Race to the Bottom: Sweatshop Industry Existence in Bangladesh and Its Impact on Social Cultural

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Abstract

In Bangladesh, 80 % of the country’s total export revenue comes from the garment industries. There are 3.5 million workers in 4825 garment factories. This garment production chain held in Bangladesh then export to the global market, mostly Europe and North America. This industrial sector generates the wealth of Bangladeshi and helps improve their lives whom 85% of them are women. Besides, most of the garment workers in Bangladesh earn a small amount of money. Bangladesh garment workers also got no decent working condition. They used to work for 14-16 hours per day seven in a week. As well as, worker’s working condition is relatively unsafe, cramped, and hazardous. That condition potentially leads to work injuries and factory fires. Also, many of the woman workers reportedly got engaged in sexual harassment and discrimination. This such phenomena done by major fashion industry have been called as sweatshop industry. This paper is focused on what have done by the fashion industries, more specifically in relation to labor rights. This paper used a qualitative descriptive study method of analysis, which is the way to describe an illustrate the phenomenon based on the observation data based on research done before. The purpose of this research is to educate and show people that the fashion industry, especially the sweatshop fashion industry cost so many effects one of them in labor issues. The result of this research is the customers are having a huge control of fashion industry sustainability, if customers are wise enough to avoid sweatshop fashion brand, the brand itself will collapse.

Keywords: Bangladesh, Race to the bottom, Sweatshop Industry

1. Introduction

The Garment industries or more specifically sweatshop fashion industry in Bangladesh has grown a lot since 30 years ago. Based on data provided by a research paper written by Heath & Mobarak (2013), started in 1983, sweatshop industries has employed 40,000 people. Since then, year by year, sweatshop industries employment have average yearly growth rate of 17%. That percentage is equal with 4 million employees employed in the year of 2013. There was 79% export garment product made in Bangladesh and that number of exports contributed to 14% of Bangladesh’s GDP in the fiscal year 2008-2009. Gradually, year by year, the number of exports and GDP contribution has increased. Based on surveys done by McKinsey & Company (2011) in Heath & Mobarak (2013), the number of growth will keep on increasing in line with a plan made by Chief Purchasing Officers (CPOs) from European and US sweatshop apparel brand. CPOs reportedly has been planning to shift apparel sourcing away from China. This action is done due to increasing wages and labor shortages. CPOs has been looking into Bangladesh for the substitution, in other words, Bangladesh is cited as the next biggest sourcing hotspot for apparel products. As the shifting process have done, Bangladesh’s apparel exports doubled in 2015 and expectedly triple by 2021. It also affects labor demand, which predicts there will be increasing in the necessity of 3.5 million additional workers by 2020. Based on the data showed by The Asia Foundation, garment industries employs 3.6 million people from the total population which approximately about 150 million people. That number increased by year due to on-demand consumption and other factors. The most garment workers are woman. That is the reason why garment production in Bangladesh known as the first industry that provides employment opportunities to women in large scale in a country where culturally women are prohibited to work outside the home (Heath & Mobarak, 2013). From preceded data showed, sweatshop fashion industries have giganticly impact Bangladesh economic, social, and culture is not an exception. It costs so many changes in cultural, few of them are the declining fertility, increasing age at marriage, and rapid increase in female educational attainment. Especially in the education field, the amount of awareness is pretty much increased considering the support held by the government by surpassing the third Millennium Development Goal of gender equality enrollments. It makes education results are particularly policy-relevant. In other words, garment manufacturing expansion has affected women in culture. It has increased female labor force...
participation. As the participation getting larger, academic interest has also increased for the purpose of increasing enrollment channels and a chance to get better job classification at the factory. Society in Bangladesh, especially parents’ awareness of education has been increasing as well. On the other hand, accessing a factory job can possibly decline fertility, increasing age at marriage and delay childbearing decisions. For Bangladesh economic development, gigantic number of women workers in garment factories are having good potential for economic implications (Heath & Mobarak, 2013).

2. Material and Method

This paper used a qualitative descriptive study method of analysis, which is the way to describe an illustrate the phenomenon based on the observation data based on research done before. As mentioned in the Journal written by Bowen (2009), document analysis is a systematic procedure for reviewing or evaluating documents. This method requires a document that consists of data. Later on, that data will be examined and interpreted in order to gain understanding, elicit meaning, and develop empirical knowledge. The writers took tables and figures for the purposes of discussion in this paper. Tables and figures are taken from previous research papers or journals, later it would be interpreted and become a basis for analysis. Regarding Labuschagne (2003) in Bowen’s (2009) arguments, the analytical procedure of document analysis method entails finding, selecting, appraising, and synthesizing data contained in documents. Besides document analysis, writers also use the literature review method. As the execution of the literature review method, the writers collected existing research that is significant to the topic. Then, writers evaluated and look for what’s related to our topic paper.

For the purpose of analysis, the writer choose race to the bottom perspective as a tool to identify the phenomenon happen in Bangladesh, which by the mean of that is the increasing number of fashion factories, especially in relation to labor issues. Race to the bottom perspective itself basically cannot be separated from globalization phenomena and studies. Basic assumptions about the race to the bottom are countries, especially race to the bottom countries lower their labor standards, environmental standards, or tax rates in order to attract foreign capital (Olney, 2013). It affected by two major hypotheses on two important predictions argued by scholars, especially in international political economy studies. First, multinational corporations and multinational enterprises prefer to invest in countries where no restrictive standards are applied, then the cost of operating a foreign affiliate falls and multinationals will shift production activities to that country. Second, foreign countries, competitively undercut each other’s standards in order to attract foreign direct investment (FDI). In other words, countries were lowering labor standards in order to attract large multinational companies. Developing countries often lowering their labor standards in order to undercut their competitors to attract FDI. As what Olney (2013) says, As the labor standards among competitors decreased, as a response developing countries will try as best as they can to lower their standards among others. Race to the bottom practice is pretty much the implication of fear towards the fast-moving world in the globalization era. Developing countries compete for each other to attract FDI, since based on developmentalism theory, the number of FDI is pretty much the measurement of the country’s development growth.

Regarding to the first hypothesis, MNC preferably put their factory industry within a foreign country where less strict employment and labor regulation are applied, since it will reduce operating and production costs for the Multinational Corporation and thus investing in that country will be more appealing. That hypothesis already being tested by Olney (2013) using \( FDI_{c,t} = \beta_1 \Delta EP_{c,t-1} + \Delta X_{c,t-1} + \beta_2 + \beta_3 FDI_{c,t-1} + \Delta e_{c,t} \) formula, and the result is \( \alpha_1 < 0 \) and \( \beta_1 < 0 \). This means as employment protection rules less strict, operating costs of the factory will decrease and multinational corporation shift production activities to that foreign host country, and later on it will affiliate sales improvement. The second hypothesis is developing countries in a competitive manner will undercut each other’s labor market standard to the point where it might attract FDI. For developing countries, FDI is often associated with increases development variables such as production, capital stock, improved infrastructure, knowledge transfer, and so on (Olney, 2013). This hypothesis tested using \( EP_{c,t} = \alpha_1 \text{Competitor}_{EP_{c,t-1}} + \Delta X_{c,t-1} + \alpha_2 + \alpha_3 + \epsilon_{c,t} \) and the results shows that the hypothesis is true. Which means the existence of FDI will relax labor standards, especially for developing the countries. The developing countries will undercut its labor standards and competing with each other to become the most less strict one. Using that formula, the coefficient Competitor EP which is the average of employment protection in other foreign countries, is positive and significant at the one percent level. For example, if competitor EP is having one percent reduction, it will lead the host country to lower their own employment protection rules by 1.8% in the unweighted specification and there will be 1.1% in the weighted specification (Olney, 2013).
Beside that, writers also use the anthropological perspective to identify the shifting culture of Bangladesh society from traditional and close-minded to more modernize and open-minded, especially in the case of women’s order and the manner in Bangladesh society. Based on the Spindler description from the anthropological point of view, anthropology is a study of humankind. It examines aspects of human existence and accomplishments from its origin to contemporary forms of culture and social life. Anthropology does believe that the interrelationships of all human existence aspects are dynamic. This proposition is in line with the shifting culture of Bangladesh society, especially their point of view towards women’s social life.

3. Result and Discussion

History of Bangladesh garment factories started in 1979 when the government started to realize the potential of the garment industries for country economic development. Later on, in 1982, followed by numerous incentives is provided by the government toward garment based multinational corporation. As a result, the garment factories were having rapid growth (Mottaleb, 2011). From the late 1980s through the 1990s the industries were shifted, the garment industries started to subcontracting its production to suppliers in developing countries. This shifting is followed by the abolition of the quota system at the beginning of 1995 and it was completed in 2005. This evaluation is done because it allows global buyers to import garments in a huge amount. Later on, it will increase competitive pressure in developing countries. This massive amount of production in developing countries often disobey ethical codes of conduct regarding to product safety, labor standards, working environments, and child labor issues (Humphrey & Schmitz, 2004 in Mottaleb, 2011). It often leads to sweatshops practice and scholars often use phrases called the race to the bottom to describe this practice. Bangladesh lessen its restriction towards labor market standards and the foreign multinational corporation. This action purposefully to attract more foreign direct investment, since less strict labor market regulation will reduce operating costs for multinational corporation. There are various less strict labor regulation implementation that happens in Bangladesh, one of them is child labor. Besides that, the existence of garment factories increases the number of women workers. In other words, garment manufacturing expansion in Bangladesh increases female labor for participation. The fact that women workers increase, it is pretty much contrast with the established traditional culture that Bangladesh had which women traditionally have not worked outside the home, instead, based on traditional culture women are supposedly doing household. Whether it is consciously known or not, garment manufacturing has already shifted the culture in Bangladesh. The shifting of culture on women’s labor participation affects declining fertility, increasing age at marriage, and rapid increase in girls’ educational attainment.

Table 1 is here

![Graph of School Enrollment (children ages 5 to 18)](image)

Source: Bangladesh Household Income and Expenditure Survey

First thing first, the shifting point of view about women’s education is happening because parents preferably send their girls to school since it can increase enrollment channels and the chance to get a better position in garment factory. It is different from a traditional culture where women are not necessarily going to school.
As table 1 shows, women school enrollment is increasing year by year. Hossain (2010) argues that it is what makes women are the first subject that stuck in poverty and illiterate. Women also tend to follow the instruction of the man in society. That is why they are subordinate and often get exploited by man.

Table 2 is here

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<td><strong>Female Marriage Age and Fertility</strong></td>
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<td>Source: World Bank Development Indicators (fertility), Demographic and Health Surveys (marriage age)</td>
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Besides school enrollment, women’s labor participation also having an impact on marriage age and childbirth. As table 2 shows, the number of young marriages and childbirth at an early age (12-18 years old) decreases sharply.

With the increasing awareness of education, women will get literate and it will slowly diminish the subordinate position that might they have before according to the traditional norm. Now, women have choices to decide whether they want to enroll in school, working in garment factories, or marry a man. At least literate women can realize their position and decide what to do and the possibility for them to get exploited is pretty much decreasing because their awareness is on.

But in the other hand, the sweatshop fashion industry often leads to some major ethics violations. In labor recruitment context, child worker often gets into this business as well. They prefer child workers to get involve in their manufacturing process since they want to get paid lower than adult workers. Besides the low wages that they get, child labor also often gets physical violations done by the factory’s manager. Women labor also often gets the same thing. They often get paid with low wages and often get sexual or physical violations from their leader. The working condition is not decent enough also. It proved by tragedies happen in sweatshop factories, just like the tazreen fashion factory fire and Rana Plaza tragedy (Caleca, 2014). That is why the sweatshop fashion industry often gets critics from international organizations or NGOs.

4. Conclusion

The existence of fashion factories changes traditional norms and cultures that have already established in Bangladesh. One of the shifting condition that is highly affected by the existence of fashion factories in the position of women in Bangladesh society and how society sees women nowadays. Women in society are pretty much different. Nowadays, parents are more aware of education for their daughters. There is significant changes to women’s school enrollment numbers year by year started in the 1980s. Increasing women’s participation in garment manufacturing also decreasing young marriage and early age childbirth.

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References


