

**COVID-19 - IMPACT ASSESSMENT
IN RMG MANAGEMENT PROFESSIONALS IN BANGLADESH
02 JUNE 2020**



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INTRODUCTION

SR Asia Bangladesh in association with RMG Times conducted a situational study on RMG Management professionals and Workers which was published on 18th April 2020. To identify the significant impact of COVID-19 on RMG Management Professionals, SR Asia Bangladesh and RMG Times conducted another study during 18-26 May 2020 - just after one month of publishing the situational study report.

Global trade suffered, while China concentrated to fight the virus. The Bangladesh RMG sector faced bitterly interrupted supply chains because it almost depends on China for raw materials and machinery. By February 2020, Covid-19 appeared in US and Europe which are major export markets of Bangladesh RMG. By the third week of March 2020, brands started to either cancel or delay order shipments though materials were already in warehouse. Around USD 3.17 billion worth of orders have been either canceled or suspended, as per BGMEA. Brands used the force majeure clause, a clause which frees parties of contract from liabilities to adhesive their decision. BGMEA data indicates exports from March-May 2020 will fall short of approximately USD 4.9 billion and unsettled liability will amount to USD 1.96 billion.

There are several initiatives have been taken and supported by the government and RMG owners for RMG employees/workers. RMG TIMES initiated a Facebook group named, "COVID-19 RMG Employment Impact". This group aimed to support the HR/Compliance/ Admin midlevel management who are going through a critical situation. The group has total of 700 members and includes all levels from junior to senior RMG professionals. This group already supported (Financially) around 250 management RMG staffs.

The study may support the Government to plan the helping mechanism and to aid the RMG professionals during/subsequent crisis.

SR Asia Bangladesh with the support of RMG TIMES, has conducted online survey among management professionals of RMG sector. Total 166 number of RMG management professionals from working different RMG factories located in 8 areas in Bangladesh participated in this survey. The study found that 80% management staffs didn't lose their job yet but they are worried about future because they assume that anytime they may lose their job and it would be difficult for them to get another job during this current crisis. 4% received termination letter to end job from June 2020 and 16% respondents already lost their job.

PURPOSE OF THE STUDY

The main purpose of this study is to identify the impact of COVID 19 on the RMG management professionals in Bangladesh and to know their future plan of survival if this crisis continues for long time.

STATUS OF RMG FACTORIES

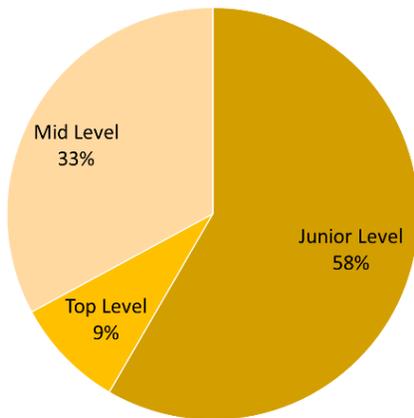


Figure:1 - Level of Participants By Designation

Total **166** RMG management professionals from working different RMG factories located in 8 areas in Bangladesh participated in this survey. 40% from Gazipur, 20% from Savar, 14% from Chittagong, 12% from Narayanganj, 6% from Mymansingh, 4% from Mirpur, 3% from Comilla, 1% from Tangail.

90% participants' factory is open and 10% is closed.

9% Senior Management, 33% Mid-Management and 58% Junior Management staffs responded to this survey.

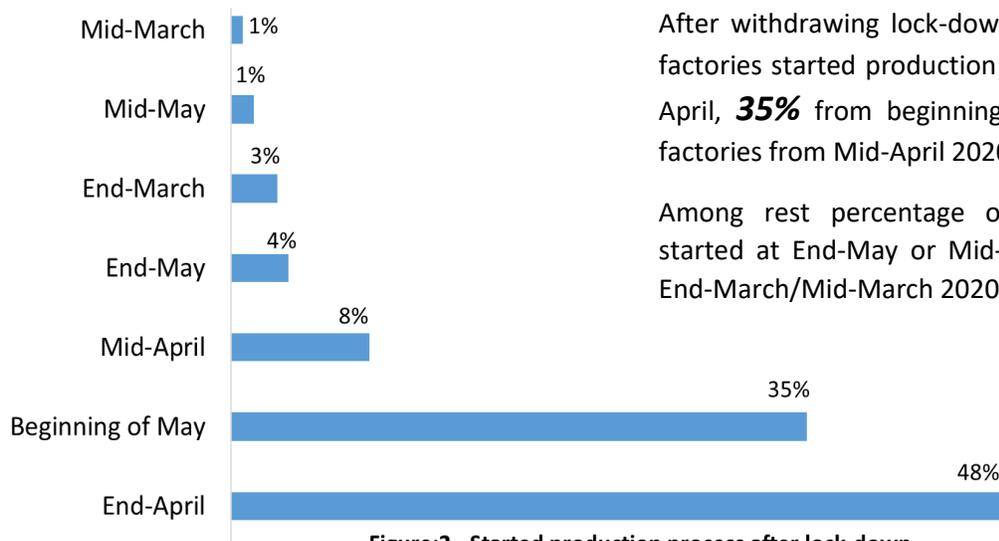


Figure:2 - Started production process after lock-down

After withdrawing lock-down for RMGs, **48%** factories started production process from End-April, **35%** from beginning of May and **8%** factories from Mid-April 2020.

Among rest percentage of factories, some started at End-May or Mid-May and some at End-March/Mid-March 2020.

18 April 2020 - Situational Study Report:

113 RMG Management professionals participated in situational study among them, 21% employees were Senior Management, 28% Mid-Level and 50% Junior Level employees.

28% companies declared lay-off, **3%** made forced resignation by some employees, **9%** didn't declare leave as of now and **60%** provided leave from 25 March 2020.

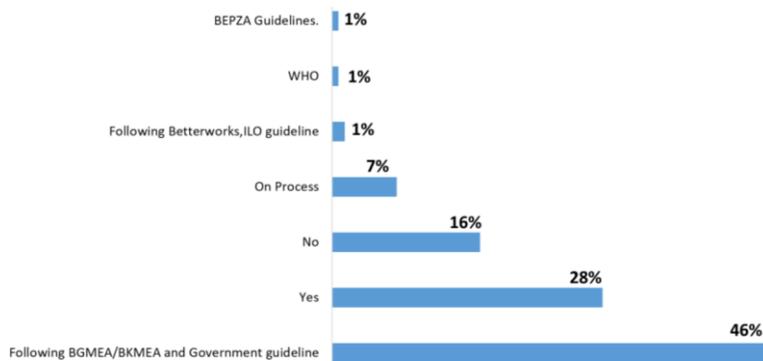


Figure:4 - Company developed any policy on COVID 19/Epidemic

Respondents were asked whether their company developed any policy on COVID-19/Epidemic Crisis.

46% said that they are following BGMEA/BKMEA and Govt. prescribed guideline, **28%** replied that their companies developed sort of guideline. **16%** neither develop any guideline nor following any other prescribed guideline fully, 7% said

that their companies are in process. A few percentage of factories are following BEPZA, WHO and ILO guidelines.

In response to the health and safety measure by the respondents' companies to combat COVID 19 in factory premises, the following precautions have been taken:

Figure: 3 - HEALTH AND SAFETY MEASURE, COMPANIES TAKE TO COMBAT COVID 19 IN FACTORY	
HEALTH AND SAFETY MEASURE	# of COMPANIES
Temperature measurement system at entrance gate	141
Hand sensitization/hand washing facility	133
Periodical sensitization at factory premises	94
Emergency treatment	93
Personal Protective Equipment	92
Set up the production floor and other premises with prescribed distance as per WHO guideline	78
Primary check-up of COVID 19	63
Providing pick and drop facility	35
Facilitate accommodation and food of all the workers and staffs to work at factory	12
Tunnel/Disinfectant Spray	4

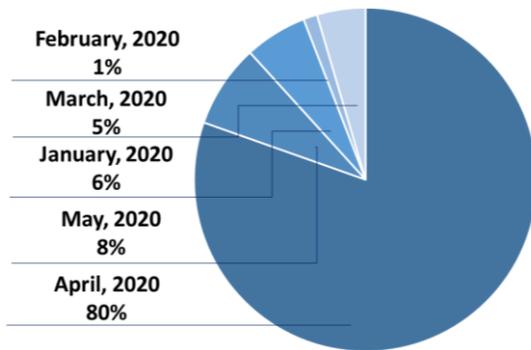


Figure:4 – Last Paid Month

The Survey was conducted during 18-26 May. Till then, **8%** received May – Salary, **80%** employees were paid April month’s Salary, **5%** received March, **6%** of January and **1%** received February month Salary.

88% employees received bonus of Eid-ul-Fitre 2020 and **12%** didn’t get any bonus though there are some among them already lost their jobs.

18 April 2020 - Situational Study Report:

It was recorded that 3 companies provided March-April 2020 salary to the employees, 76 companies provided only March 2020 salary to the employees and 31 companies are on process/on decision to provide salary.

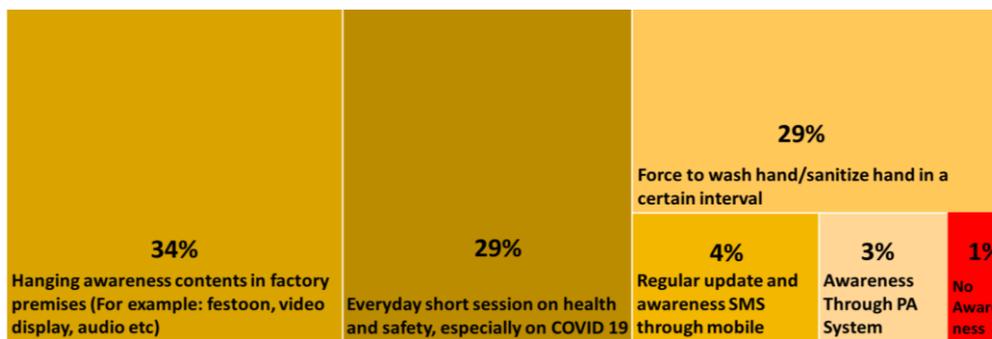


Figure:5 - Awareness Mechanism in Factory

48% respondents replied that all staffs and workers were engaged in work after lockdown. 52% said about partial engagement of staffs in operation among them average 67% workers & management staffs are engaged operation.

Participants were asked what kind of awareness mechanism their companies have taken. 34% respondents replied that the companies hanged awareness contents in factory premises (For example: Festoon, Audio-Video Contents etc), 29% companies conduct short session everyday on health & safety, especially on COVID 19 precautions, 29% force employees to was hand/sanitize hand in a certain interval, 4% companies send awareness SMS and provide COVID update through mobile, 3% said that there is a awareness mechanism through PA system and 1% respondents said that their company didn’t take any awareness activity for employees.

PRESENT ECONOMIC STATUS OF RMG MANAGEMENT PROFESSIONALS

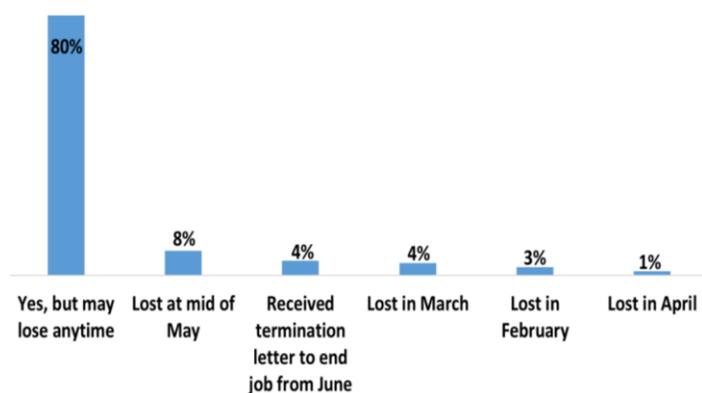


Figure:6 – Employment Status

80% management staffs didn't lose their job yet but they are worried about future because they assume that anytime they may lose their job and it would be difficult for them to get another job during this current crisis.

4% received termination letter to end job from June 2020. During Mid-May, **8%** respondents, **4%** in March, **3%** in February and **1%** in April lost their job

Figure:7 - PRESENT ECONOMIC STATUS OF RESPONDENTS

Average Family Member	5
Dependent family members including village family	5
Average earning members in family	1
Employment status of earning members in family	62% - still have job 23% - All earning members lost job 11% - Half of earning members lost job 4% - Two-Third of earning members lost job
Way of Managing family expense if there is no earning source right now	45% - Didn't want to mention 26% - Savings 23% - Support from Well-Wishers 5% - Received Govt. Relief 1% - Received some support from Company

The participants were asked whether they can support their family resides in village. **62%** said that they can support their family in village till now but **38%** respondents said that since last April, they could not provide any financial support to their family in village due to some reasons. Some received salary late, some had to take loan, some had to minimize their expense and some lost their job.

While asking for any support if required, there were **5 kinds of support** mentioned by the participants. **55%** expect cash loan, **16%** employment, **9%** require food and nutritious food for children and **11%** showed interest to get medicine which they require every month for them as well as their family members.

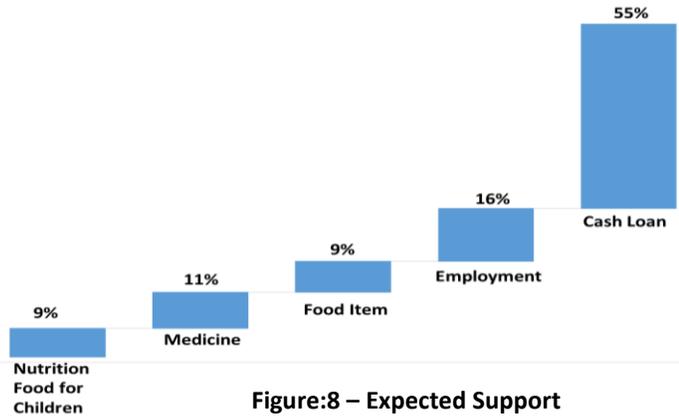


Figure:8 – Expected Support

18 April 2020 - Situational Study Report:

Respondents were asked what kind of facilities the companies provided to the employees. 93 said that there was no facility provided by companies, 1 company provides food to all employees and 18 said there are some other facilities which companies have provided to them.

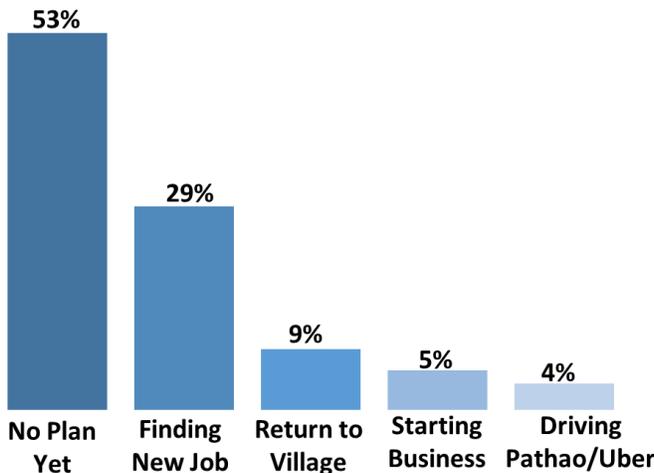


Figure:10 - Future Plan

53% of respondents didn't plan anything to maintain family expense if the present crisis continues for long time and they are afraid thinking of such situation which may not be in favour of them.

9% said that they will return to village and will try to be engaged in agriculture farming, **5%** think to start their own business and **4%** plans to start driving under Uber/Pathao service.

29% participants will search job for their livelihood.

RECOMMENDATIONS

As per BGMEA, 87% of member factories paid wages to their workers as of 17 April, and the ones that couldn't are small and medium enterprises facing financial crisis. Their ability to pay will likely worsen from May onwards. Despite the lockdown, workers already took to the streets on 16 April demanding unpaid wages, and extensive layoffs/retrenchment can lead to severe unrest. Given the circumstances, the Bangladesh government has offered financial assistance for the entire export sector. But access to these funds is not guaranteed for many garments manufacturers. Banks get to decide who gets the loans based on existing patron-client relations. Moreover, the banks themselves are under pressure to survive as Covid-19 has re-focused the attention on the banking sector's volatile position. It is unlikely that banks will bail out failing factories as it poses risks to their own survival. On another level, of the total package offered by the government, only USD 495 million will be available for the garments sector. To put this figure in context, it is slightly more than one month's wages (USD 423 million) that the garments sector pays to all of its workers. [UNDP Bangladesh Research Facility team: April 30, 2020]

1. The government will have to come forward with more supportive fiscal measures.
2. Global brands need to apply fair business approach to stand by the producers at this point of time by receiving existing deliverable products as well as those which are under production and honoring agreements.
3. Export Promotion Bureau should focus on diversifying its export market in the long term to reduce the vulnerability of the country economy to future crisis.
4. Increase the demand of quality product in local market.
5. To avoid future shockwaves arising from failure to pay salary/wages on time, employers may think of creating emergency fund to cover the cash requirements for wages.
6. Diversified skill development programmes need to be introduced by government in a large scale to give opportunity to the people lost their jobs so that they can think of doing something utilizing the newly acquired skills to manage their expenses.

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