

ISSN 2072-3334

Development Compilation

Volume 10. Number 02. March 2014

## COMPLIANCE PRACTICES AND CHALLENGES IN READY MADE GARMENTS INDUSTRY OF BANGLADESH

Md. Idris Ali<sup>\*</sup>  
Mohammed Abul Basher<sup>\*\*</sup>

**Abstract :** The aim of this research paper is to find out the compliance factors practiced by readymade garments industry as well as challenges to implement it. Researchers has found that compliance issues are not same in all section of garments such as knitting section, dyeing section, fabric finishing section, cutting section, sewing section, finishing section have different compliance elements in their different wing. Though the compliance issues are clearly defined, the employees and owners are not in real situation to implement this. Challenges, include less educated managers, high cost to implement, bureaucratic problems, employer-employee relationships, ignorance of employee welfare, are raising unrest in garments sector day by day. Garments owners should give emphasis on this issue to keep and grow the quality and quantity in this sector.

### Introduction

Since its commencement in 1987, the Ready Made Garments (RMG) industry of Bangladesh is trying to fulfill the requirements the buyers. In recent years, compliance issues are the major components of the buyer requirements that must be ensured by the Bangladeshi garments manufacturers. According to business dictionary dot com, "Compliance is the Certification or confirmation that the doer of an action (such as the writer of an audit report), or the manufacturer or supplier of a product, meets the requirements of accepted practices, legislation, prescribed rules and regulations, specified standards, or the terms of a contract."

Another definition is given by Baral (2010) "Compliance means to comply with something or yield to the wishes of another. Compliance ensures all labor rights and facilities according to the buyer code of conduct. The aim of compliance is to maintain strictly the labor law."

<sup>\*</sup> Assistant Professor, Department of Business Administration, BGMEA University of Fashion & Technology, 105 SR Tower, Sector-7, Uttara, Dhaka-1230

<sup>\*\*</sup> Senior Lecturer, Department of Knitwear Manufacturing Technology, BGMEA University of Fashion & Technology, 105 SR Tower, Sector-7, Uttara, Dhaka-1230

But in many cases, the manufacturers are reluctant to ensure the implementation compliance in their workplaces. The result is that most of situation the labor forces are the sufferer; more than hundred labors lost their lives at Tazrin fashion by firing, and building collapse at Rana Plaza is the historic scandal of Bangladesh where more that one thousand labors died as well as thousands lost their normal life loosing their hand, legs or parts of their body.

Not only the safety issues of the labor force but also the environmental protections (green environment) are the zenith demand of the buyers. To ensure these compliance issues, sometimes buyers are creating pressure on the manufacturers, even GSP facility at US market, the largest portion of exporting, has been suspended due to the absence of sufficient compliance issues at Ready Made Garments industry of Bangladesh.

### Objectives of the study

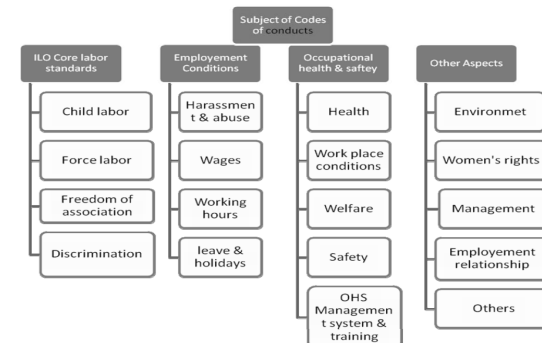
Objectives of this paper are as follows:

- To know the compliance practices by the garments industry of Bangladesh;
- To explore the challenges on implementing compliance in garments industry;
- Finally, to recommend some suggestions.

### Methodology of the study

Though the paper is fully secondary data based and descriptive in nature, researchers visited some compliance and non-compliance garments and talked to compliance managers. To fulfill the objectives of the paper, secondary data has been collected from scholarly article, periodicals of financial research institutions, daily newspaper, weekly and monthly reviews, websites, and books. Moreover, in-depth research article published in home and abroad used to design this paper.

### Compliance Practiced by Garments Industry



Following Figure is the code of conducts Regarding Compliance Issues.

Source: Lal Mohan Baral (2010), International Journal of Engineering & Technology IJET-IJENS Vol:10 No:02

Sector wise compliance issues are mentioned below.

#### a) Knitting Section

- i. Plant layout: According to the requirements of the factory plan. Plant layout must be prepared by plan consultant. Normally producers build the floor first then prepare plan layout but it is required to estimate the floor size first and then prepare plan layout.
- ii. Evacuation plan: It must be prepared by consultant side by side plan layout.
- iii. Needle maintenance: Requirements of needle in production floor and collect broken needle parts like needle butt, less, hook, etc.
- iv. Quality control for gray fabrics: In gray fabrics there are some faults like hole, needle mark, oil spot, thick and thin etc. which required to check for quality control.
- v. Safety measures (goggles, hear aid, metallic shoes): Goggles are used to protect eyes from fiber dust etc. Metallic shoes are used for safety from heavy spares of machine.
- vi. Apron for operators: Aprons are needed for operators to avoid accidents from running parts of the machine.

#### b) Dyeing Section

- i. Chemical proof Gloves, Apron: Chemical proof gloves are needed to protect hands from chemical reaction. Aprons are also mandatory to protect from accident of spare parts of machine.
- ii. Drainage for effluent: Send all waste water from dyeing to effluent treatment plant (ETP) for processing.
- iii. Steam line must be insulated because if steam lines are not insulated heat transfer rate is high of the line and sometimes people touch the line which causes injuries.

#### c) Fabric Finishing Section

- i. Stainless steel Fabrics handling trolley: With stainless steel trolley it causes rust in fabrics.
- ii. Gas should be supplied in uninterrupted: Without uninterrupted gas supply the plant not running smoothly.

#### d) Cutting Section

- i. Metal gloves for cutting operators: Metal gloves must use for cutting master to avoid injuries.
- ii. Same lot numbers fabrics use for fabric laying to avoid color shading.

#### e) Sewing Section

- i. Line setup according to product i.e. product layout.
- ii. Setup inline quality controller.
- iii. Set red and green light for every machine.

#### f) Finishing Section

- i. Set metal detectors

#### ii. Set fusing machine

#### Challenging Issues

- a) Most of the managers, working in top level to lower level, got great liability to implement compliance issues, are not well educated in their respective field. Informal recruitment, low literacy levels, wage discrimination, irregular payment and short contracts of service are very common practices in the RMG factories in Bangladesh. It is true that the country still enjoys some comparative advantage in manufacturing garment products based on low labor costs (Baral, 2010).
- b) Cost involvement, raises the cost of production as well as reduces the profit level, is the major issue to implement the compliance factors. Main attraction of the buyers to buy garments products from Bangladesh, cheap labor cost, ensured sellers high profit, is lower rate than other countries but garments owner are reluctant to ensure compliance issues. Others regard their workers as little more than bonded labor, hired to provide maximum labor at minimum cost (Mahmud & Kabeer, 2003).
- c) Barrier from governmental organization, bribery from collecting export registration to collecting payment, and or slower procedures to move files relevant compliance issues, is another challenge for garments industry to implement compliance.
- d) New and experienced employees, working in present systems, going on for longer period of time in the factory premises, are reluctant to be adopted with new system. Moreover, regular practice of compliance codes of conduct can bring higher price of products, lower labor unrest, less worker turnover rate, highest worker morality, highest productivity and product quality, smooth industrial relation as well as global image and reputation (Rahman, 2010).
- e) Workplace condition, inside the factory recommended by ILO, is not standard. But (Kabeer, 2004) revealed that most of these protests revolved around issues of wages and overtime rather than workplace conditions, because, as workers themselves said, "getting paid their wages on time is the biggest problem of garment workers."
- f) Lack of welfare such as medical facilities, day care centre, provident fund etc is absent in many more garments factory. Berik (2008) found that one factory did not have any workers' organization, while the other two had a Workers' Welfare Committee. Yet either workers did not know of the Committee's existence or did not trust it because the worker representative was selected by management. In the Dhaka focus group, non-EPZ factory employees reported that their factories had no union (or other worker organization) presence.
- g) Employer employee relationship, relevant to decision making, dominating creativity and productivity of the employees, is not good. X

theory, given by Douglas McGregor in 1960, closely supervised and comprehensive systems of controlling employees, is the commonly practiced by Bangladeshi garment owners.

- h) Women employees, working in garments industry equivalent and many cases more risky than male employees, are discriminated in wages as well as working hours. Huq (2003) clarified how much of the discrimination, ill treatment and violence women suffer is connected to the ways in which their bodies, their sexuality, their reproductive roles and their health are perceived, valued and constructed by their families, their colleagues and by society at large.
- i) Safety measures such as fire fighting, evacuation plan, stairs etc are not sufficient and workers are not well enough trained up to use those at the time of accident which causes lost of lives. Mahmud (2003) revealed that garments factory consists of the absence of written contracts, long working hours, delayed payment of wages and routine violations of health and safety standards.

#### Recommendations

- a) At first, the garments owner should be aware of compliance issues and then old and new employees should be trained up.
- b) Garments owners must be proactive about the compliance factors by which they can improve the working conditions and satisfy their buyers.
- c) Recently foreign donors and or buyers are releasing huge amount of money to ensure the compliance issues in garment industry of Bangladesh. This donation must be used properly.
- d) Work station must be established as per the recommendations of the certified bodies. It is not only the quality parameters which are important towards acceptance of the product as per the intended end use, but also the working environment in which the garments are to be produced, is equally important so that sweatshop concept is totally taken care of and the code of conduct must be stretched towards achieving the objectives of social compliance issues (Baral, 2010).
- e) As per Labor Law 2006, medical center and day care centre must be adopted by every garments firm, but the owners are reluctant to introduce it due to cost involvement. The law enforcing agencies should ensure this matter.
- f) X and Y theory of management may be combined to improve employee employer relationship to ensure the potentiality of the employees through enhancing quality and quantity.
- g) Women rights can be established as per guidelines of human rights organizations.

- h) Safety measures i.e. fire fighting, evacuation plan of plant, stairs etc. should be established according to international standards.

#### Conclusion

Buyers, always creating pressure on garments owners of Bangladesh, are always aware of compliance factors in international standard. Researchers would like to suggest both the sellers of garments and policy makers to ensure compliance issues so that new doors can be explored in new areas of the world garments market for Bangladeshi products. Awareness of the garments owners will be sufficient to do this which will open new dimension of the garments industry of Bangladesh. Main limitation of this research is the absence of primary data. Other researchers may conduct new research on compliance issues in Bangladesh by using collecting and analyzing primary data.

#### Notes & References:

- Bangladesh Garment Manufacturers and Exporters Association (BGMEA), (2010), Main Functions of BGMEA, Available from: <http://www.bgmea.com.bd/home/pages/aboutus>.
- Bangladesh Knitwear Manufactures and Exporters Association (BKMEA), (2010), "Social Compliance: Ongoing Initiatives of BKMEA", Available from: [http://www.bkmea.com/social\\_compliance.php](http://www.bkmea.com/social_compliance.php). Accessed June 14, 2010.
- Baral, L.M. (2010), "Comparative Study of Compliant & Non- Compliant RMG Factories in Bangladesh", International Journal of Engineering & Technology IJET-IJENS, Vol. 10 No. 02, pp. 119-131.
- Berik, G. and Rodgers, Y.M. (2008), "Options for Enforcing Labor Standards: Lessons from Bangladesh and Cambodia", Working Paper, University of Utah, Department of Economics, No. 2008-14.
- Bhagwati, J. (1995), "Trade Liberalization and 'Fair Trade' Demand: Addressing the Environmental and Labor Standards Issues," World Economy, vol. 18.
- Burda, J. (2007), "Chinese Women after the Accession to the World Trade Organization: A Legal Perspective on Women's Labor Rights," Feminist Economics 13(4): 259-85.
- Busse, M. (2002), "Do Labor Standards Affect Comparative Advantage in Developing Countries?" World Development 30 (11): 1921-32.
- Cagatay, N. (1996), "Gender and International Labor Standards in the World Economy," Review of Radical Political Economics 28 (3): 92-101.
- Cavanagh, J. (1996), "Codes of Conduct on Corporations: What Appears to be Working?" Institute for Policy Studies & The Transnational Institutes, January 20.
- Centre for Policy Dialogue (2000), "Implementation of WTO-ATC: Current Status and Implications for Bangladesh", Dialogue Report No. 38 (Dhaka).
- Cockburn, J., Siggel, E., Coulibaly, M., and Vézina, S. (1998), "Measuring competitiveness and its sources: the case of Mali's manufacturing sector", Working Paper from Bell Communications Economic Research Groups

- (Quebec, Canada, Centre de Recherche en Économie et Finance Appliquées, Université Laval).
- Crowley, P. (1995), "The Role of Business in Preventing Child Labour", The Way Forward, November.
- Deborah L. (2001), "SA8000: The Definitive Guide," Pearson Education Limited.
- Delahanty, Julie (1999). A Common Thread: Issues for Women Workers in the Garment Sector, report prepared for the Global Markets Programme of Women in Informal Employment: Globalizing and Organizing (Ottawa, North-South Institute).
- Dickson, M. (1996), "Socially Responsible Consumer Behavior in the Apparel Marketing System", The Ohio State University.
- Haider, M. Z. (2007), "Competitiveness of the Bangladesh Ready-made Garment Industry in Major International Markets." Asia-Pacific Trade and Investment Review Vol. 3, No. 1, June.
- Haider, M.Z. (2006), "Export performance of Bangladesh textile and garment industry in major international markets", The Keizai Gaku Annual Report of the Economic Society, vol. 68, No. 1 (Sendai-shi, Japan, Tohoku University).
- Haider, M.Z. (2007), "Competitiveness of the Bangladesh Ready-made Garment Industry in Major International Markets", Asia-Pacific Trade and Investment Review, Vol. 3, No. 1, pp. 3-27
- <http://www.businessdictionary.com/definition/compliance.html>
- Huq, S.P. (2003), "Bodies as Sites of Struggle: Naripokkho and the Movement for Women's Rights in Bangladesh" The Bangladesh Development Studies, Vol. XXIX, September-December, Nos.3 & 4.
- International Labor Organization (2010), "International Trade Agreements and the Cambodian Garment Industry: How Has the Multi-Fiber Agreement Affected Cambodia?"
- Jassin-O'Rourke Group (2002). Global Competitiveness Report: Selling to Full Package Providers (New York).
- Kabeer, N., and Mahmud, S. (2004), "Globalization, Gender and Poverty: Bangladeshi Women Workers in Export and Local Markets", Journal of International Development, Volume 16, Issue 1, pp. 93–109.
- Khan, S. (2007), "Challenges Facing the Garments Industry", The Financial Express, January 27.
- Mahmud and Ahmed, (2005), "Workers Rights' and Working Conditions in the Export Garment Sector in Bangladesh: A Review", Draft, Bangladesh Institute of Development Studies (BIDS), Dhaka, March.
- Mahmud, S. & Kabeer, N. (2003), "Compliance Versus Accountability: Struggles for Dignity and Daily Bread in the Bangladesh Garment Industry", The Bangladesh Development Studies, Vol. XXIX, No. 3 & 4, pp. 21-46.
- Mainuddin, K. (2000), "Case of the Garment Industry of Dhaka", Bangladesh, Urban and Local Government Background Series, No. 6 (Washington, D.C., World Bank).

- McFadden, S. (1996), "Garment Workers Study"(1995 and 1996 editions), Marymount University, Center for Ethical Concerns, Arlington, November 1995 and November.
- Mondol, A. H. (2002), "Globalisation, Industrial Relations and Labor Policies: The Need for Renewed Agenda", in M. Muqtada et al. (eds), Bangladesh: Economic and Social Challenges of Globalisation, Geneva and Dhaka: International Labor Organization and University Press.
- Newell, P. (2006), "Taking Accountability into Account: The Debate So Far", in P. Newell and J. Wheeler (eds) Rights, Resources and the Politics of Accountability, London: Zed Books.
- Paul-Majumder, P. (2001), "Occupational hazards and health consequences of the growth of garment industry in Bangladesh", in Pratima Paul-Majumder and Binayak Sen, eds., Growth of Garment Industry in Bangladesh: Economic and Social Dimensions (Dhaka, Bangladesh Institute of Development Studies and Oxfam GB, Bangladesh).
- Paul-Majumder, Pratima (2001). "Occupational hazards and health consequences of the growth of garment industry in Bangladesh", in Pratima Paul-Majumder and Binayak Sen, eds., Growth of Garment Industry in Bangladesh: Economic and Social Dimensions (Dhaka, Bangladesh Institute of Development Studies and Oxfam GB, Bangladesh).
- Quasem, A.S.M. (2002), "Adding Value: Building Value-Addition Alliances – Backward Linkages in the Textile and Clothing Sector of Bangladesh", Geneva, International Trade Centre UNCTAD/WTO, and Bern, Switzerland, Swiss State Secretariat for Economic Affairs).
- Quddus, M., and Salim R. (2000), Entrepreneurs and Economic Development: The Remarkable Story of Garment Exports from Bangladesh (Dhaka, The University Press Limited).
- Rahman, M.A., and Hossain, M.S. (2010), "Compliance Practices in Garment Industries in Dhaka City", Journal of Business and Technology (Dhaka), Vol. V, No. 02, pp. 71-87.
- Smith, S. (1998), "The Multi-Fibre Arrangement – a thread of protectionism", The Student Economic Review, Dublin, Trinity College, University of Dublin.
- Stephen S. G. (1997), "Are International Labor Standards Needed to Prevent Social Dumping?" Finance and Development, volume 34, number 4, December.
- Subrata, D. (2008), "Social Compliance Issue in the Apparel Sector of Bangladesh.", Official web site of Fiber 2 Fashion.
- United Nations Development Fund for Women (UNIFEM) (2008), "Women Seeking Accountability in the Bangladeshi Garment Industry", Available from: [www.unifem.org/progress/2008/.../POWW08](http://www.unifem.org/progress/2008/.../POWW08).