Chapter 23

Effects of Neoliberal Globalization on Readymade Garment Industry of Bangladesh: A Case Study for Chittagong

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ABSTRACT

Philosophy of neoliberal globalization is emerging from last two decades and dominating the economic policy making in most of the world economies. It is strongly advocated in UK and the USA; however, substantial resistance has limited its influence for rest of the world. For this study, the researcher used the descriptive case studies methodology to test the effectiveness of this philosophy of globalization for readymade garment sectors in Bangladesh after the setback of Rana Plaza incident. As a result, it is proved with the help of data collected from RMG workers that it is still ineffective because policies are malfunctioned. The neoliberal globalization policies adopted by the government are creating divergence and disparity among the workers and investors of the RMG Sector in a serious way.

INTRODUCTION

According to comparative advantage theory, every economy tries to increase its production level with in the limited cost range and increases the exports to increase the level of GDP. In this present era, almost every country in the world is within the fold of globalization. No one can ignore the benefits of inclination for investment around the globe (Investopedia). This proclivity of capital generation through businesses to move beyond domestic and national markets to international markets can increase the interconnectedness.

DOI: 10.4018/978-1-5225-0215-9.ch023
Globalization had the effect of markedly increasing volume of international trade along with an impact upon cultural exchange (Business Dictionary). World economy has become more flexible in regards to moving market and production (Sarker, 2010). The advantages of globalization have been heavily scrutinized in recent years. Spokespersons for this idea explain it as a way out for developing nations as increasing industrialization, much faster employment generation and getting speedy technological advances (Mark, 2000). Bangladesh is no exception to that, Osmani, quoted in Sarker (2010), who also has supported this progress of world economy as many multinational enterprises are located here with production and influence in the country’s economy. This welcoming atmosphere for foreign direct investment in the country results as an increase in industries and new businesses, which take the employment level up. The export of the country has also increased due to reduced tariffs, high investment (ib id).

Bangladesh Readymade Garment industry (RMG) has become the most responsive towards the globalization and neo liberalization in the perspective of the change of modernity (Kabeer & Muhammad, 2004) as the transformation of Bangladesh’s economy from agriculture to market-based system (Kabeer & Muhammad, 2004). RMG industry is the life blood for Bangladesh economy as 78% of the country’s export earnings come from this sector (Bangladesh Board of Investment). In context of modernity, this industry has also changed the distribution of labor force and researchers call it as a female-oriented business (Rashid, 2006). There are 5,100 garment industries provides work for 3.6 million workers where ninety percent are women (Rashid, 2006). Around more than 10 million habitants are associated with this business (Enam).

In this situation, where not only the employment is increasing but also share of female laborers is also very encouraging. This labor force can be very helpful for alleviating poverty of their family and can empower themselves, but there are many challenges for Bangladesh to meet the economic globalization. One is the ways to exploit the opportunities created through the trade liberalism-favorable trade agreements. The labor standards and industrial affairs issue of RMG industries in Bangladesh is malfunctioning. Working conditions in RMG industries do not meet the codes of conduct. Long working hours and irregular wage payments are very common in this sector. Though workers receive the cheap wage from their work, even then they have to face often wage penalties. Although, globalization and industrial liberalization might be effective and benefitted for economics, still few issues are ignorant and this may cause inequality in the society (Sarker, 2010).

**OBJECTIVES**

In this study, researchers are trying to find out the root cause of this inequality. Main aim of the study is to explore the affects of industrial affairs in the perspective of globalization on the labor class of RMG sector.

Aims of this study are:

- To study the industrial affairs in context of globalization and neo liberalization of trade.
- To explore the current living situation of the workers in RMG sector.