

The Bangladeshi garment sector after the COVID-19 lockdown: A cautious return to normality?

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Through surveys of female workers at three of the largest garment factories in Bangladesh, it is clear that COVID-19 has had a strong negative impact on the sector. Employment and earnings both fell significantly from pre-lockdown levels. However, the high proportion of workers now having returned to the sector indicates that the shock may have been more temporary in nature. This is positive news for larger, modern factories, however, it is suspected that smaller factories will fare worse.

We surveyed 634 women who, before the start of the COVID-19 pandemic, worked as sewing operators in three large modern garment factories located in the industrial belt around the country's capital Dhaka. The workers have an average tenure of six years in the sector, are on average 26 years old, and 76% of them report having children. We surveyed these workers in June 2020, around one month after the end of the government-imposed four-week lockdown of all garment factories in the country during April 2020. Anecdotal evidence from the management of the three factories indicates that factories are re-approaching fairly normal production levels again. News of factories going bankrupt and laying off large numbers of workers that circulated in international media¹ were said to be more isolated cases of factories particularly exposed to international buyers that themselves went bankrupt during the COVID-19 crisis, or smaller sub-contractor factories to the larger factories.

Of the 634 surveyed workers, 78% were working again in the garment sector by June 2020. All but one of them reported working at the same factory as before the lockdown, pointing to no reallocation of labour across factories induced by the lockdown shock. A further 18 workers were still on paid absence leave, and eight on unpaid absence leave, while 104 workers (16% of all surveyed workers) said they are not working in the garment sector anymore.

Among those working in the garment sector in May 2020, earnings average 123 US\$ (10,600 BDT). This is broadly in line with earnings of female line-operators in the sector before the COVID-19 crisis (Menzel and

¹ e.g. www.theguardian.com/global-development/2020/apr/02/fashion-brands-cancellations-of-24bn-orders-catastrophic-for-bangladesh

Woodruff 2019, Czura et al. 2019). However, 48% of the workers reported that their earnings are lower than before the lockdown, while 9% reported that their earnings were higher.²

Of the 104 workers who reported to not be working in the sector in May, only three report being employed in a different sector, while 12 report to be self-employed (nine of which report to be sewing clothes). The three in other wage employment have similar incomes to those working in the garment sector (11500 Tk). However, the 12 self-employed report much lower incomes, on average 3,150 Tk, or 36 US\$. Among others leaving the sector, 14 report to run, or help on, an agricultural business or family farm.

Of the 104 workers no longer in the sector, 68 reported quitting due to health problems, pregnancy, or because they had planned to exit the sector anyway. Only six workers reported to having been terminated by the factories, while four say they quit due to COVID-19 related health concerns. 47 of the 104 workers said they would be open to working in the sector again, while 54 say they would not. Meanwhile, 20 of the 104 workers leaving the sector reported still being owed wage payments by the factories, with three of them reporting being owed more than one month of pay.

104 of the 496 workers who work again in the factories report to be very worried about losing their job in the factories due to the economic turbulences caused by COVID-19, and a further 187 workers are somewhat or at least a bit worried. Only 41% of these workers are not worried at all.

When it comes to the introduction of protective measures, 85% of workers say they received some PPE (masks, gloves) from their factories. A similar percentage report that they were encouraged to wash hands more often, and that sick workers were sent home. 38% of workers report that factories increased distance between workspaces.³ 84% of workers reported to be satisfied with these measures, and a further 12% somewhat satisfied. Only 6% reported to be somewhat or very dissatisfied.

Finally, regarding coping strategies with the income shock from the lockdown, only 6.5% of the surveyed workers report that they had to sell assets such as jewellery, land, or livestock. But 82% reported that they had to dissave, with a staggering 47% reporting having used up all their savings. Meanwhile, 35% reported that they had to borrow to have enough money for food, rent, school, or health expenditures during or after the lockdown period. Of these, however, less than 15% borrowed from moneylenders or micro-finance institutions, with the rest borrowing from family-members, friends and neighbours. Finally, only four workers report to have received government assistance.

All in all, worker surveys and conversations with managers of the three factories paint a picture of the COVID-19 crisis being a strong negative shock to the sector, but ultimately a temporary shock. Note that the factories to which we have access are among the large and modern factories in the country, that directly sell to international brands. The results should thus not be seen as representative of the whole sector, but of that part of the sector that is visible to international brands, and that we can expect to be more representative for

² Those workers that work again do not report to working fewer hours than before the lockdown. It is thus not clear what accounts for the lower pay post-lock down. Workers get paid on the hour, not piece rates. Thus, lower pay in combination with not lower hours implies lower pay per hour.

³ One of the three factories from which we surveyed workers implemented a shift-system after the lockdown, in which workers worked in two shifts. This makes it easier for the factories to keep the workers more distant during the work, given that only half of the usual number of workers is in the factories at any moment in time. The factory management reported little resistance by workers to the introduction of shift work.

the future sector (if smaller and less professionally run factories continue to be driven out of the sector by competitive forces). Managers suspected that smaller factories that mostly work as sub-contractors to larger factories fare worse. Consistent with this, the managers of our partner factories reported that the main margin along which they reacted to the reduction of incoming orders was a strong reduction of sub-contracting that they gave to other factories.⁴

This note is based on research conducted as a part of PEDL projects [ERG 5549](#) and [ERG 6035](#).

⁴ Note that sub-contracting is against the contractual terms that factories subscribe to in most cases when selling to international buyers.