home currency may make exports more appealing in terms of pricing on the global arena, potentially leading to an increase in demand. A stronger currency, on the other hand, might reduce industry competitiveness by making exports substantially more expensive. Exchange rate fluctuations also have an impact on manufacturing costs, particularly in countries where raw materials and machinery are imported in large quantities. Exchange rate fluctuations can greatly alter the cost of these imported inputs, consequently affecting the cost of production.

**4. Labour Costs:** Labour costs are an important component of overall production costs in the RMG business. As a labor-intensive industry, any changes in labour prices can have a significant impact on the industry's profitability. Bangladesh's comparative advantage in labour costs has been a fundamental driver of its global competitiveness in the RMG sector. The Bangladeshi government reviews the minimum pay for RMG workers on a regular basis. The present minimum wage, along with extra perks and incentives, influences the industry's cost structure. However, the sector has come under fire because to concerns about worker safety, exploitative working conditions, and abuses of labour rights.



Currency		Bank Buys Notes	Bank
	US Dollar USA	31.51	3
	Singapore Dollar Singapore	23.46	2
	日本円 (: 100) Japan	25.83	2
	人民币 China	4.7	2



**5. Government Policies:** Government policies have a significant impact on the economic environment of the RMG industry. Tax policies, trade rules, labour laws, and incentives can all have a significant impact on the industry's growth and profitability. Tax policies influence profitability and competitiveness in the RMG sector by shaping the cost structure of doing business. Tariffs and trade agreements have an impact on the sector's worldwide competitiveness by changing the cost structure of exports and imports. Government labour policy can influence labour availability and costs, which are important elements in sustaining competitiveness and attracting international investment.

Finally, the RMG industry in Bangladesh is at the crossroads of several economic forces. Economic growth, inflation rates, exchange rate dynamics, labour costs, and government policies all influence the country's trajectory. While the industry has gained significant benefits from its low labour costs and supporting government regulations, issues like as inflation, safety concerns, and infrastructure constraints continue to require attention to maintain the industry's sustainable and responsible growth



## Social Factor

**1. Labour Force:** The RMG business in Bangladesh is a massive source of employment, employing millions of people, the most of whom are women. The appeal of low-cost labour has always been a source of competitive advantage for the business. This advantage, however, is accompanied by ongoing arguments about the awful working conditions and low wages that these people face. This contrast highlights both the industry's challenges and potential. The government and industry stakeholders have begun a journey to address these concerns, with an emphasis on providing good working conditions, fair salaries, and better worker rights. The changing narrative aspires to transform the industry into a beneficial social change agent.



**2. Demographics:** Bangladesh's demographic landscape resembles a youthful mosaic that links potential and intricacy together. The increase in the younger population provides a twofold benefit: a larger workforce and a growing consumer market. The consequences of this demographic dynamic are numerous. The transition towards a more educated and tech-savvy generation necessitates a rethinking of the industry's approach. To capitalise on the innovative potential of this rising workforce, the sector must invest in technology, automation, and skill development. This demographic shift



is a wake-up call, pressing the industry to change quickly in order to remain a driver of economic growth.

**3. Culture:** Culture is more than just a backdrop; it is an intricately woven fabric that determines the very soul of Bangladesh's RMG sector. Cultural preferences impact the patterns and styles that are popular among the locals. The cultural impact, on the other hand, is far-reaching, touching on the foundations of gender roles, work ethics, managerial structures, and even religious observances. Women's substantial position in the sector is consistent with societal norms and the perception of their sewing and associated talents. The collaborative attitude among workers reflects the collectivist work ethic, which is affected by cultural norms. Furthermore, the management style, which is affected by hierarchical cultural norms, influences industry decision-making patterns. Religious holidays and practices also have an impact on work schedules and the overall industrial dynamics.



**4. Education:** The educational environment of the RMG industry's personnel has far-reaching consequences. The industry recognizes the need for an educated and competent workforce in improving efficiency, innovation, and overall industry growth. Initiatives are being launched to reduce the education gap and improve workforce skills. Improved education and training not only contribute to improving

working conditions but also place the sector in a position of long-term competitiveness.

**5. Social Responsibility:** In an era of increased social consciousness, Bangladesh's RMG business is being scrutinized for its ethical and environmental footprint. The industry is under pressure to ensure that its products are ethically created and produced in a sustainable manner. The sector bears a tremendous social responsibility in the midst of fast growth and global demand. This obligation includes ensuring safe working conditions, protecting workers' rights, providing ongoing training, embracing ethical business practices, and fostering the communities in which it operates. As the sector navigates this context, its actions have an impact on people, communities, and the environment.

In the delicate dance of various societal elements, Bangladesh's RMG industry meets obstacles and embraces opportunities. It's a story that weaves economic development and social reform together, highlighting the industry's potential to be a driving force for positive change on several fronts.



## Technological Factor

The RMG sector of Bangladesh is significantly driven by technological considerations. RMG stands for ready-made garments. The ready-made garment (RMG) sector of Bangladesh is affected by a number of technological issues, some of which are listed below:

- **Automation:** The introduction of automation and advanced machinery in the RMG industry of Bangladesh has enhanced productivity and lowered labour costs. This is a direct result of these two factors. The manufacturing process has grown both more effective and quicker as a direct result of the deployment of various forms of automation technology.
- **E-commerce:** The expansion of e-commerce has made it possible for Bangladesh's ready-made garment (RMG) industry to enter new markets. Bangladeshi garment producers now have new options to sell their wares to buyers in a variety of different countries because to the proliferation of online marketplaces such as Amazon, eBay, and Alibaba.



- **Three-dimensional printing:** the introduction of three-dimensional printing technology into the ready-made garment (RMG) business in Bangladesh has revolutionised the process of product development. The use of 3D printing makes it possible for manufacturers to develop prototypes rapidly and at a low cost, which helps cut down on lead times and increases product innovation.
- **Supply Chain Management Systems:** The adoption of supply chain management systems has increased the transparency and efficiency of the supply chain in the RMG industry of Bangladesh. This is due to the fact that these systems have been implemented. These systems provide producers with the ability to keep better track of raw materials, monitor production processes, and effectively manage inventory levels.
- **CAD/CAM technology:** The RMG industry of Bangladesh has benefited greatly from the implementation of CAD/CAM technology, which has made the design and patternmaking process more efficient. This technology allows designers to develop patterns and designs digitally, which eliminates the need for manual drafting and significantly reduces the number of errors that can occur.

The rapid implementation of innovative technology has, across the board, been an essential contributor to the expansion and prosperity of the RMG business in Bangladesh. In order for manufacturers to maintain their competitive edge in the market as the industry continues to change, it will be vital for them to keep up with the latest technical breakthroughs.





## Environmental Factor

the environmental factor refers to the impact of environmental issues on a specific industry or sector. For the Ready-Made Garments (RMG) sector in Bangladesh, several environmental factors could be considered:

- **Environmental Regulations and Compliance:** Bangladesh's RMG sector operates within a regulatory framework that addresses environmental concerns. Regulations cover wastewater discharge, air emissions, hazardous chemical usage, and waste management. Compliance with these regulations is critical to avoid penalties, legal action, and reputational damage. Companies must invest in wastewater treatment systems, adopt safer chemical alternatives, and implement effective waste disposal practices to ensure alignment with environmental standards.
- **Resource Scarcity:** Bangladesh faces water scarcity due to its geography and population density. The RMG sector, being a major water consumer, is vulnerable to water shortages. Strategies such as water-efficient dyeing methods, closed-loop water systems, and investing in water recycling technology can help mitigate the impact of water scarcity on production processes. Similarly, energy-efficient technologies, renewable energy adoption, and energy management practices can address energy scarcity concerns.



- **Sustainable Practices and Consumer Demand:** Changing consumer preferences for environmentally friendly products are reshaping the RMG industry. Companies can respond by incorporating organic cotton, recycled materials, and sustainable manufacturing practices into their operations. Transparency about sourcing and production processes can help build consumer trust. Marketing and labeling efforts that highlight the eco-friendliness of products can attract environmentally conscious consumers.
- **Waste Management and Recycling:** The RMG sector generates substantial waste, including fabric remnants, trims, and packaging materials. Implementing waste segregation, recycling initiatives, and waste-to-energy programs can reduce landfill waste. Collaborations with recycling facilities and initiatives to convert waste into new products can align with sustainable waste management practices.
- **Carbon Footprint and Climate Change:** The RMG sector contributes to carbon emissions through energy consumption and transportation. Strategies to reduce the carbon footprint include optimizing transportation routes, adopting low-emission vehicles, and investing in renewable energy sources like solar panels. Carbon footprint assessments can identify hotspots for emissions and guide targeted mitigation efforts.
- **Supply Chain Sustainability:** Beyond individual companies, supply chain sustainability is essential. Ethical sourcing of raw materials, including cotton and synthetic fibers, helps minimize negative environmental impacts. Implementing sustainable logistics practices like consolidated shipments and intermodal transportation can reduce the ecological footprint of distribution.





- **Environmental Accidents and Disasters:** Bangladesh's vulnerability to natural disasters requires the RMG sector to have disaster preparedness plans. Infrastructure resilience, risk assessments, and contingency plans can minimize disruptions caused by events like cyclones and flooding. Diversification of suppliers and geographically dispersed production facilities can enhance supply chain resilience.
- **Green Technologies and Innovations:** The adoption of green technologies is crucial for reducing environmental impacts. This includes implementing water-efficient dyeing machines, digital printing techniques, and automation to minimize material wastage. Collaborations with research institutions can drive innovations aimed at reducing resource consumption and pollution.



- **Circular Economy and Extended Producer Responsibility:** Embracing a circular economy involves designing garments for longevity and recyclability. Companies can facilitate garment collection for recycling, repurposing fabric scraps into new products, and collaborating with NGOs for collection drives. Extended Producer Responsibility programs can ensure responsible disposal and recycling of end-of-life garments.
- **Biodiversity and Ecosystem Impacts:** Companies relying on natural fibers like cotton should consider the environmental impact of monoculture farming. Promoting sustainable farming practices that reduce chemical usage, preserve soil health, and maintain biodiversity can mitigate negative effects on local ecosystems.



the environmental factors in the PESTEL analysis for the RMG sector in Bangladesh encompass a range of challenges and opportunities. From regulatory compliance to consumer preferences, resource management, and innovation, these factors collectively shape the sector's environmental sustainability and resilience in an increasingly conscious global market. Companies that proactively address these factors can position themselves for long-term success while contributing to a more sustainable industry.

## Legal Factor

In the PESTLE analysis of the RMG (Ready-Made Garments) sector in Bangladesh, the "legal factors" relate to the rules, regulations, and general legal environment that have an impact on the industry. The following are some of the most important legislative elements that have an effect on the RMG industry in Bangladesh:

**Labor Laws:** The labor laws governing the RMG industry in Bangladesh play a pivotal role in shaping the industry's dynamics. Notably, the Bangladesh Labor Law 2006 serves as a cornerstone, setting forth regulations that encompass minimum wage rates, permissible working hours, overtime compensation, and other fundamental employment conditions. These laws underscore the nation's commitment to safeguarding workers' rights and creating an equitable work environment.

- **Elevated Working Conditions:** The stringent labor laws have been a driving force behind remarkable enhancements in the working conditions within the RMG industry. These legal provisions necessitate employers to establish workplaces that prioritize the health and safety of workers. Mandated provisions encompass clean water access, proper ventilation, and adequate lighting. Additionally, protective gear is obligatory to curtail accidents and safeguard the well-being of workers.



- **Ensuring Fair Remuneration:** By delineating a minimum wage, the labor laws in Bangladesh have proven instrumental in ensuring that workers receive just



compensation for their labor. The codified wage guidelines serve as a bulwark against exploitative practices, promoting equitable pay within the industry.

- **Balanced Work Hours:** The legal framework governing work hours safeguards against overwork and exploitation. This provision recognizes the value of a work-life balance, enabling workers to enjoy sufficient rest and rejuvenation periods.
- **Child Labor Prevention:** Notably, the labor laws unequivocally prohibit the engagement of children below 14 years of age in any industry, including the RMG sector. This prohibition has emerged as a potent tool in preventing the exploitation of vulnerable children, allowing them to pursue education and development.



- **Empowerment Through Unionization:** One of the remarkable facets of Bangladesh's labor laws is their endorsement of workers' rights to form unions and engage in collective bargaining. This empowerment provides a platform for workers to voice their concerns, negotiate improved working conditions, and achieve fair wages.

**Environmental Regulations:** Environmental preservation forms a core facet of the legal landscape governing the RMG industry in Bangladesh. Regulations such as the Environmental Conservation Rules 1997, the Environmental Impact Assessment

Rules 1997, and the Hazardous Waste Rules 1999 underscore the nation's commitment to ecological sustainability.

**Health and Safety Regulations:** Ensuring the safety and well-being of workers within the RMG industry is mandated by an array of health and safety regulations. These include the Occupational Safety, Health and Welfare Act 2013, the Boiler Act 1923, and the Factories Act 1965, collectively serving as guardians of workers' physical and mental health.

**Intellectual Property Laws:** For the RMG industry, safeguarding brand identity and designs through intellectual property laws is paramount. Bangladesh's legal framework, encompassing the Patent and Design Act 1911, the Trademark Act 2009, and the Copyright Act 2000, fortifies the industry's ability to protect its creative and innovative endeavors.

**Trade Laws:** Operating in a global market, the RMG industry must navigate intricate trade laws. These include adherence to World Trade Organization (WTO) guidelines and bilateral trade agreements, which regulate trade practices, tariffs, and cross-border trade intricacies.

In a nutshell, the legal landscape profoundly shapes the trajectory of Bangladesh's RMG industry. Complying with these multifaceted legal factors not only preserves the industry's reputation and shields it from legal repercussions but also lays the foundation for sustainable growth, equitable treatment of workers, and responsible environmental stewardship. Efforts to continuously refine and enforce these legal dimensions will be integral to the industry's enduring success.



## Agenda

### Management Agenda

#### **1. Safety Protocols and Training:**

- Develop and implement comprehensive safety protocols and guidelines for RMG factories.
- Provide regular safety training to all factory employees, including management, supervisors, and workers, to ensure awareness and adherence to safety measures.

#### **2. Emergency Response Planning:**

- Establish and regularly update emergency response plans for each factory, including evacuation procedures and communication protocols in the event of accidents or disasters.
- Conduct mock emergency drills to test the effectiveness of response plans and improve preparedness.

#### **3. Building Infrastructure Upgrades:**

- Invest in the structural upgrades and maintenance of factory buildings to ensure they meet safety standards.
- Prioritize the construction of safe and purpose-built factory structures where necessary.

#### **4. Supply Chain Transparency:**

- Implement supply chain traceability measures to ensure transparency and accountability throughout the production process.
- Collaborate with suppliers and subcontractors to enforce safety standards and ethical practices.

#### **5. Worker Welfare and Engagement:**

- Promote the well-being of workers by ensuring fair wages, reasonable working hours, and access to healthcare and social support.
- Establish channels for worker feedback and engagement to address concerns and improve workplace conditions.



## **6. Compliance and Auditing:**

- Conduct regular safety audits and inspections in factories, both internally and through third-party organizations.
- Implement a system of rewards and penalties to incentivize compliance with safety and labor standards.

## **7. Technology and Automation:**

- Integrate modern technology and automation where feasible to reduce reliance on labor-intensive processes, which can help mitigate safety risks.
- Invest in monitoring systems that track safety compliance and report anomalies in real-time.

## **8. Collaboration with Government and Industry:**

- Collaborate with government agencies, industry associations, and trade unions to develop and enforce safety regulations.
- Participate in multi-stakeholder initiatives to address broader industry challenges collectively.

## **9. Data-Driven Safety Analytics:**

- Implement data analytics and monitoring systems to track safety incidents, near-misses, and accident trends.
- Use data insights to identify high-risk areas or processes within factories and proactively address safety concerns.

## **10. Sustainability and Environmental Responsibility:**

- Integrate sustainable practices into RMG factory management, including eco-friendly materials, waste reduction, and energy efficiency measures.
- Develop sustainability metrics and reporting mechanisms to measure progress and reduce the environmental impact of RMG operations.

## Union Agenda

Based on the information provided in the introduction and the cases outlined, here are eight union agenda items aimed at addressing safety concerns in Bangladesh's readymade garment (RMG) sector:

### **1. Strengthen Safety Regulations and Enforcement:**

- Advocate for stricter safety regulations in the RMG sector.
- Push for more frequent and comprehensive safety inspections conducted by qualified government inspectors.
- Demand penalties for non-compliant factories and greater accountability for factory owners.

### **2. Worker Compensation and Rights:**

- Lobby for fair compensation and support for workers affected by accidents or unsafe working conditions.
- Promote workers' rights, including the right to association and collective bargaining, as a means to improve safety conditions.

### **3. Building and Infrastructure Safety:**

- Advocate for the retrofitting or relocation of RMG factories operating in unsafe buildings.
- Push for the implementation of proper building and fire safety measures, including emergency exits, fire extinguishers, and fire drills.

### **4. Government Oversight and Accountability:**

- Demand greater government commitment to safety in the RMG sector, including adequate staffing and resources for safety inspections.
- Call for transparency and accountability in government responses to safety incidents, including investigations into causes and responsible parties.

### **5. Foreign Direct Investment (FDI) Compliance:**

- Encourage FDI enterprises to uphold safety standards in their operations and urge governments to monitor their compliance.
- Promote collaboration between international brands and local authorities to ensure that FDI companies prioritize safety.

## **6. Consumer Awareness and Pressure:**

- Collaborate with international consumer advocacy groups to raise awareness about the safety conditions in Bangladesh's RMG sector.
- Encourage consumers to make informed choices and support brands that prioritize worker safety.

## **7. Education and Training:**

- Advocate for mandatory safety training for RMG sector workers, including fire safety drills and emergency response procedures.
- Promote the development of educational programs on workers' rights and safety measures.

## **8. International Standards and Certification:**

- Support the adoption of international safety standards in the RMG sector, such as those promoted by organizations like the International Labor Organization (ILO).
- Push for third-party certification of factories to ensure compliance with safety standards.

## **9. Worker Representation and Collective Bargaining:**

- Advocate for the rights of workers to form and join labor unions without fear of retaliation.
- Support the establishment of worker committees within factories to facilitate open communication with management and address grievances.
- Promote collective bargaining to negotiate fair wages, benefits, and improved working conditions on behalf of RMG sector employees.

## **10. Gender Equity and Women's Empowerment:**

- Address gender-based discrimination and harassment within the RMG sector.
- Advocate for equal pay for equal work and opportunities for women in managerial and leadership positions.
- Collaborate with organizations and initiatives that empower women workers, including access to education and healthcare.

## **Recommendation and Implication:**

### **Recommendation (1)**

#### **1. What is the problem?**

The problem is the locking of emergency exits in garment factories, endangering worker safety.

#### **2. What is the solution?**

The solution involves implementing a comprehensive safety protocol to ensure all emergency exits remain unlocked during working hours, enabling swift and safe evacuation during emergencies.

#### **3. Why is it the right solution?**

This solution is the right approach because it directly addresses worker safety concerns and aligns with international labor standards and human rights principles, prioritizing worker safety above all else.

#### **4. How to Implement?**

To implement this solution, factory owners and management should conduct a thorough safety audit of their facilities to identify potential issues with emergency exits. Locks on emergency exits should be removed or replaced with fail-safe mechanisms that automatically unlock during work hours. Staff should be trained on the new safety protocols, and regular inspections should be carried out to ensure compliance.

#### **5. Who will Implement?**

Factory owners and management will be responsible for implementing these safety measures, in collaboration with local safety authorities and labor unions.

#### **6. Where to implement?**

This solution should be implemented in all garment factories globally, with a focus on regions where worker safety concerns are most prevalent. It's crucial to start with factories that have a history of safety violations and gradually expand to cover all garment factories.

#### **7. Expectations from labor unions?**

Labor unions should actively support and advocate for the implementation of this solution by raising awareness among workers, negotiating with factory owners for compliance, and monitoring the ongoing safety measures to ensure they are upheld.

**8. Expected Cost?**

The expected cost of implementing this solution will vary depending on the size and condition of each garment factory. However, it should primarily involve the expenses associated with safety audits, lock replacement or modification, staff training, and ongoing safety inspections.

**9. Expected time?**

The expected time for full implementation may take several months to a few years, depending on the number of factories involved and their willingness to comply. It's essential to set realistic timelines and ensure a phased approach to minimize disruptions in production.

**10. Five future benefits from this solution:**

- Enhanced worker safety and reduced risks of injury or loss of life during emergencies.
- Improved global reputation for the garment industry, leading to increased consumer trust and demand for ethically produced clothing.
- Reduced legal liabilities and potential fines for factory owners, promoting a culture of compliance.
- Increased productivity and worker morale, as employees feel safer in their workplace.
- Long-term economic benefits as improved worker safety lead to reduced turnover, training costs, and absenteeism, ultimately contributing to the sustainability of the garment industry.

**Recommendation (2)****1. What is the problem?**

The problem is the lack of fire safety equipment and drills in many factories.

**2. What is the solution?**

The solution involves implementing a comprehensive fire safety protocol, including the installation of fire extinguishers, smoke detectors, and fire alarms, and conducting regular fire drills.



**3. Why is it the right solution?**

This solution is essential because it directly addresses the safety of factory workers in the event of a fire emergency. Fire safety equipment and drills are fundamental to ensuring a rapid and organized response to fires, reducing the risk of injuries or fatalities.

**4. How to Implement?**

Implementing this solution requires factory owners and management to assess their facilities and identify areas where fire safety equipment is lacking. They should then invest in and install the necessary equipment, such as fire extinguishers, smoke detectors, and fire alarms. Regular fire drills should be conducted to train employees on proper evacuation procedures.

**5. Who will Implement?**

Factory owners and management are responsible for implementing this safety measure, with support and oversight from relevant safety authorities and labor unions.

**6. Where to implement?**

This solution should be implemented in all factories, with a particular focus on factories where fire safety equipment and drills are currently insufficient or non-existent. It's crucial to prioritize high-risk areas.

**7. Expectations from labor unions?**

Labor unions should advocate for the implementation of comprehensive fire safety measures, including equipment installation and training, to ensure the safety of workers. They can also monitor and ensure compliance with safety protocols.

**8. Expected Cost?**

The expected cost will vary based on the size and condition of each factory. Expenses will include the purchase and installation of fire safety equipment, as well as the cost of conducting regular fire drills.

**9. Expected time?**

The time required for full implementation will depend on the specific needs of each factory and the readiness of management to invest in fire safety measures. It may take several months to a year to complete the process.

**10. Five future benefits from this solution:**

- Improved fire safety for factory workers, reducing the risk of injuries and fatalities in the event of a fire.

- Enhanced emergency preparedness and response capabilities, leading to a safer working environment.
- Greater compliance with fire safety regulations and reduced legal liabilities for factory owners.
- Increased worker confidence and morale, knowing that their workplace is equipped to handle fire emergencies.
- A positive impact on the factory's reputation, attracting more responsible and safety-conscious employees and customers.

### **Recommendation (3)**

#### **1. What is the problem?**

The problem is the frequent violation of workers' rights, including fair wages and maternity rights.

#### **2. What is the solution?**

The solution involves implementing and enforcing labor rights protections, including fair wage policies and maternity rights, through legal reforms and rigorous monitoring.

#### **3. Why is it the right solution?**

This solution is crucial as it upholds the fundamental rights of workers, ensuring fair compensation and protection during pregnancy and childbirth. It aligns with international labor standards and promotes social justice.

#### **4. How to Implement?**

Implementation requires governments to enact or amend labor laws to explicitly protect workers' rights, including fair wages and maternity rights. Regulatory bodies should be established or strengthened to monitor and enforce compliance. Awareness campaigns and worker education can also play a role.

#### **5. Who will Implement?**

Governments, in collaboration with labor unions and relevant civil society organizations, are responsible for implementing and enforcing these labor rights protections.

## **6. Where to implement?**

These protections should be implemented in all workplaces, with a focus on industries or regions where labor rights violations are most prevalent. Efforts should target areas where workers are particularly vulnerable.

## **7. Expectations from labor unions?**

Labor unions should actively advocate for the enactment and enforcement of labor rights protections, support worker education, and participate in negotiations with employers to ensure fair treatment and compensation.

## **8. Expected Cost?**

The expected cost will depend on the extent of legal reforms, monitoring mechanisms, and educational campaigns. Funding will be required for regulatory bodies and enforcement efforts.

## **9. Expected time?**

The timeline for full implementation will vary by jurisdiction, depending on the existing legal framework and political will. It may take several years to establish and fully enforce these protections.

## **10. Five future benefits from this solution:**

- Improved working conditions and fair wages, leading to better living standards for workers and their families.
- Enhanced job security for pregnant workers and new mothers, promoting gender equality and family well-being.
- Reduced exploitation and abuse of labor, fostering a more equitable and just society.
- Increased worker empowerment and engagement, contributing to higher productivity and economic growth.
- Improved international reputation, attracting responsible businesses and investment, ultimately benefiting the economy.

## **Recommendation (4)**

### **1. What is the problem?**

The problem is that workers often do not receive proper compensation, and workplace incidents frequently go unreported.

### **2. What is the solution?**

The solution involves implementing a robust compensation system that ensures fair payment for workers and establishing a transparent incident reporting mechanism to encourage reporting and resolution.

### **3. Why is it the right solution?**

This solution is essential as it addresses economic justice by ensuring fair compensation for labor and promotes workplace safety by encouraging incident reporting, which can lead to timely corrective actions.

### **4. How to Implement?**

Implementing this solution requires employers to establish fair wage policies, clearly communicate them to workers, and regularly audit payroll practices. Additionally, an anonymous and accessible incident reporting system should be put in place, ensuring workers can report incidents without fear of reprisal.

### **5. Who will Implement?**

Employers are primarily responsible for implementing fair compensation practices and establishing incident reporting mechanisms. Labor unions, regulatory bodies, and government agencies can monitor compliance and support workers in the reporting process.

### **6. Where to implement?**

This solution should be implemented across all workplaces, with a specific focus on industries or regions where compensation issues and underreporting are prevalent. It is vital to reach vulnerable worker populations.

### **7. Expectations from labor unions?**

Labor unions should advocate for the fair compensation of workers and play a critical role in ensuring that incident reporting mechanisms are established and accessible. They can also provide support and guidance to workers who need to report incidents.

**8. Expected Cost?**

The expected cost will vary depending on the size and complexity of the workforce and the level of investment required to establish and maintain an incident reporting system. It may include expenses for auditing, staff training, and system maintenance.

**9. Expected time?**

The timeline for full implementation will depend on the readiness of employers to reform compensation practices and establish reporting mechanisms. It may take several months to a year to see substantial improvements.

**10. Five future benefits from this solution:**

- Improved financial security for workers, leading to increased job satisfaction and loyalty.
- A safer and more transparent work environment, with fewer unreported incidents and faster resolutions.
- Enhanced worker morale and productivity as employees feel valued and protected.
- Reduced labor disputes and legal conflicts, saving resources for both employers and workers.
- A reputation for fair labor practices, attracting a more skilled and motivated workforce and responsible business partners.

**Recommendation (5)****1. What is the problem?**

The problem is the infrequency of factory inspections, which can lead to a lack of oversight and compliance with safety and labor regulations.

**2. What is the solution?**

The solution involves increasing the frequency and rigor of factory inspections, conducted by relevant government agencies or independent auditors, to ensure compliance with safety, labor, and environmental regulations.

**3. Why is it the right solution?**

This solution is necessary as it promotes accountability and transparency in the workplace. Frequent inspections help identify and rectify issues promptly, creating safer and more ethical working conditions.



**4. How to Implement?**

Implementation requires government agencies to allocate more resources to inspection teams, establish clear inspection schedules, and enforce penalties for non-compliance. Independent auditors can also be hired to conduct impartial inspections, ensuring objectivity.

**5. Who will Implement?**

Government agencies, with support from labor unions and civil society organizations, will be responsible for implementing more frequent and rigorous factory inspections. Independent auditors can also play a role in the inspection process.

**6. Where to implement?**

This solution should be implemented in all factories, with a particular focus on industries or regions where infrequent inspections have been a problem. High-risk areas should receive immediate attention.

**7. Expectations from labor unions?**

Labor unions should advocate for increased inspections, participate in the inspection process, and ensure that workers are aware of their rights and the importance of compliance with regulations.

**8. Expected Cost?**

The expected cost will depend on the scale of the inspection efforts and the resources allocated to inspection teams or independent auditors. It may involve funding for training, equipment, and additional staff.

**9. Expected time?**

The timeline for full implementation will depend on the capacity of government agencies and the willingness to allocate resources. It may take several months to a year to establish a more robust inspection regime.

**10. Five future benefits from this solution:**

- Safer working conditions with regular checks to prevent accidents and health hazards.
- Increased compliance with labor and safety regulations, reducing legal liabilities for both employers and workers.
- Improved worker trust in regulatory bodies and employers, leading to better cooperation in ensuring workplace compliance.