

GARMENT WORKER DIARIES



The Bangladeshi Garment Worker Diaries
 বাংলাদেশের পোশাক শ্রমিকদের ডায়েরি

Photo Credit: Al Jazeera

A study of garment workers' lives and wages in Bangladesh, Cambodia, and India.
www.workerdiaries.org

C&A Foundation FASHION REVOLUTION MFO microfinance opportunities brac

Online version found at: http://workerdiaries.org/gwdiaries/bangladesh/story_html5.html

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Who Made My Clothes? A Report from Bangladesh

We all wear clothes. For the most part, these clothes are made in factories in South and South-East Asia, out of sight of the people who buy and wear them. That is why our partner Fashion Revolution has encouraged people to ask themselves:

"Who made my clothes?"

We sought to answer this question and learn about these workers' lives by collecting data on the economic condition of garment workers in Bangladesh. To do this, a team of researchers visited 180 garment workers each week for one year. The researchers collected data on how much the workers earned and spent each week, as well as how many hours they worked and the conditions in their factories. They collected other data too, such as information on food security, financial literacy, and workplace safety. [Chapter 1](#) contains more detail on what data we collected and how we did it.

We designed this report so that you can explore it. You can read it in the order we present it, or you can use the navigation buttons to jump to the topics that interest you most.

Note: To mimic the above-mentioned functionalities in PDF, please use the Bookmarks tab.

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Who Made My Clothes? A Report from Bangladesh

Regardless of what you choose, you will identify important findings in each chapter about how workers live, such as:

- [Chapter 2: Work Hours and Wages](#)
 - Bangladeshi workers outside Chittagong worked an average [60 hours per week](#).
 - During the study workers worked over the legal limit of 60 hours per week [53 percent of the time](#).
 - Most workers' net earnings were above the minimum monthly salary requirements, but after factoring in the increased overtime rate they should have been paid, MFO found that workers did not receive a legal hourly wage in [64 percent of pay periods](#).
- [Chapter 3: Expenditures](#)
 - Most workers' [spending](#) went towards non-durable goods and services, though this varied by a worker's role within the household and her role in the factory.
 - This left workers with little money to spend on life-improving goods and services, but workers with higher earnings [spent slightly more](#) on these types of expenses.

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- [Chapter 4: Using Financial Tools](#)
 - Many workers were forced to take on [debt](#) to finance their basic needs, requiring them to make large and regular loan repayments.
 - Whereas some workers had the freedom to use their earnings, others [handed their earnings](#) to other household members, limiting their economic agency.
- [Chapter 5: Cash Flow Management and Financial Stress](#)
 - Looking at workers' earnings, expenses, and financial obligations together revealed a high-degree of financial stress.
 - This finding was further supported by examining workers' food security—[61 percent](#) reported having limited or inadequate access to food—and health security—[28 percent](#) said access to cash was a barrier to medical treatment.
- [Chapter 6: Factory Conditions](#)
 - Workers reported that their factories lacked basic safety equipment—only [half](#) of workers said their factory had an automatic fire detection system, and [82 percent](#) did not have complete confidence in their ability to use an emergency exit during a crisis. Discrimination and harassment were also common.

Who Made My Clothes? A Report from Bangladesh

These findings are striking: at 60 hours per week, garment workers in Bangladesh work [more hours](#) than their counterparts in Cambodia and India, but they [earn significantly less](#) and often labor in difficult conditions. While some workers hand their earnings over to other household members, others must find a way to stretch these earnings across each month, often taking on large amounts of debts to do so. You can read some of their individual stories in the worker profiles in [Chapter 7](#).

By the time you are done exploring this report, our hope is that you understand the human cost of fashion and everyday wear and that you use this information to improve workers' lives either by changing where and how you shop or through advocacy work. As a start, we encourage you to let brands know about what you have learned by clicking [here](#). The 180 women who contributed to this report thank you.

Conor Gallagher, Research Associate, MFO

Eric Noggle, Research Director, MFO

Guy Stuart, Executive Director, MFO

Take Action [Link](#)

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Chapter 1: Project Background

The Garment Worker Diaries was a yearlong study of the lives of roughly 540 female garment workers in Bangladesh, Cambodia, and India. In Bangladesh, MFO selected 180 participants from the cities of Dhaka and Chittagong as well as from the Gazipur district and Savar upazila. The selection process resulted in a sample that was likely to be more stable than the average female Bangladeshi worker would otherwise be.



What are the Garment Worker Diaries?

Sampling Procedure

Demographics, Factory Types, and Living Conditions

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Project Partners

The Garment Worker Diaries was led by Microfinance Opportunities (MFO), a United States-based non-profit organization that conducts research on the behavior of low-income households. Fashion Revolution supported the project with advocacy and outreach efforts. The project was funded by C&A Foundation, which supports efforts to transform the fashion industry to improve the lives of the men and women who make our clothes. Finally, BRAC, a development organization in Bangladesh, trained a team of researchers and managed the weekly collection of data for all 180 respondents.



MFO microfinance opportunities

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What are the Garment Worker Diaries?

The Garment Worker Diaries was a yearlong research project that collected data on the lives of approximately 540 garment workers, evenly divided between Bangladesh, Cambodia, and India. The project's goal was to uncover the economic realities that garment workers face.

The project lasted from the summer of 2016 until the summer of 2017. Through weekly interviews, MFO captured data on workers' earnings and expenditures as well as their living and working conditions.

Why these countries?

Why these Countries?

The three countries MFO and C&A Foundation selected are major garment producers, and the garment industry is very important to their economies.

According to the [World Bank](#), Bangladesh was the second largest exporter of clothing globally in terms of U.S. dollars in 2015, the most recent year for which data are available. India was the third largest exporter, while Cambodia was the fourteenth largest exporter. Exports of textiles of clothing accounted for 90 percent of all exports in Bangladesh, 65 percent of all exports in Cambodia, and 14 percent in India. As a share of all exports, Bangladesh and Cambodia rank first and third in dependence on clothing and textiles, while India ranked twenty-ninth.

Additionally, C&A Foundation prioritize activities in these, among other, countries.

World Bank [Link](#)

Data Collection Methodology

The Garment Worker Diaries utilized the [Financial Diaries](#) methodology, a panel survey methodology that collects data on participants' economic activity on a weekly basis. Our research teams asked detailed questions about workers' earnings and expenditures, working conditions, daily schedule, physical well-being, and major events that happened in their lives.

Additionally, the research teams conducted three cross-sectional surveys with the participants that covered topics such as financial literacy, factory conditions, food security, and health security. To achieve a better understanding of workers experience, MFO conducted 36 in-depth interviews per country with a sub-sample of workers.

Financial Diaries [Link](#)

Sampling Procedure

MFO implemented a five-stage sampling strategy:

1. Understand garment worker neighborhoods and work tendencies
2. Identify geographic areas with concentrations of garment workers in which to work
3. Randomly select sub-areas in which to sample participants
4. Randomly select participants from within those areas using a random walk
5. Screen participants based on a predetermined set of criteria to ensure they were good candidates for the study.

[Detailed Sampling Procedure](#)

Detailed Sampling Procedure

MFO's Financial Diaries sampling procedure balanced three priorities:

1. **Feasibility:** Due to the frequency of interviews, geographic areas had to be selected so that researchers could reach their participants in a reasonable amount of time given the distance from one worker to another and the distance between workers' dwellings and a researcher's dwelling.
2. **Representativeness:** The sample needed to be broadly, but not statistically, representative of the population of interest.
3. **Stability:** A successful study required that MFO have a stable sample for one year. This required the research team to enroll participants that were unlikely to migrate during the course of the study.

MFO engaged in a five step sampling procedure with these priorities in mind.

Detailed Sampling Procedure

Step 1: Primary and Secondary Research on Garment Worker Locations and Tendencies

Research teams were asked to conduct primary and secondary research on which provinces or districts within their countries contained concentrations of garment factories. Within these areas, MFO asked the researchers to collect basic information on garment workers that could help inform the sampling strategy. The teams collected information on things like work schedules, willingness to conduct interviews at or near factories, distances from respondents' homes to factories including whether the workers lived in factory dormitories, and the likelihood that garment workers would migrate.

Detailed Sampling Procedure

Step 2: Purposively Sample Major and Minor Administrative Units

MFO purposively selected major administrative units that contained concentrations of garment factories within each country. Typically, these administrative units were metropolitan cities, districts, or provinces. Within each of these major administrative units, MFO purposively selected minor administrative units that contained concentrations of garment factories or garment worker residences.

Detailed Sampling Procedure

Step 3: Randomly Select Enumerator Areas within Minor Administrative Units

Research teams developed a list of all enumerator areas—standardized areas used for national censuses—within each minor administrative unit. MFO randomly selected enumerator areas, in which the research teams would conduct enrollment.

Detailed Sampling Procedure

Step 4: Random Participant Identification through a Random Walk

Within each enumerator area, the research team conducted a random walk to identify potential respondents. A random walk involves picking a random starting location within the enumerator area and then beginning the walk by heading in a randomly assigned cardinal direction. Enumerators then select houses along their route to identify potential participants using a skip method. In other words, they did not visit every house—they skipped a designated number of houses/apartment units before visiting a new home. The combination of the random walk and skips helps limit bias in the identification of potential participants.

Detailed Sampling Procedure

Step 5: Participant Selection and Screening

Enumerators began the enrollment process by determining how many female garment workers lived within a household. Enumerators used a Kish grid to randomly select a female garment worker living in a household if there was more than one. If only one garment worker lived in the home, then the enumerator chose her for the screening process.

Screening Process

To create a stable sample, MFO used the following criteria to screen workers before offering participation in the program:

1. *Full-time or part-time status:* Only full-time workers were selected
2. *Worker's schedule:* To ensure the worker had availability for interviews
3. *Plans to switch jobs or travel:* MFO screened out individuals that reported that they planned on switching factories or typically migrated for more than a month during the year as these individuals were a high drop-out risk
4. *Mobile phone ownership/access:* Owning a mobile phone or having access to one was necessary to ensure respondents were reachable to schedule interviews and to perform make-up interviews if necessary

Sample Description

The sample included 180 female garment workers similarly spread across four areas: the cities of Dhaka and Chittagong as well as the Gazipur district and the Savar upazila.

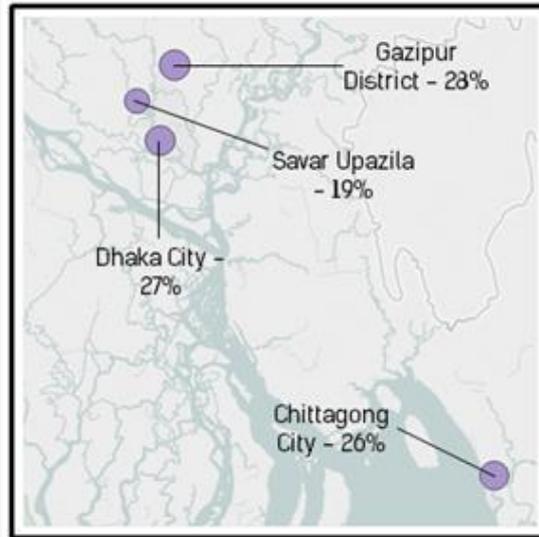
The average worker was likely to be in her twenties and married, but about one-fifth of participants was single. Workers typically received little formal education with over half of participants reporting that they only completed their primary education or less. Lastly, our sample contained a mix of different factory roles including helpers, entry-level operators, mid-level operators, and senior-level operators.

MFO also identified behavioral differences in the way participants handled their earnings and expenditures. Because of this, MFO segmented workers according to the roles they likely held within their homes.

[Demographics Data](#)[Household Role Segmentation](#)

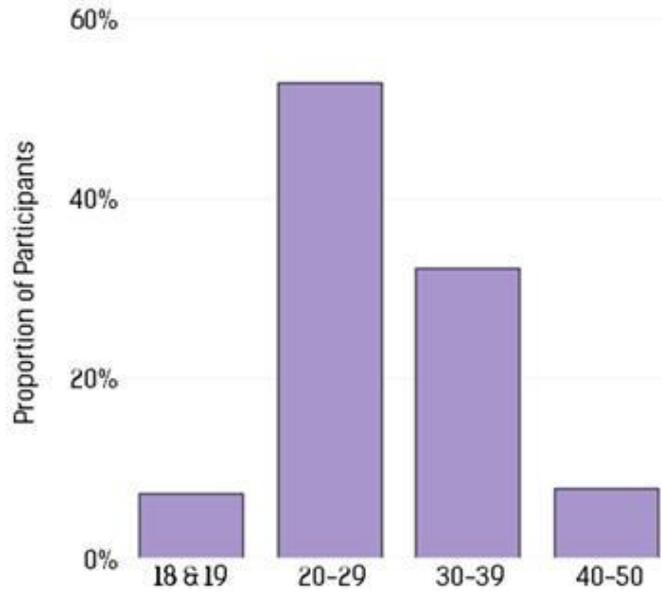
Locations

MFO recruited 180 workers from four areas: the cities of Dhaka (referred to as "Dhaka City") and Chittagong (referred to as "Chittagong City") as well as the more peri-urban areas of Savar and Gazipur. A similar number of workers was recruited from each site to ensure the sample was representative of the true Bangladeshi experience.

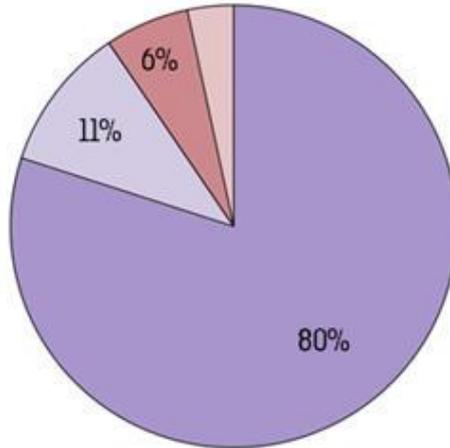


Helpful Hint: In Bangladesh, administrative units are organized into Divisions which are sub-divided into Districts. Districts are then sub-divided into Upazilas.

Ages

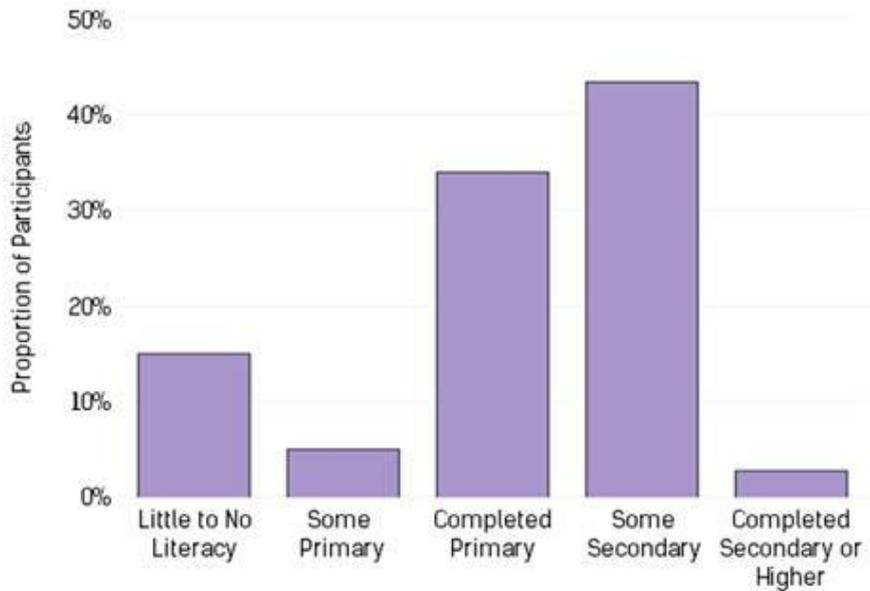


Marital Status



Married Single (never married) Separated/Divorced Widowed

Education



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Factory Roles

Early on, participants informed us of their designations within their factories. Few women had senior-level positions in their factories, and most that did reported being a Senior Operator. Being some type of entry or mid-level operator was more common, though women also reported being Helpers—workers who act as assistants to the machine operators.

In Bangladesh, workers' salaries are determined by their wage grade which, in turn, is determined by their designation. Knowing these designations will play a key role in understanding participants' earnings, which will be discussed in Chapter 2.

Role	Percentage
Helpers	26.5%
Entry & Mid-Level Operators	46%
Senior-Level Operators	27.5%

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Household Roles

In MFO's [interim report](#), we introduced a simple segmentation model of rent-paying and non-rent paying workers which revealed differences in the groups' economic autonomy. For this report, MFO chose to further explore the different roles these women had within their homes. Using a simple cluster analysis on workers' spending and cash transfers within the home, we identified three roles: Money Managers, Independents, and Supporters. Differences between these groups will be explored more in later chapters.

Role	Percentage
Money Managers	18%
Independents	50.5%
Supporters	31.5%

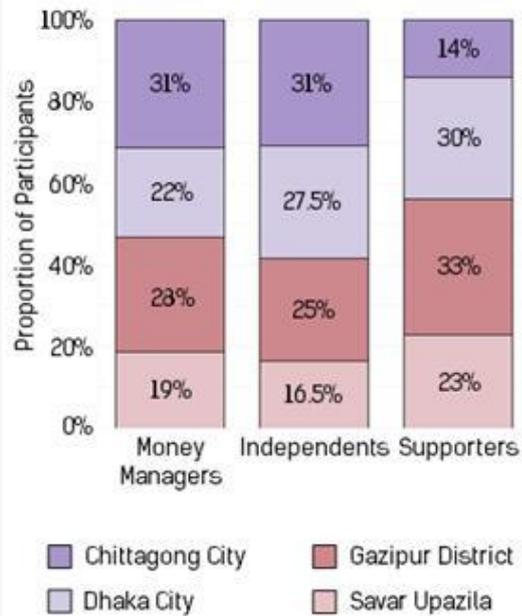
Interim Report [Link](#)

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Household Role by Region

MFO explored the demographic make-up of these roles to see if any characteristics explained their different behaviors. A regional breakdown revealed that each group included similar shares of participants from the different regions. The only major exception was in the "Supporters" role which had about half as many workers from Chittagong as the other two groups.

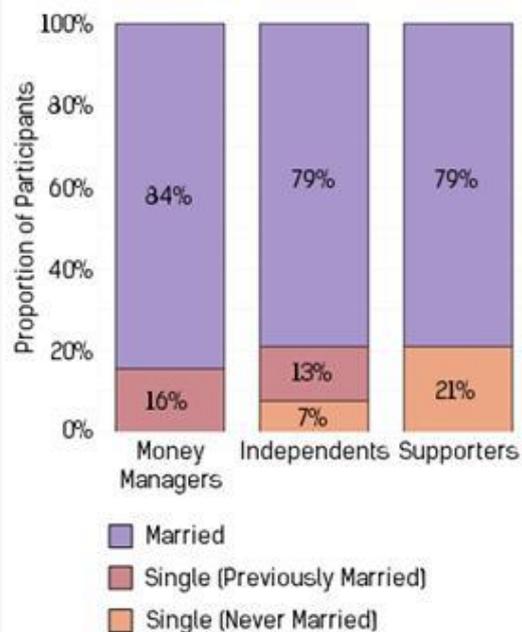
Although this finding does not suggest that region plays a significant role in determining a worker's household role, we should note that we did not include workers from rural areas where households would be more likely to follow traditional household roles, resulting in less autonomy for women.



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Household Role by Marital Status

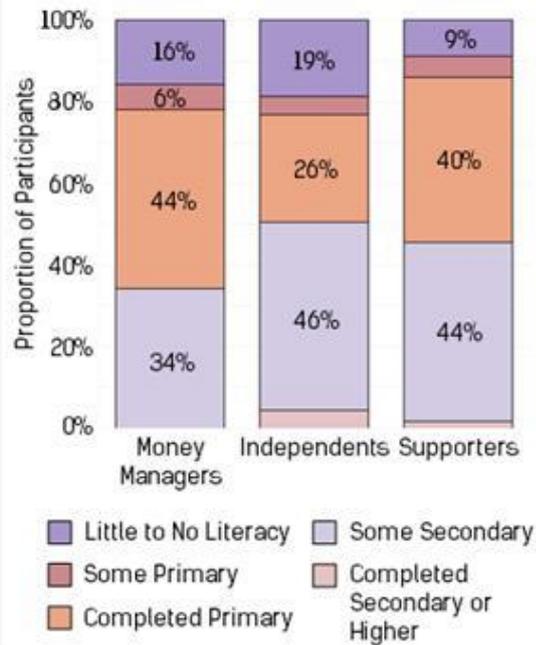
A breakdown of household roles by marital status revealed that married women could hold any of the three roles. On the other hand, women who had never been married were confined to a supporting or independent role within their homes, and women who had previously been married were either Money Managers or Independents.



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Household Role by Education

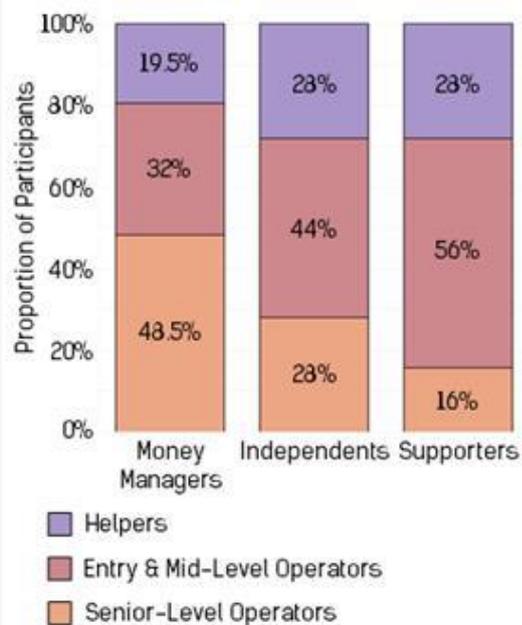
A breakdown of household role by participants' education found minor differences among them—for example, the "Supporters" role included fewer illiterate women than the other two roles did, and the "Independents" role included fewer women who had completed their primary education. However, MFO did not identify any major trends in workers' education that would otherwise explain their different behaviors.



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Household Role by Factory Role

Lastly, the breakdown of household role by factory role showed that the "Money Managers" included a greater share of Senior-Level Operators than the other two roles did. On the other hand, "Supporters" included the smallest share of Senior-Level Operators among the three roles.



Factory Types

Following the building collapse at [Rana Plaza in 2013](#), international brands and retailers signed the [Accord on Fire and Building Safety in Bangladesh](#) and the [Alliance for Bangladesh Worker Safety](#), two separate legal agreements, each with the goal of improving working conditions in Bangladeshi garment factories.

As part of weekly data collection, participants informed us at which factories they worked. MFO was then able to use online factory lists provided by the Accord, the Alliance, and the [Department of Inspection for Factories and Establishments](#) to determine if participants' factories were covered by either of the legal agreements. We found that most factories were covered solely by the Accord, and a smaller set of factories were covered either by the Alliance *and* the Accord or just by the Alliance. The remaining factories were not covered by either agreement and, therefore, likely fell under the government's jurisdiction.

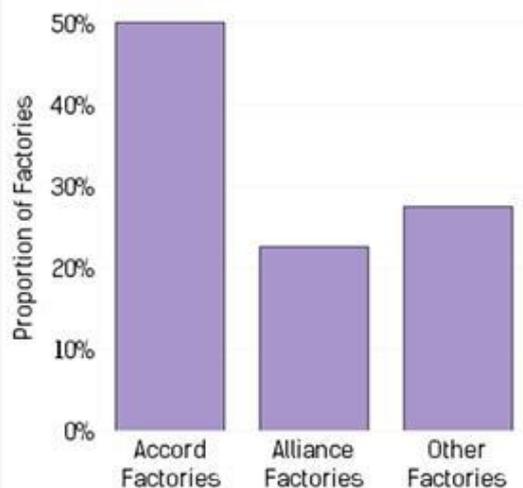
[Factory Type Data](#)

Rana Plaza [Link](#); Accord [Link](#); Alliance [Link](#); DIFE [Link](#)

Types of Factories

The right-hand figure shows the share of factories from the study covered by either the Accord or the Alliance, or by neither.

Half of the factories mentioned by participants were solely covered by the Accord. "Alliance Factories" included factories solely covered by the Alliance and those covered by the Accord *and* the Alliance.

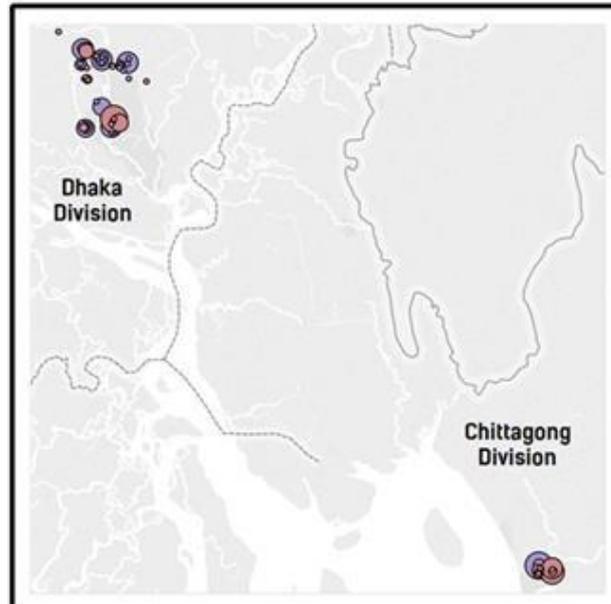


Factory Map by Type

- Accord Factories
- Alliance Factories
- Other Factories

Helpful Hint: Larger dots on the map signal that a greater number of participants worked at that factory.

Note: This figure excludes 25 factories for which GPS coordinates could not be identified.



Living Conditions

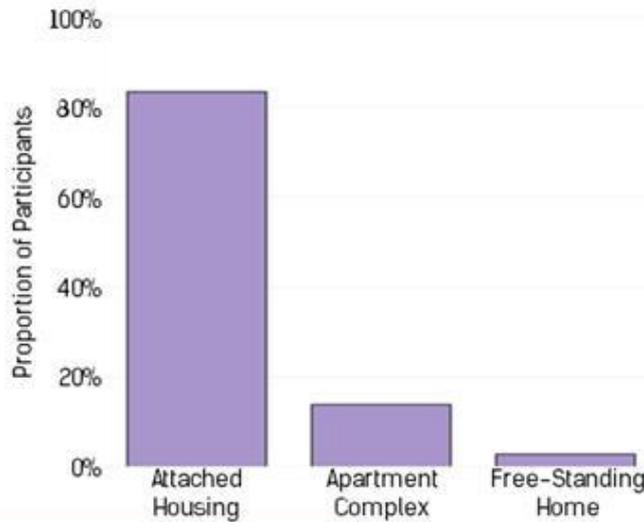
In general, the participants lived in small, informal housing units that were constructed from either brick, stone, or galvanized metal. Few workers lived in their own free-standing homes.

Workers had different levels of access to basic utilities as well. Participants in Gazipur District, for example, had less access to grid electricity than those in Dhaka City; and while workers in Dhaka City received water from an in-home tap, those in other areas relied more on a private tubewell.

Finally, workers owned few assets at the start of the program. The most commonly owned items were a mobile phone and a fan with participants owning at least one of each of these, on average.

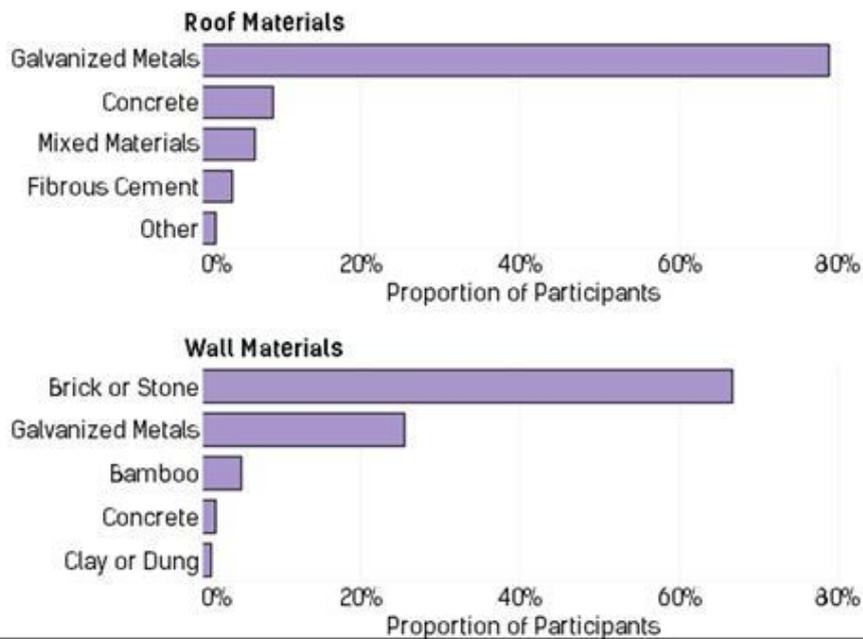
[Living Conditions Data](#)

Workers' Dwelling Types

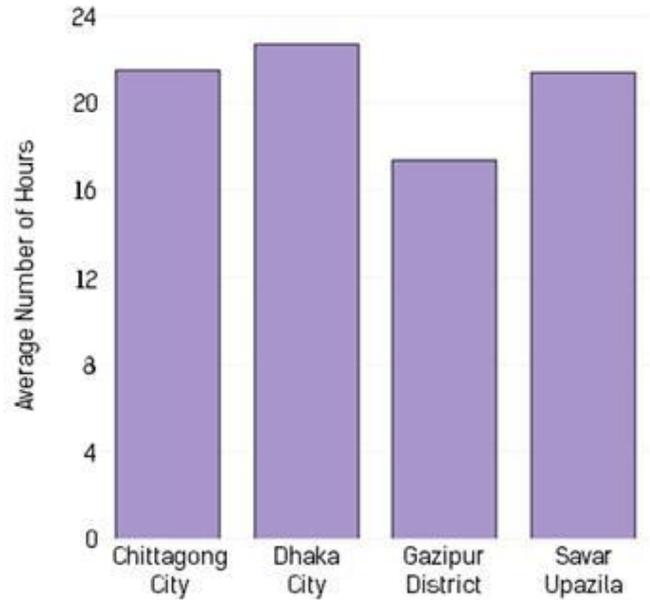


In this context, the term "Attached Housing" refers to housing units which have been sub-divided into smaller units and are often less formal than apartment complexes.

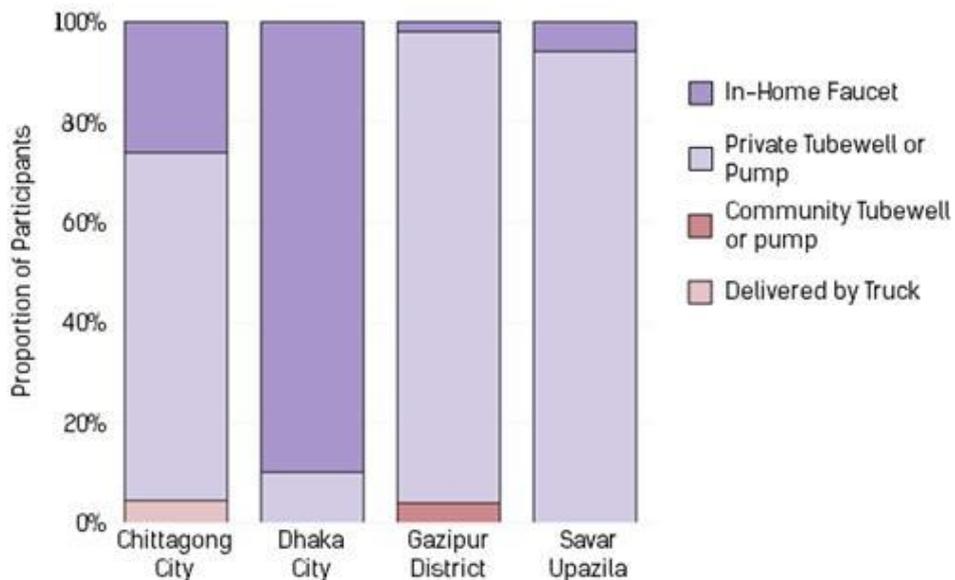
Construction Materials in Workers' Homes



Workers' Average Daily Access to Electricity

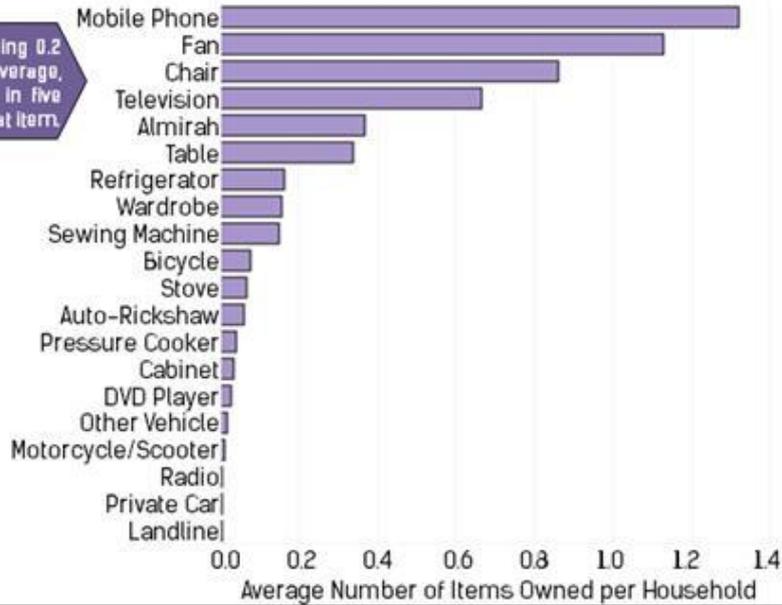


Workers' Primary Water Source



Workers' Household Assets

Helpful Hint: owning 0.2 of an item, on average, means that one in five workers owns that item.



End of Chapter Summary

MFO selected 180 female garment workers from across four garment-intensive regions in Bangladesh. The average worker was fairly young, married, and received little education. She likely lived with her family in a small home with few assets or luxuries.

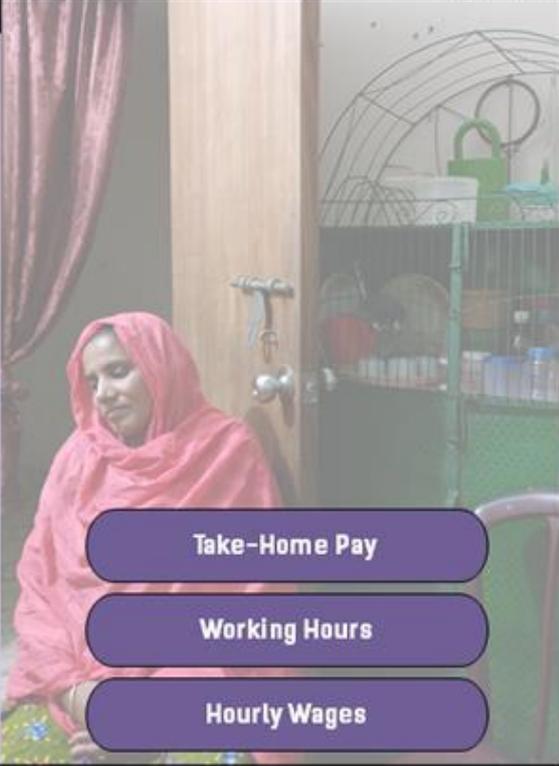
While these attributes may be true for most participants, MFO identified differences in workers' behaviors depending on their household roles and factory roles. These differences will be explored alongside the full sample's findings throughout the next few chapters.

The next chapter will review participants' work hours and wages throughout the study. This report will then discuss participants' expenditures and use of financial tools before tying all three subjects together in a chapter discussing participants cash flow management strategies and financial stresses.

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Chapter 2: Work Hours and Wages

On average, the Bangladeshi participants worked for 60 hours per week, but this average masks the frequency of illegal overtime they worked. While most participants received their legal minimum salaries, an analysis of their hourly wages revealed that workers did not receive a minimum hourly wage in 64 percent of pay periods.



[Take-Home Pay](#)

[Working Hours](#)

[Hourly Wages](#)

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Take-Home Pay

Participants' take-home pay primarily consisted of their base salaries along with overtime and, sometimes, allowances. Workers also occasionally received bonuses that averaged slightly over 3,000 taka per payment.

Workers received their salaries on a monthly basis. One notable exception was around the holiday of Eid al-Fitr.

Using respondents' factory roles to assign them wage grades, MFO determined that in most pay periods, workers received their legal minimum salary.

[Minimum Salary Data](#)

[Take-Home Pay Data](#)

Designation Wage Grades

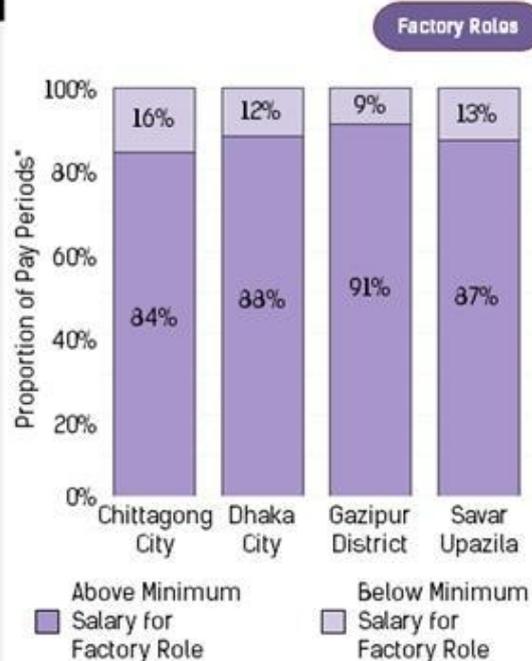
Under Bangladeshi law, each factory designation is assigned a wage grade that determines the basic minimum salary that a worker with that designation should be paid. Below is a table listing the designations of our respondents, their wage grades, and the basic minimum salary amounts they should receive.

	Designation	Wage Grade	Minimum Salary (taka)
Helper	Helper	Grade 7	5,300
Entry/Mid-Level Operators	Ordinary Operator	Grade 6	5,678
	Junior Operator	Grade 5	6,042
	Operator	Grade 4	6,420
Senior-Level Operators	Senior Operator	Grade 3	6,805
	Chief Master	Grade 1	13,000
	Master Operator	Grade 1	13,000

Making a Minimum Salary

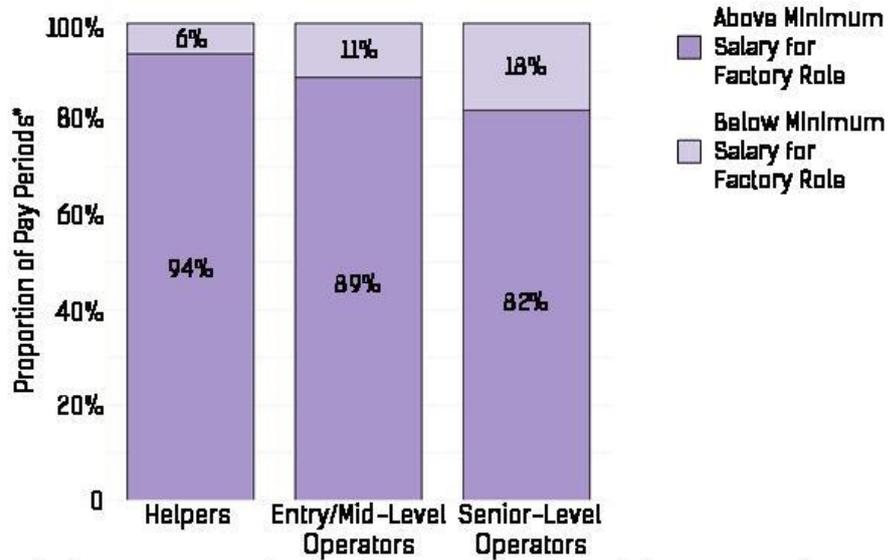
Using workers' factory roles, MFO identified the minimum salary participants should have received, and we found that they received their minimum salary in 88 percent of pay periods in the study. This did not vary significantly among regions.

The workers earned these salaries while working a considerable amount of overtime, which raises a question as to whether they were receiving a legal wage according to Bangladesh's own labor laws. We address this in the next section.



*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

Making a Minimum Salary by Factory Role

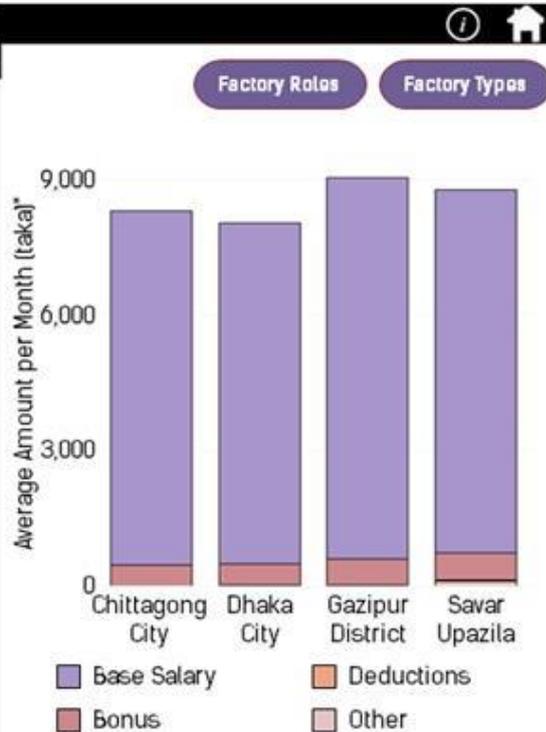


*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

Composition of Pay

On average, participants received about 8,500 taka per month. A majority of these earnings came from participants' base salaries, but workers also occasionally received bonuses that averaged 3,000 taka per payment.

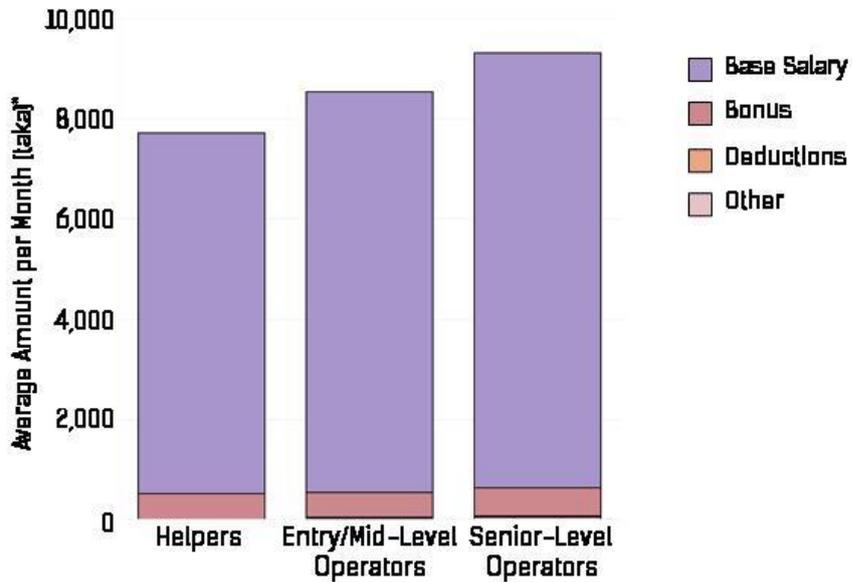
Participants in Gazipur and Savar earned slightly more per month than workers in Chittagong and Dhaka did.



*This figure excludes weeks where a participant was unemployed.

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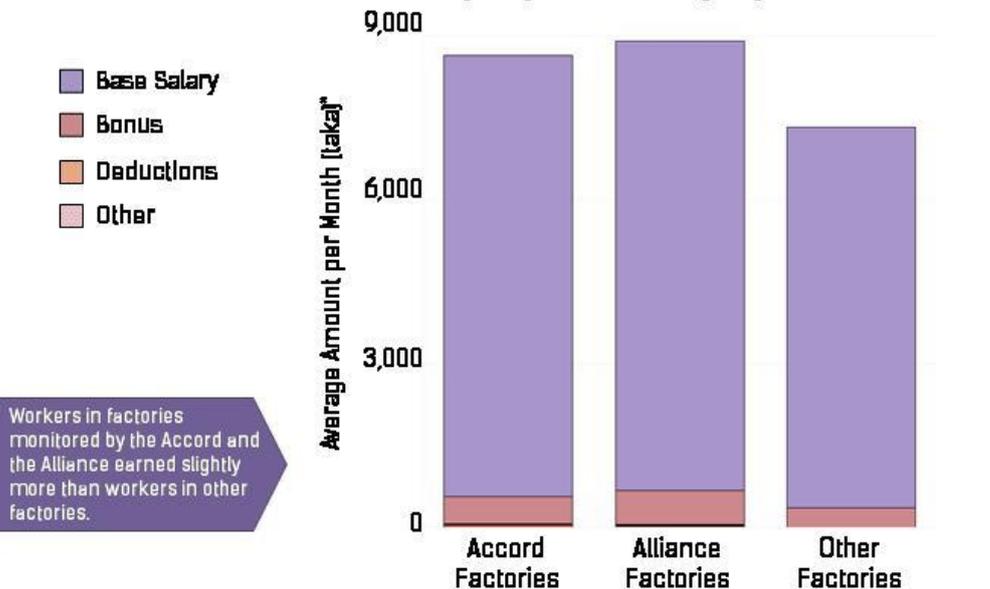
Composition of Pay by Factory Role



*This figure excludes weeks where a participant was unemployed.

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Composition of Pay by Factory Type



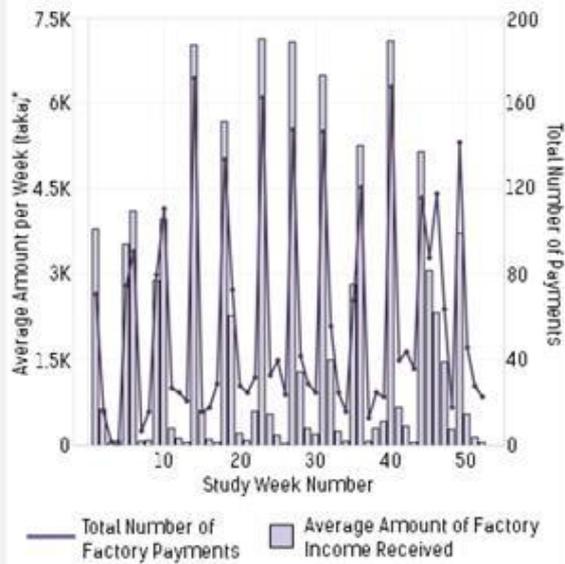
Workers in factories monitored by the Accord and the Alliance earned slightly more than workers in other factories.

*This figure excludes weeks where a participant was unemployed.



Timing of Payments

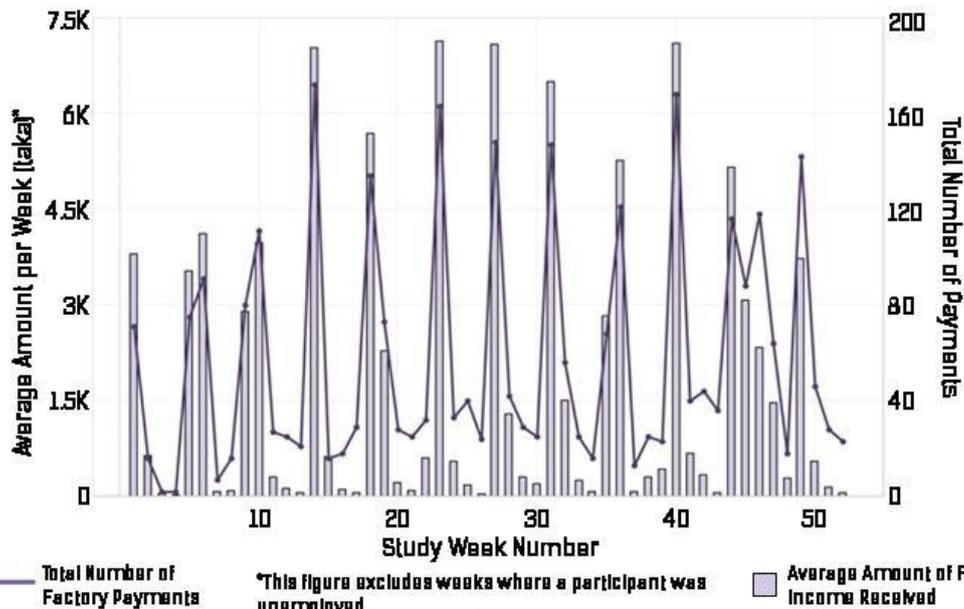
Participants generally received their factory income on a monthly basis. One notable exception was around Eid al-Fitr (Week 47) when workers received partial payments before and after the holiday.



*This figure excludes weeks where a participant was unemployed.



Timing of Payments



*This figure excludes weeks where a participant was unemployed.

Work Hours

Bangladeshi law states that:

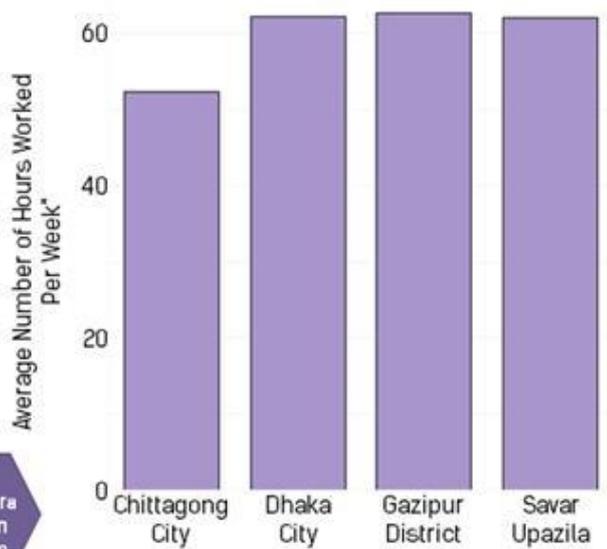
- A typical work week should last 48 hours;
- If someone works between 48 and 60 hours (legal overtime), then he/she should receive overtime for these hours; and
- A work week should not exceed 60 hours, and workers should not work more than 56 hours per week per year, on average.

Nevertheless, MFO found that participants worked an average of 60 hours per week throughout the year, suggesting that they worked an illegal amount of overtime—normally referred to as “excessive” overtime within the garment sector. However, participants in Chittagong worked 10 hours less than participants at the other three sites did, on average. Additionally, participants in Chittagong worked fewer illegal overtime hours than workers in the other locations did.

[Work Hours Data](#)

[Factory Roles](#) [Factory Types](#)

Average Length of Work Week

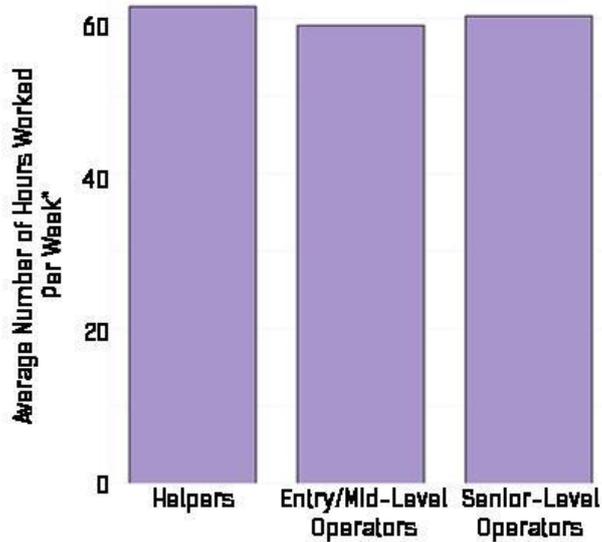


What did workers in Chittagong do with their extra time? Read Armana's story in Chapter 7 to see an example.

*Excludes weeks where a participant was unemployed.

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Average Length of Work Week by Factory Role

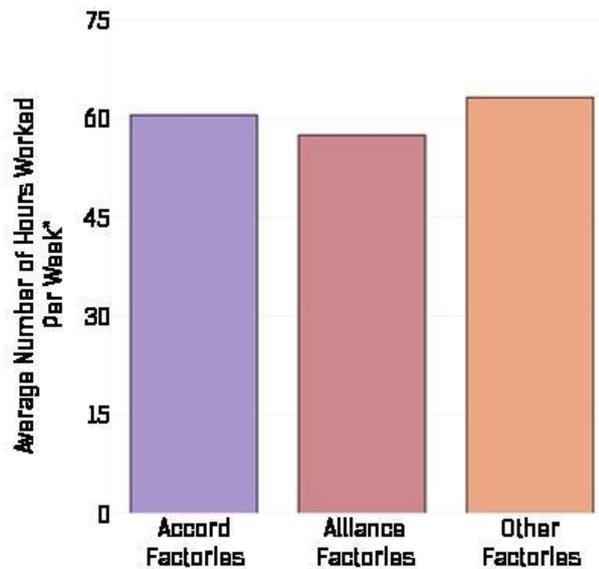


*Excludes weeks where a participant was unemployed.

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Average Length of Work Week by Factory Type

Although there appear to be slight differences between the work hours for each type, they were not statistically significant.



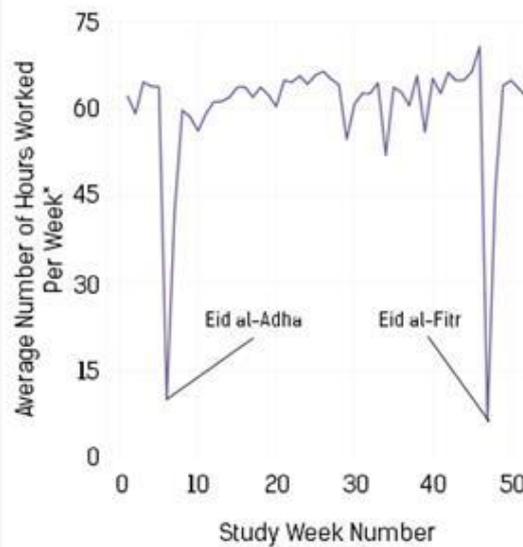
*Excludes weeks where a participant was unemployed.

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Work Hours Across Weeks

While the previous slides showed that workers worked an average of 60 hours per week, this average masks variation in their schedules. For example, workers worked few to no hours during major holidays and had peak periods as well.

When controlling for these variations by looking at weeks when participants did not take leave, we see that workers in Chittagong worked 56 hours per compared to 68 hours per week, on average, for workers outside Chittagong.



*Excludes weeks where a participant was unemployed.

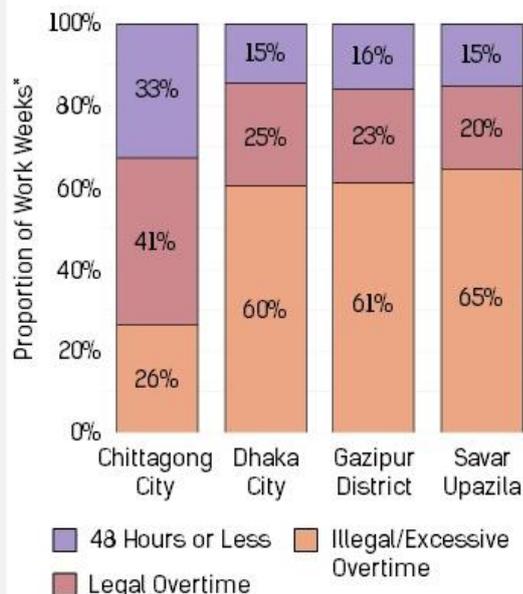
GARMENT WORKER DIARIES

Illegal/Excessive Overtime

According to Bangladeshi law:

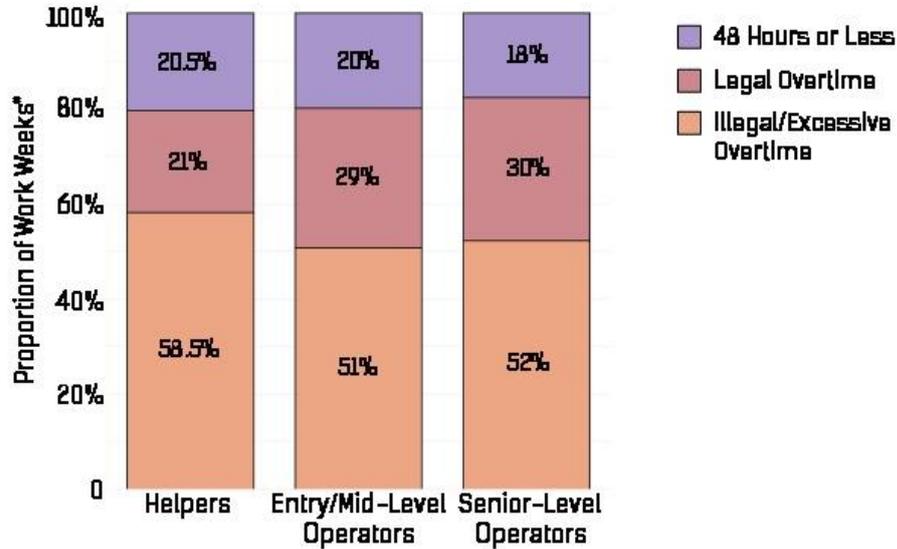
- 48 hours is the standard work week;
- 48 to 60 hours is legal overtime; and
- anything greater than 60 hours is illegal overtime—normally referred to as “excessive” overtime within the garment sector.

On average, participants worked illegal/excessive overtime in 53 percent of the weeks they were employed by factories. This varied by region, however, as workers in Chittagong worked illegal/excessive overtime significantly less than those at other locations did.



*Excludes weeks where a participant was unemployed.

Illegal/Excessive Overtime by Factory Role



*Excludes weeks where a participant was unemployed.

Hourly Wage

As discussed earlier, workers in Bangladesh are guaranteed a minimum monthly salary, not a minimum hourly wage. However, as noted in a [report](#) by The Circle, workers are also guaranteed an increased overtime rate of two times their basic minimum wage (click "Hourly Wage Calculation" button for more details).

Using this information, MFO determined that workers' average hourly wage was 28 taka per hour, but more experienced workers earned more per hour, as did workers in Chittagong.

When comparing these hourly wages to workers' basic minimum wages, MFO found that workers did not receive their minimum wage in 64 percent of pay periods. However, this finding differed for Chittagong where workers actually received their minimum wage in 64 percent of pay periods.

[Hourly Wage Calculation](#)

[Hourly Wages Data](#)

[Report Link](#)

Hourly Wage Calculation

As previously mentioned, the law states that a typical work week lasts 48 hours, and it also states that a garment worker should receive a minimum monthly salary, according to their role within the factory. This means that a worker has a basic minimum wage of:

$$\text{Basic Minimum Wage} = (\text{Minimum Monthly Salary}) \div 208$$

Lastly, the law states that workers should receive an overtime rate of two times their basic minimum wage times their overtime hours:

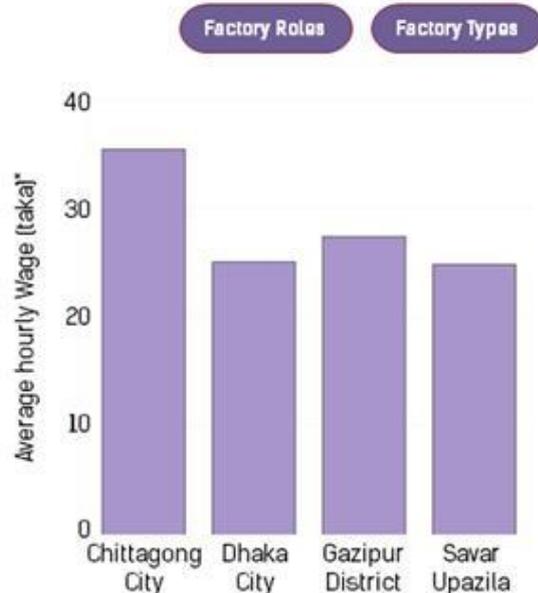
$$\text{Overtime Amount} = 2 * (\text{Basic Minimum Wage}) * (\text{Overtime Hours})$$

Using the gross earnings and work hours that participants reported to us, we then used this information to calculate a worker's hourly wage in the following way:

$$\text{Hourly Wage} = (\text{Gross Earnings}) / [(\text{Regular Hours}) + 2 * (\text{Overtime Hours})]$$

Average Hourly Wage

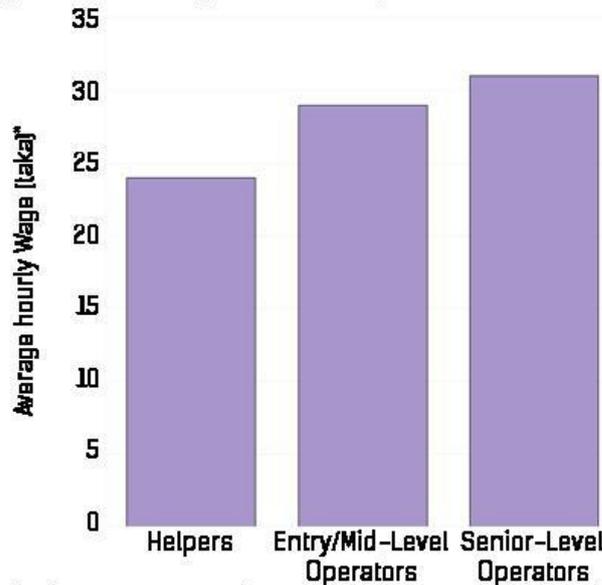
The entire sample received an average hourly wage of 28 taka, while those in Chittagong received about 35 taka. This was due to participants in Chittagong working fewer hours than those in other areas and thus receiving a greater value per hour of work. This trend remained true when comparing the average hourly wages for each designation across the four regions.



*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

GARMENT WORKER DIARIES

Hourly Wage by Factory Role

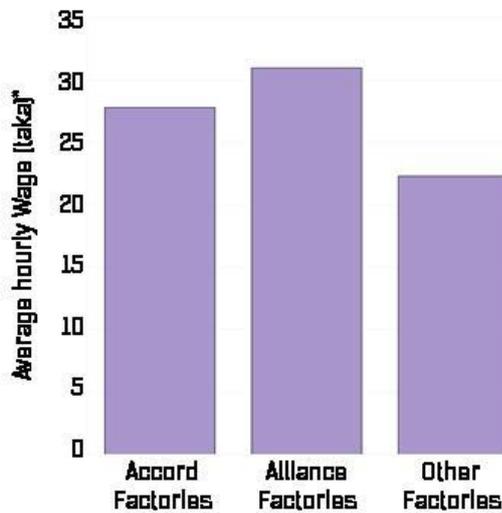


*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

GARMENT WORKER DIARIES

Average Hourly Wage

Participants who worked in factories that were monitored by the Alliance received slightly more per hour than those who worked in factories only monitored by the Accord. Those who worked in factories not monitored by either group received the least.



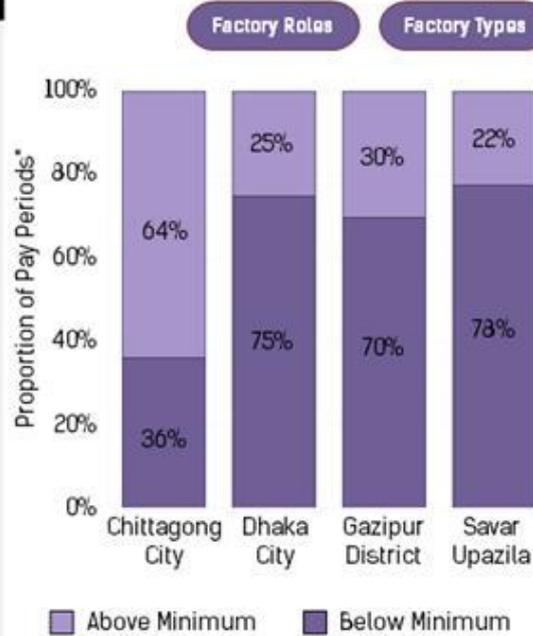
*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

GARMENT WORKER DIARIES



Minimum Wages

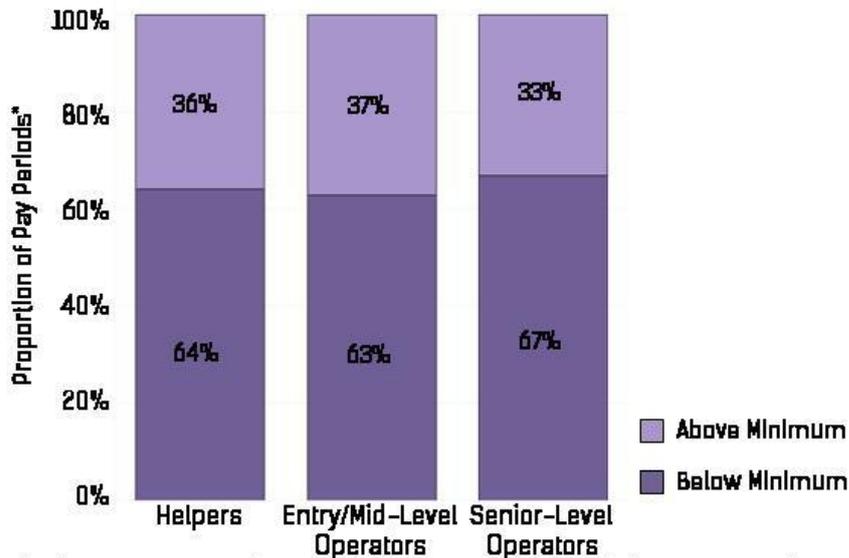
Despite participants receiving a legal salary payment in most pay periods, comparing workers' hourly wages to their basic minimum wage revealed that they did not receive the minimum wage in 64 percent of pay periods. This varied by region, however, as workers in Chittagong received the minimum wage in 64 percent of pay periods compared to only 22 percent for workers in Savar.



*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

GARMENT WORKER DIARIES

Minimum Wage by Factory Role

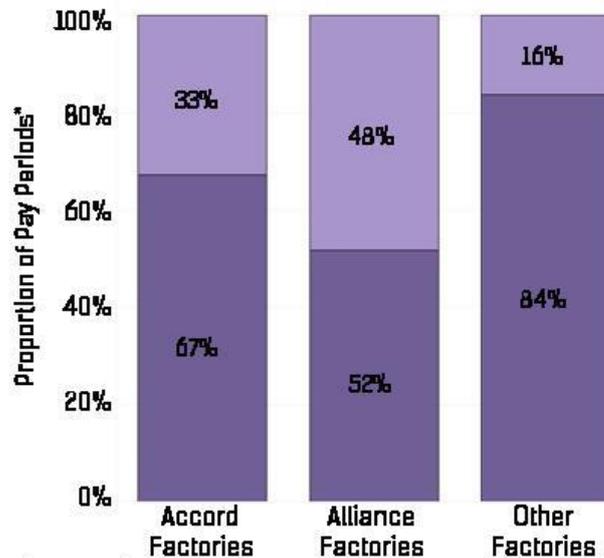


*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.

Minimum Wage by Factory Type

The figure shows that workers in factories monitored by the Accord and the Alliance received the minimum wage in a greater share of pay periods than workers in other factories did. This distinction was true regardless of factory role, but not of region.

- Above Minimum
- Below Minimum



*Excludes pay periods where workers received partial and/or piece work payments and where a worker left before receiving their salary.



End of Chapter Summary

Workers in Bangladesh worked an average of 60 hours per week, though this masks the great amounts of variation in their work schedules and the frequency with which they worked an illegal amount of overtime (53 percent of study weeks).

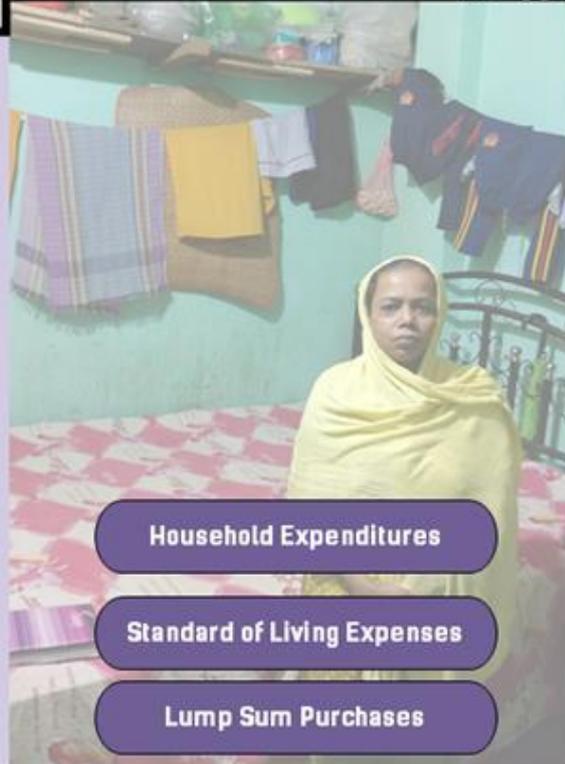
On average, participants received about 8,500 taka per month, and their monthly salaries were often at or above the law's minimum monthly requirements. However, after calculating workers' hourly wages and comparing these rates to workers' equivalent minimum hourly rates, MFO determined that workers did not receive their minimum wage in 64 percent of weeks, though this varied by region.

Given this finding, it is easier to understand the exploitation that these workers face. The next chapter will discuss workers' spending priorities and the degree to which they can make life-improving purchases and investments.



Chapter 3: Expenditures

A majority of participants spent money on non-durable goods and services, primarily food and rent. Workers did not spend much on durable goods, suggesting that many struggle to improve their quality of life. One exception was senior-level workers who spent slightly more on durable goods and life-improving investments than other workers did.



Household Expenditures

Standard of Living Expenses

Lump Sum Purchases



Expenditures

The following slides will review participants' average spending across the study. MFO categorizes expenditures into the following groups:

1. **Food:** Includes prepared and unprepared food.
2. **Housing:** Includes rent and utility payments.
3. **Household Items:** Includes items such as cleaning products, clothes, utensils, dinnerware, furniture, etc.
4. **Basic Services:** Includes transportation, education, and airtime/communications expenses.
5. **Health:** Includes medical treatment and personal hygiene products.
6. **Agriculture or Construction:** Includes agricultural inputs and construction materials.
7. **Discretionary Items:** Includes recreational substances, electronics, cosmetics, etc.
8. **Special Events:** Includes expenses relating to weddings, funerals, religious donations, etc.
9. **Fuel:** Includes LPG, firewood, gasoline, etc.



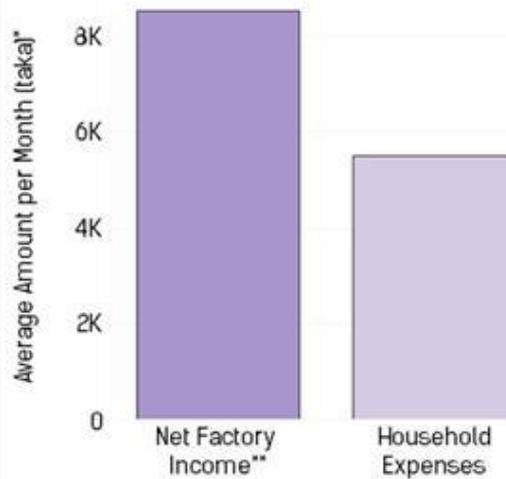
Monthly Summary

Participants earned 8,500 taka per month and spent 5,500 taka per month, on average. However, these averages mask variations between different participants' different household and factory roles, and as the following slides will show, these averages also mask variations in spending priorities and variations in spending across weeks.

The following chapters will also explain the gap between workers' earnings and expenses.

Household Roles

Factory Roles



*Excludes weeks where a participant was unemployed.

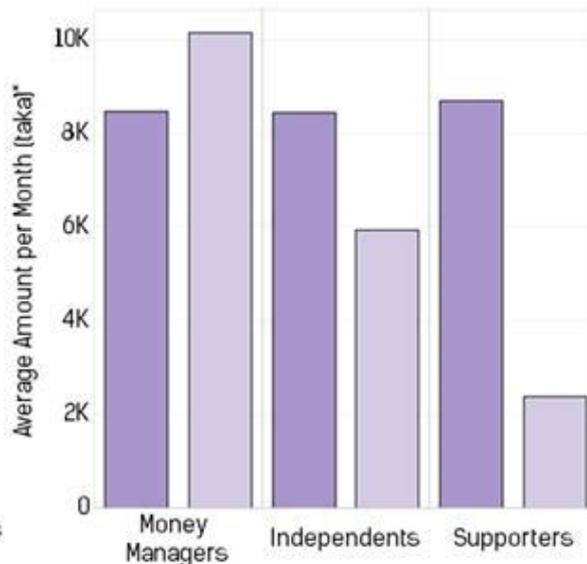
**Excludes deductions and in-kind payments.



Monthly Summary by Household Role

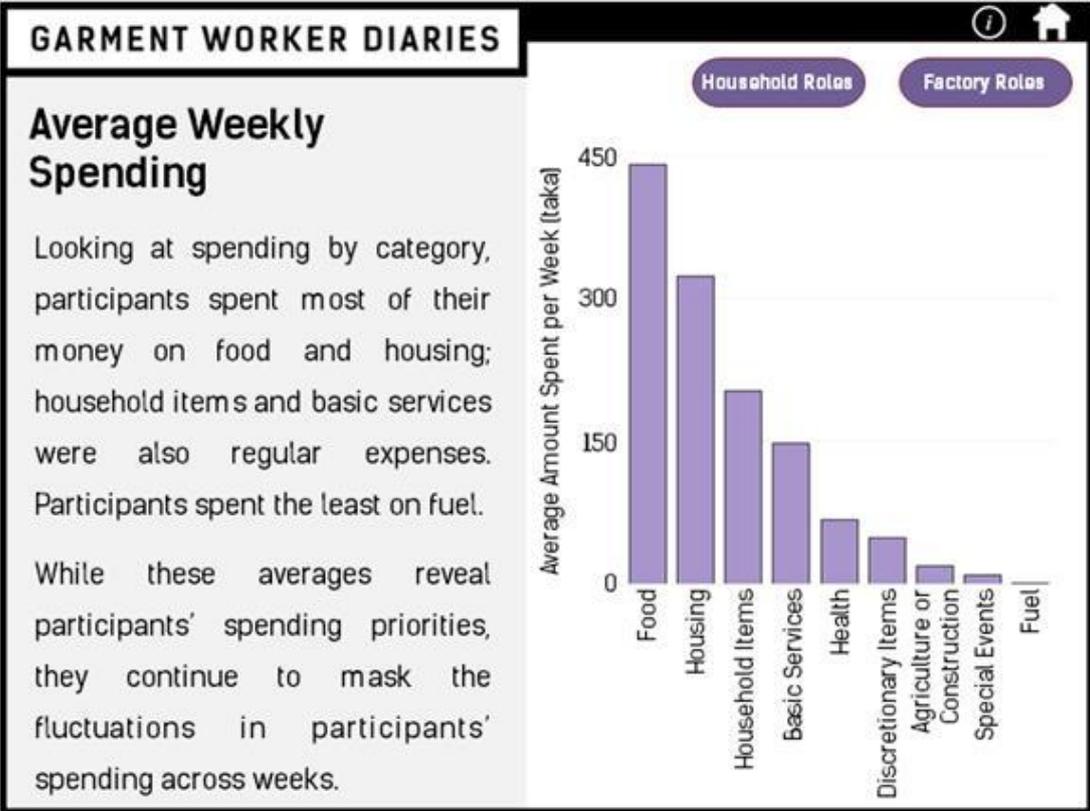
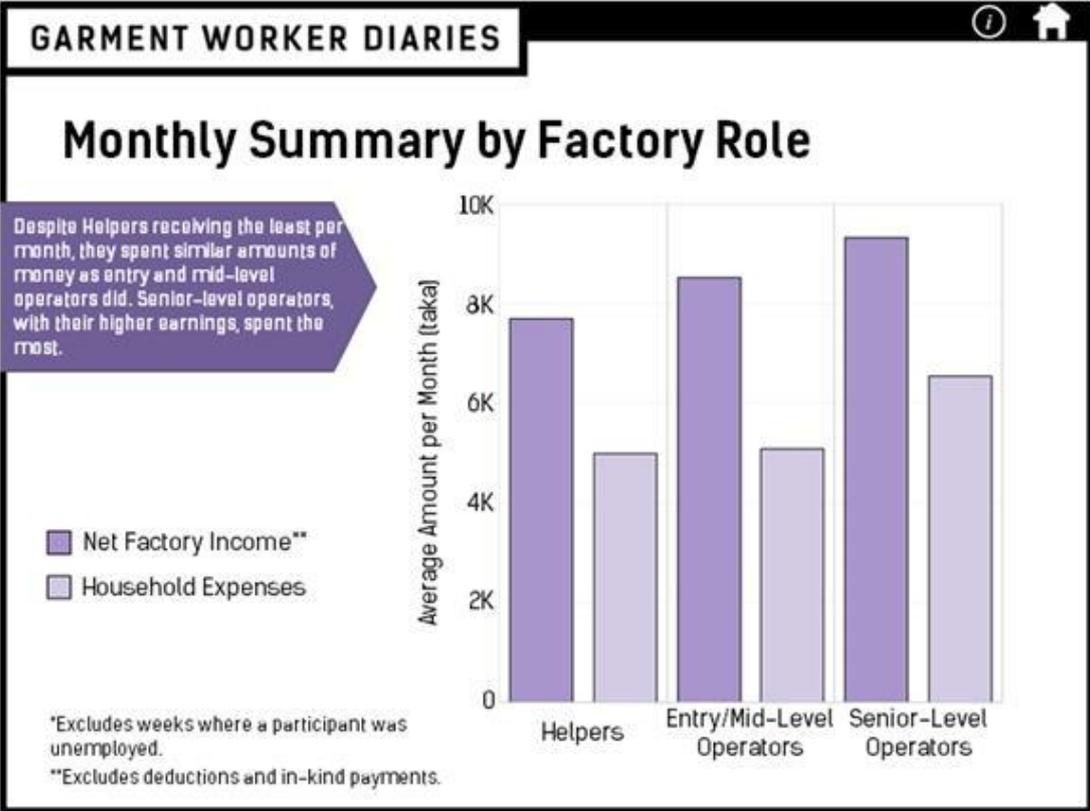
Money Managers regularly spent more than they earned, on average, while independents and Supporters spent within their limits. However, Supporters still spent significantly less than independents did.

■ Net Factory Income**
 ■ Household Expenses



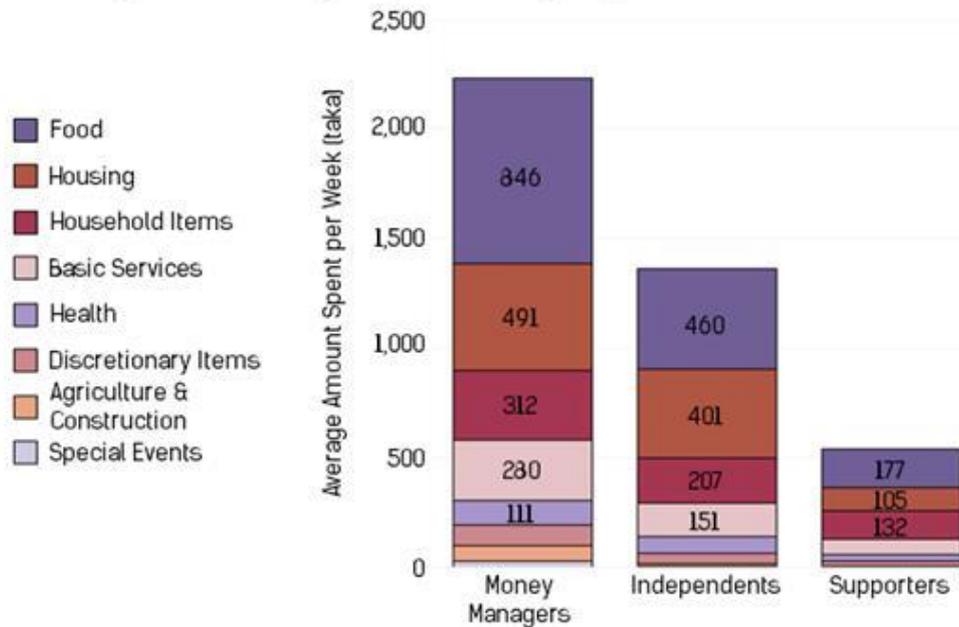
*Excludes weeks where a participant was unemployed.

**Excludes deductions and in-kind payments.

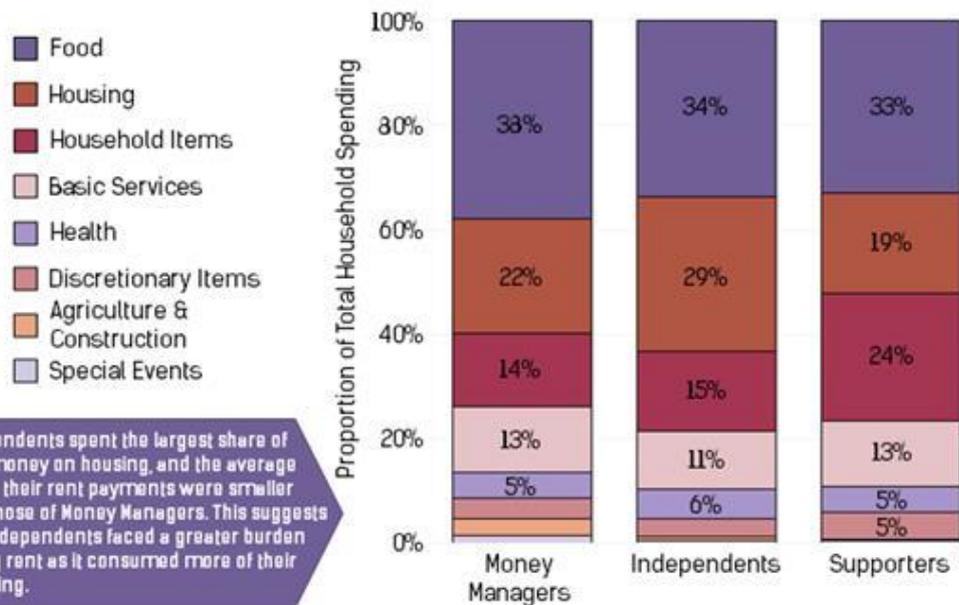




Average Weekly Spending by Household Role



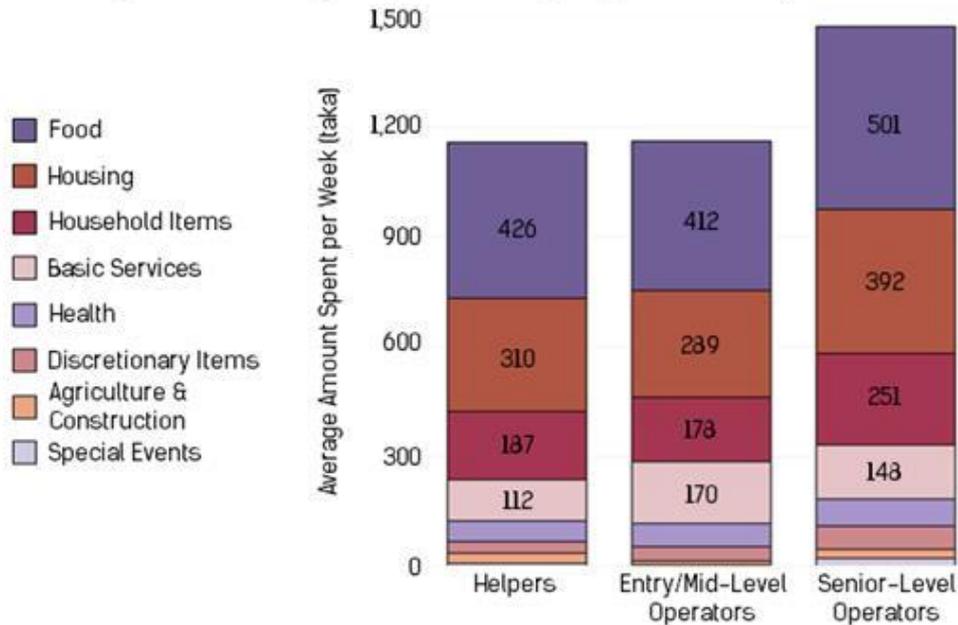
Spending Priorities by Household Role



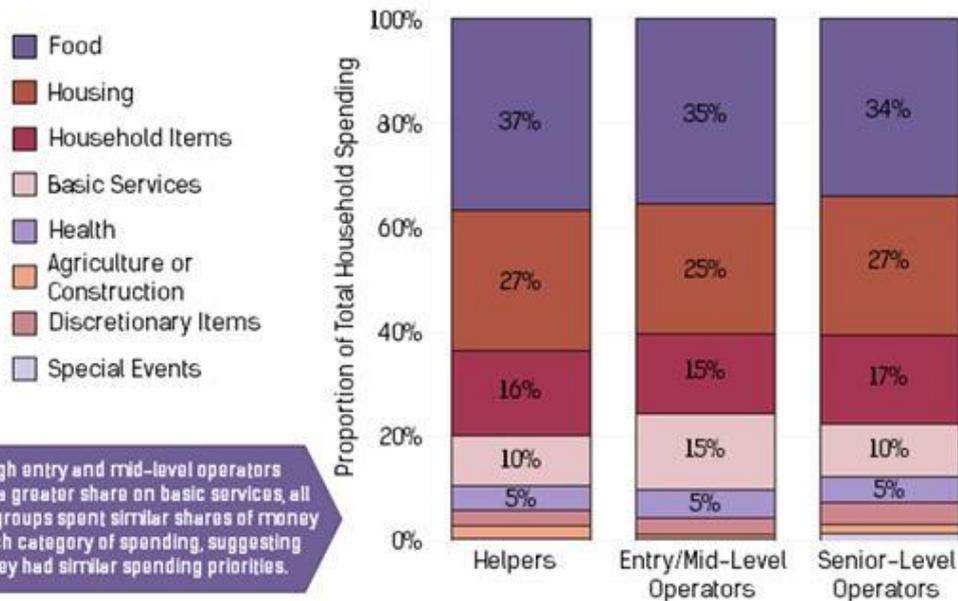
Independents spent the largest share of their money on housing, and the average size of their rent payments were smaller than those of Money Managers. This suggests that Independents faced a greater burden paying rent as it consumed more of their spending.



Average Weekly Spending by Factory Role



Spending Priorities by Factory Role



Although entry and mid-level operators spent a greater share on basic services, all three groups spent similar shares of money on each category of spending, suggesting that they had similar spending priorities.

GARMENT WORKER DIARIES

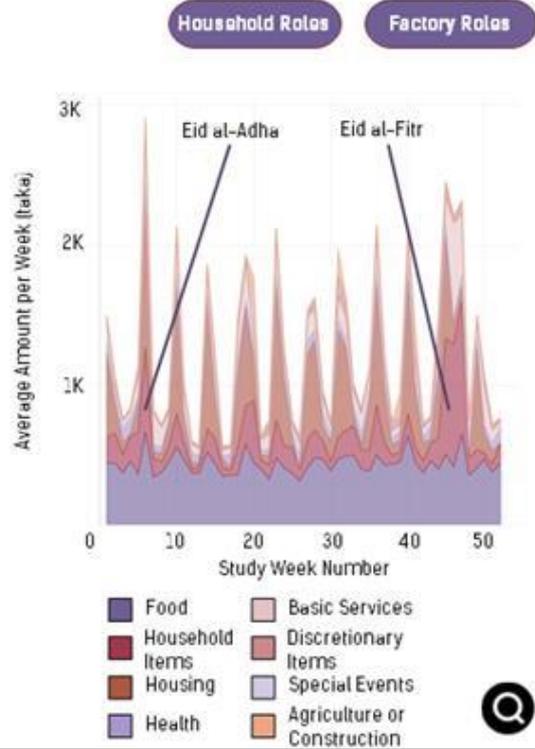
Spending Across Weeks

Looking closer at these fluctuations reveals how workers managed different types of expenses.

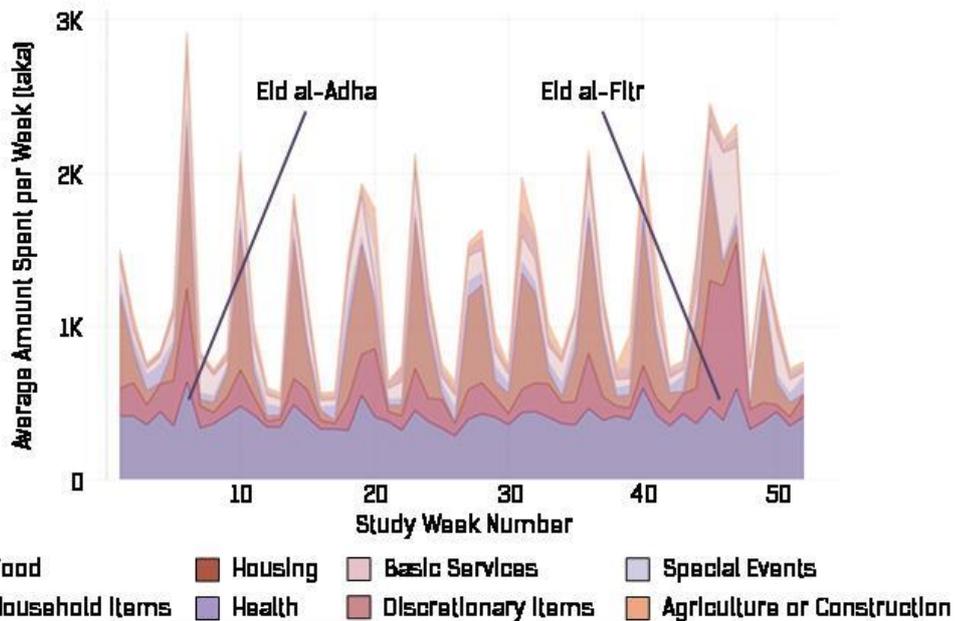
For example, although food occasionally spiked in weeks when a worker was paid, it otherwise remained steady.

Housing expenses, on the other hand, were large and paid monthly, causing large spikes in spending that created financial burdens on participants.

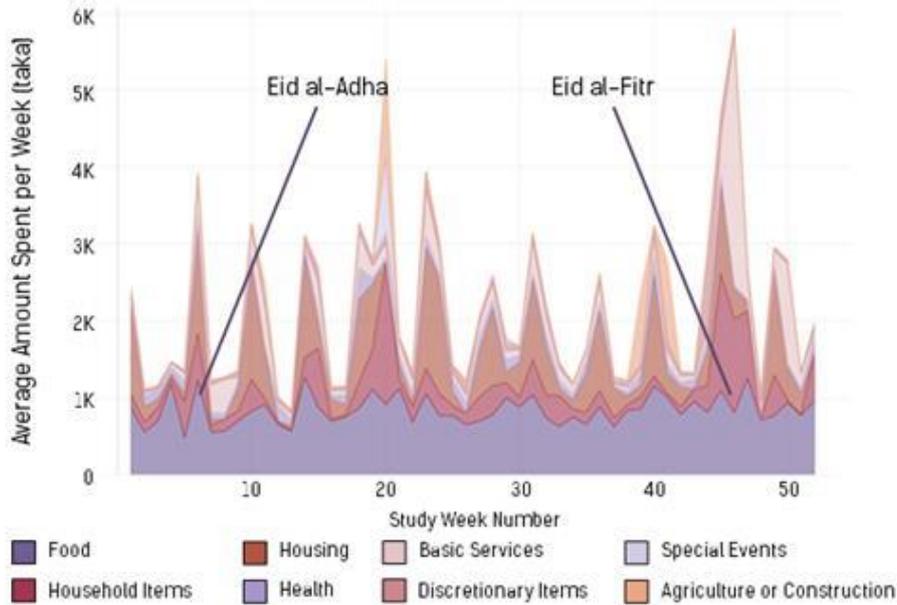
Whereas housing costs were large and regular, expenses for basic services were infrequent and varied in size.



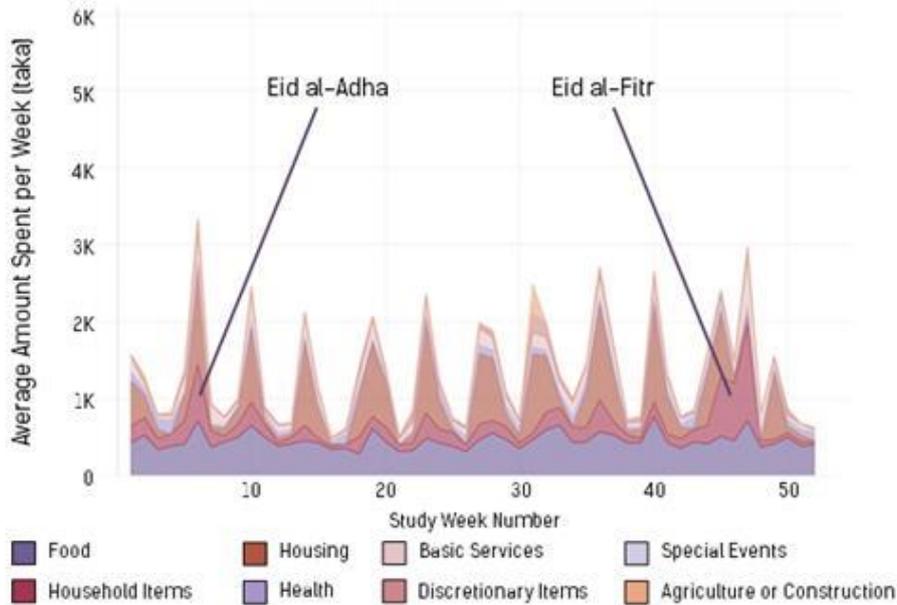
GARMENT WORKER DIARIES



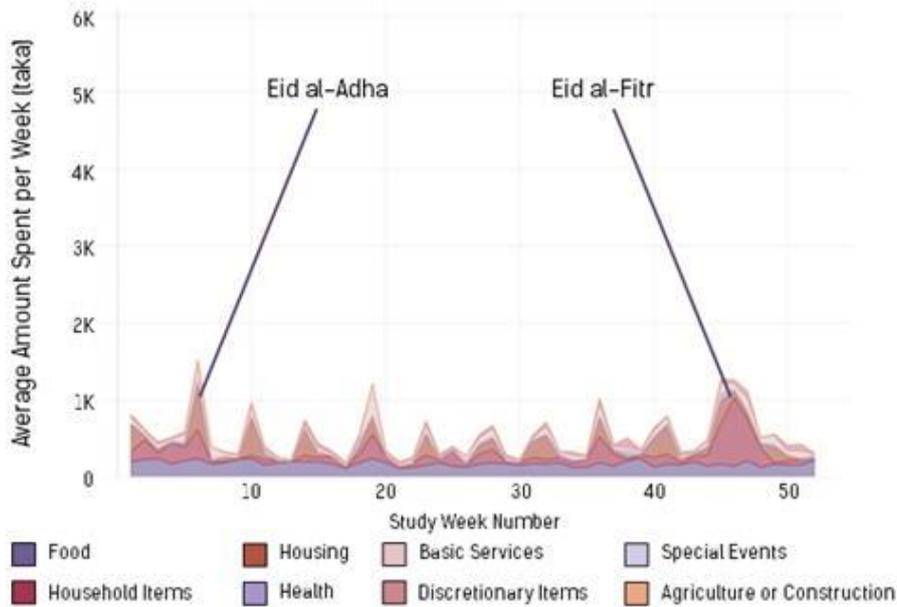
Spending Across Weeks – Money Managers



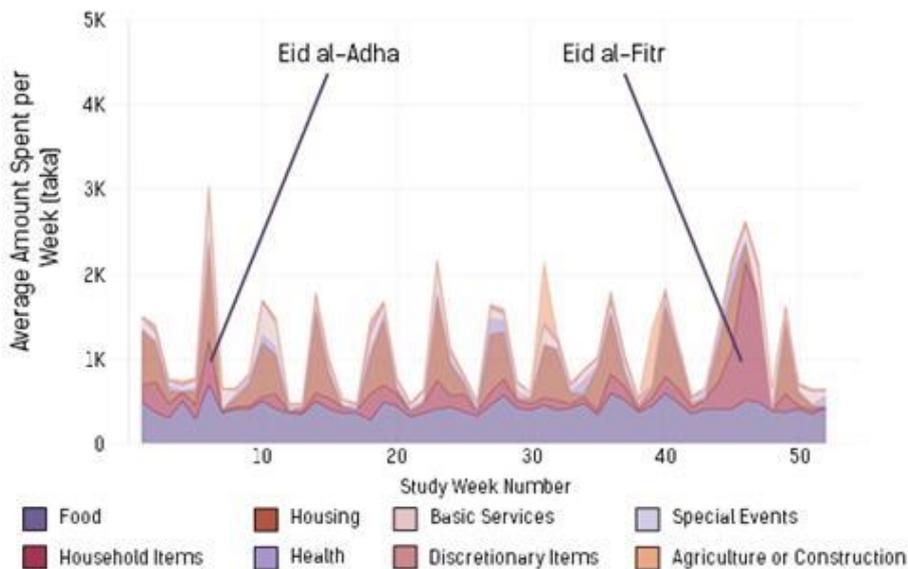
Spending Across Weeks – Independents



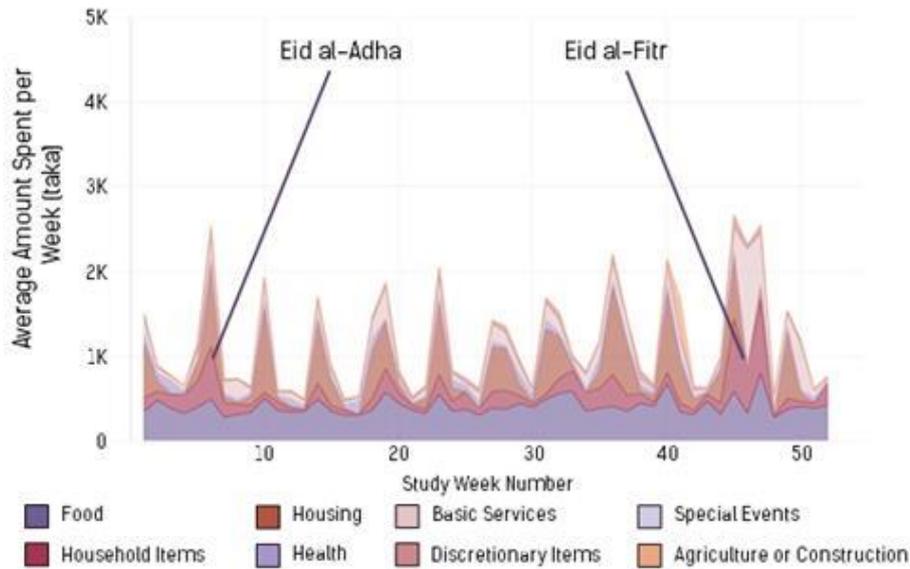
Spending Across Weeks – Supporters



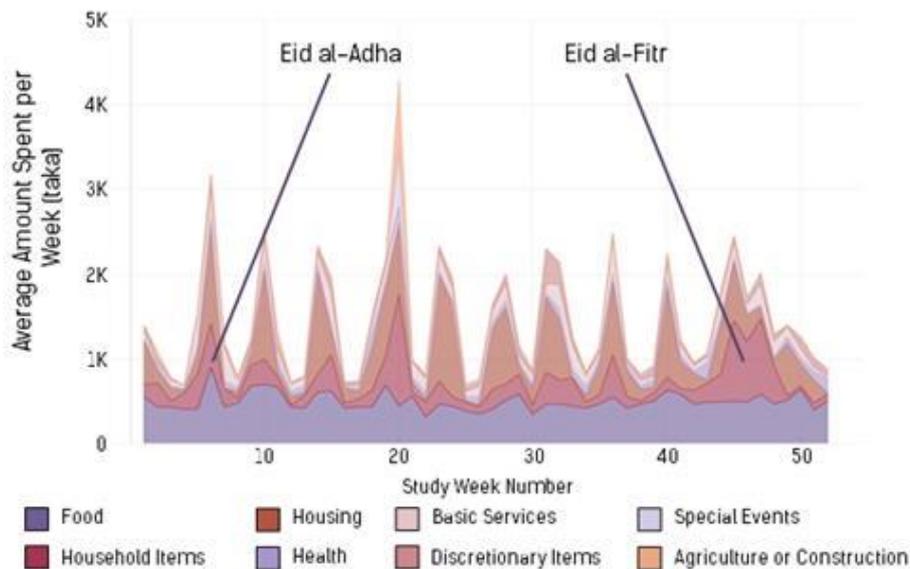
Spending Across Weeks – Helpers



Spending Across Weeks – Entry/Mid-Level Operators



Spending Across Weeks – Senior-Level Operators



Improving Standard of Living

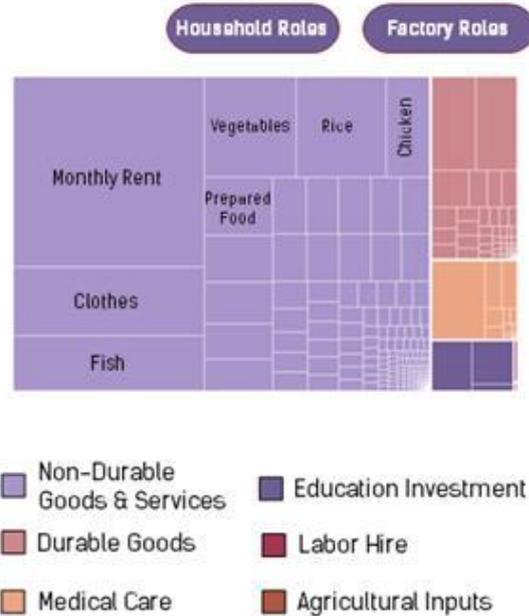
MFO also categorized spending according to whether it was purchased for immediate consumption or whether it was an investment aimed at improving the worker's quality of life. This framework resulted in the following categories:

1. **Non-Durable Goods or Services:** Goods used for immediate consumption; unlike other categories, they often do not result in an improvement of standard of living.
2. **Agricultural Inputs:** Purchases that allow for subsistence or commercial farming.
3. **Durable Goods:** Objects that typically last for several years after the initial purchase.
4. **Education Investment:** A payment for a child or adult's education.
5. **Labor Hire:** An investment in the production of a product; often for farming or construction related activities.
6. **Medical Care:** A payment meant to improve one's quality of health.

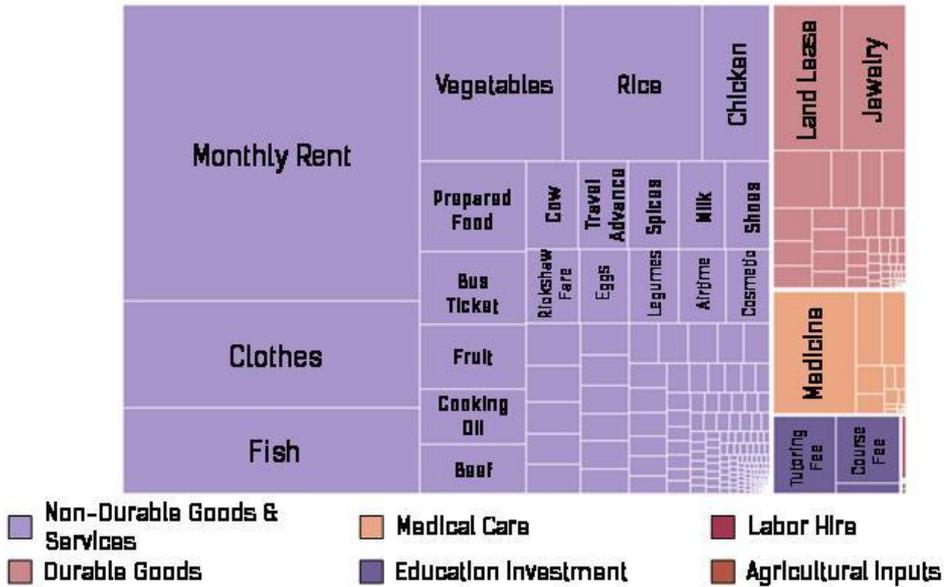
Standard of Living Expenses

The right-hand figure shows the share of total money spent on six categories. These categories were then divided into types of purchases.

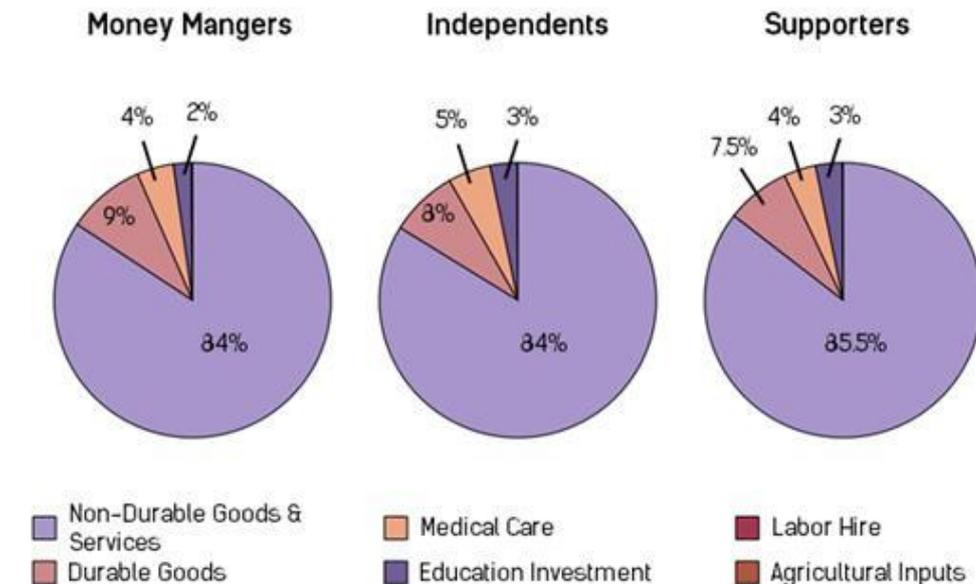
Participants spent most of their money on non-durable goods and services, like rent, clothing, and food. This left little spending for life-improving goods and investments.



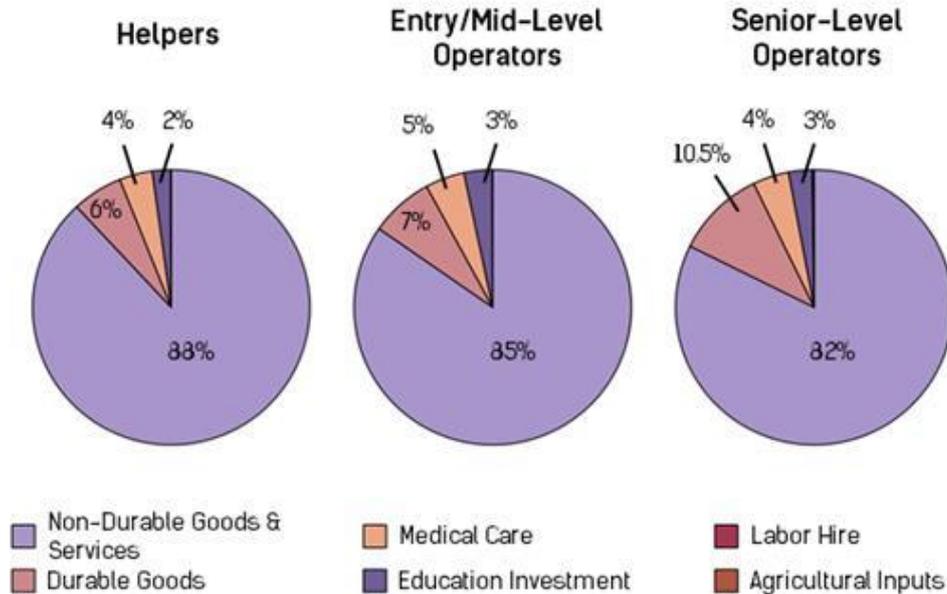
Standard of Living Expenses



Standard of Living Expenses



Standard of Living Expenses



Lump Sum Purchases

A lump sum purchase is defined as one that is especially large for a participant. MFO identifies these types of purchases by looking at expenditures that cost more than three standard deviations away from the average purchase for each participant. Lump sum purchases are important for understanding workers' economic lives for two reasons:

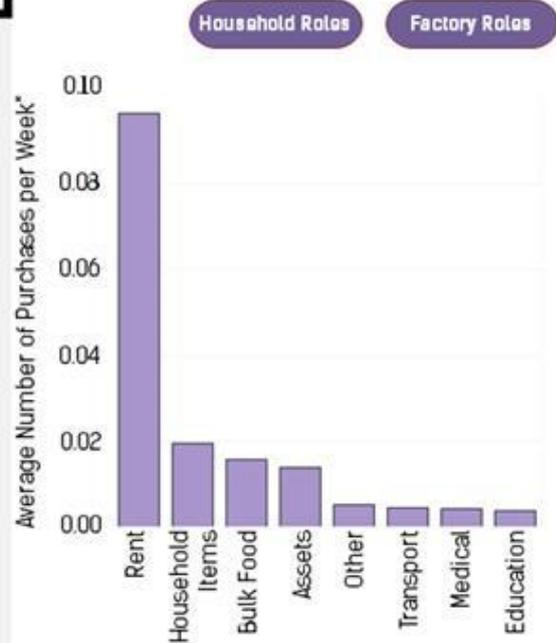
1. *Lump sum purchases require large amounts of cash.* If participants are not making lump sum purchases, then it suggests that they are struggling to build large sums of cash or are holding on to cash instead.
2. *The types of purchases participants make tell you about the workers' conditions.* If workers' lump sum purchases are primarily for household necessities rather than assets, then that would suggest that they are struggling to improve their quality of life.

GARMENT WORKER DIARIES

Types of Lump Sum Purchases

The most common types of lump sum purchases were for rent, household items, and bulk food. This suggests that many workers struggled to afford basic household necessities.

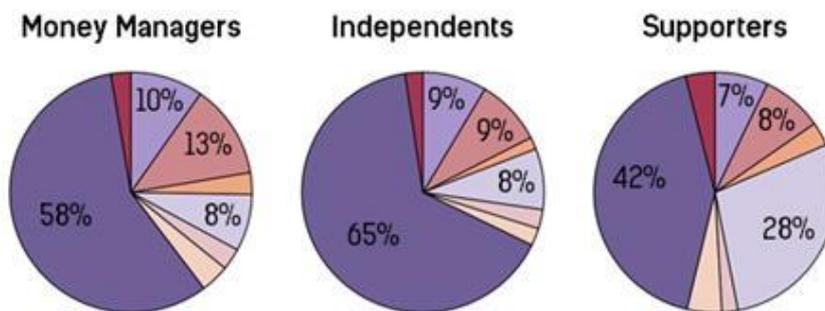
Additionally, the limited number of asset purchases suggests that participants struggled to afford goods that would improve their standard of living.



*When reviewing the y-axis, 0.02 purchases per week equates to about one purchase per year; 0.04 equates to about one purchase per six months; and so on.

GARMENT WORKER DIARIES

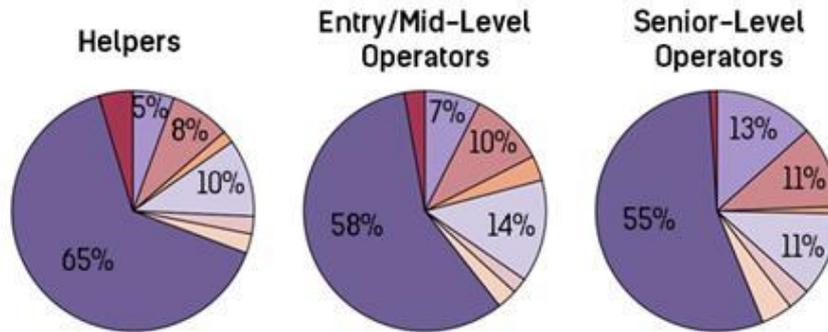
Most Common Lump Sum Purchases by Household Role



Since Supporters did not pay rent as frequently as Money Managers or Independents did, a greater share of their lump sum purchases went to household items. However, they still struggled to purchase assets, similar to the other groups.



Most Common Lump Sum Purchases by Factory Role

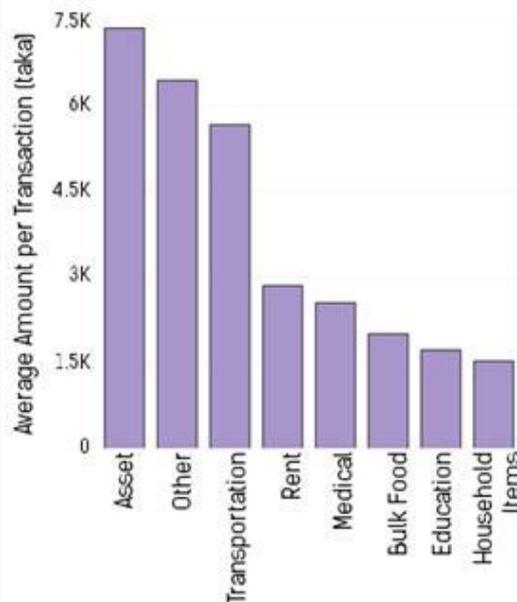


Senior-level operators, with their higher earnings, purchased assets more frequently than entry or mid-level workers did. This suggests that higher-earning workers were better able to purchase assets than lower-earning workers were.



Average Size of Lump Sum Purchases

Although assets were rarely purchased, they were the most expensive type of lump sum purchase. "Other" lump sum purchases—which included social or cultural expenses, such as weddings, and other services—were the second most costly. And while household items were the second most common type of lump sum purchase, they were the cheapest type of lump sum purchase, on average.



End of Chapter Summary

With the exception of Money Managers, participants typically spent within their limited means. A majority of their spending went to food, housing, and household items, but spending on these varied across weeks, and workers with different household roles purchased different types of goods.

Additionally, workers spent most of their money on non-durable goods and services. This left them with little leftover to make life-improving purchases. The only exception to this was senior-level workers who spent slightly more on life-improving purchases, suggesting that higher-earning workers are better able to improve their quality of life.

Participants rarely made lump sum purchases, and when they did, a majority of those purchases were rent payments.

The next chapter will explore what financial tools—cash transfers, savings, and loans—participants used to help manage their earnings and expenditures.



Chapter 4: Using Financial Tools

Workers used a combination of savings, cash transfers, and loans to manage their cash and acquire large sums of money. Participants' household and factory roles revealed differences in how workers used these tools. However, common themes such as limited use of formal providers, difficulty saving, and over-indebtedness, run throughout this chapter.



Savings

Cash Transfers

Loans and Store Credit



Financial Tools Overview

"Financial tools" are products or services that assist a person in managing their cash flow or creating lump sums of cash. In general, there are four types of financial tools: savings, cash transfers, loans, and insurance. This chapter will focus on the first three tools as few participants used insurance.

When using a financial tool, participants interacted with various organizations and people, hereafter referred to as their financial network. Understanding the different combinations of financial tools and networks will provide insights into how participants managed their money from week to week.

MFO also prepared a briefing on digital financial services that can be accessed below. Although it is not directly related to the greater story of this report, it will provide additional insights on participants' use of and attitudes towards digital financial products.

Briefing: Digital Financial Services

Briefing: Digital Financial Services

Recent [findings](#) from the Better Than Cash Alliance suggest that switching to a digitized wage payment system could provide cost-savings to factories, increase employee satisfaction, and improve transparency and accuracy in terms of payments. The findings have encouraged [some retailers](#) to commit to making the switch.

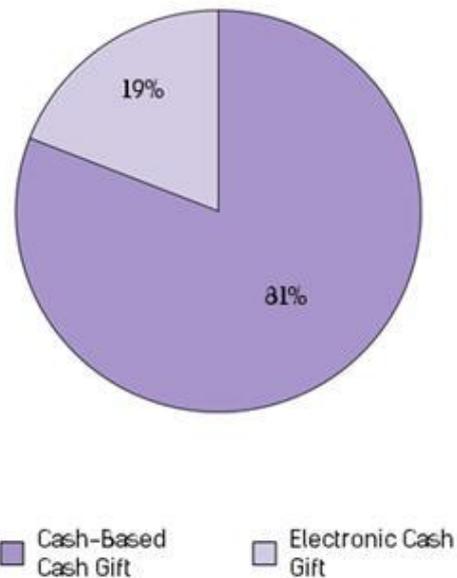
Given these recent changes, MFO chose to share some of its findings from the Garment Worker Diaries in Bangladesh that directly related to the topic of digital financial services. We have prepared data looking at participants' use of mobile money services which was collected during weekly interviews. We will then share the results from a series of 36 in-depth interviews which asked questions about a range of topics, including their attitudes towards mobile money, bank cards, and digital wage payments, for those who received them.

Better Than Cash Alliance [Link](#); News [Link](#)

Mobile Cash Gifts

The right-hand figure examines participants' use of cash transfers with people living outside of their household (hereafter referred to as cash gifts). These cash gifts have been categorized as to whether or not they were conducted electronically or via cash.

The figure shows that while electronic cash gifts were not the most common, they still accounted for about one-in-five cash gift transactions during the study.

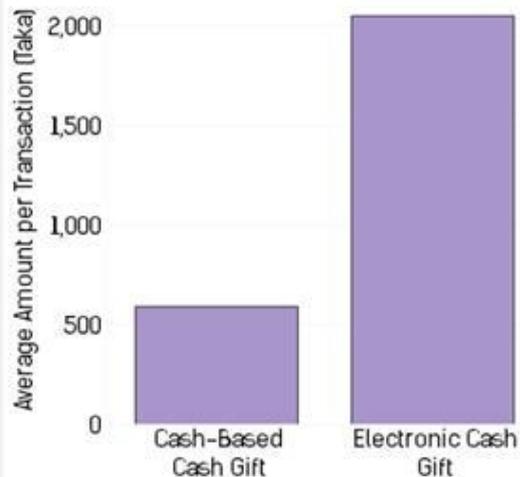


GARMENT WORKER DIARIES

Average Cash Gift Sizes

While electronic cash gifts may not have been more common than cash-based ones, they were about four times larger, on average.

This suggests that participants used electronic services to primarily move large sums of cash from one place to another.



GARMENT WORKER DIARIES

Attitudes towards Mobile Money

Participants generally had favorable attitudes towards mobile money services, saying that it allowed them to easily hold onto and send money. This, in turn, saved them time and money. However, not all participants favored such services. For example, some participants with limited understanding of mobile phones had little interest.

"In terms of benefits...you can keep the money in your phone and can send it anytime, anywhere. You can also get the money in your hands urgently."

– Worker from Pallabi, Dhaka

"If I send money from here, it reaches [the destination] in 5-10 minutes. But if I go to give that money, I will have to pay for the travelling expenses and I will also have to go there myself."

– Worker from Konabari, Gazipur

"Like, I don't understand mobile phones so much. Anything's easy when we understand it, it's a burden otherwise."

– Worker from Mirpur, Dhaka



Attitudes towards Bank Cards

MFO provided a brief description of a debit card and asked participants if they would be interested in using such a product. Participants had mixed responses. Some thought the card could make shopping more convenient and safer, while others saw little use for one. Several others were still confused about the product, even after providing additional details. This suggests that workers require greater information and training on what a debit card is and how to use one.

"Because it would be safer. Not everyone understands what kind of card this is, so they won't know how much money is in it." – Worker from Heymayetpur, Savar

"Look I don't know the matter of the card very well. But if it's convenient I'd use it like I use mobile banking." – Worker from Baipayl, Ashulia

"I hear from many that the card system is very faulty. I hear good things about it, but bad things about it also. That's why I think cash is better than the card system." – Worker from Konabari, Gazipur

"I don't buy those other things. They buy everything. So, I don't need a card." – Worker from Chandgaon, Chittagong



Attitudes towards E-Salary Payments

In total, only 11 percent of participants received at least one digital salary payment during the study. Of those who did, they had mixed opinions on the benefits. Many felt that their money was safer being deposited electronically, but others noted that long lines at banks and limits on what can be withdrawn caused problems. Some also had little understanding of how banks worked before receiving digitized payments, which made withdrawals difficult.

"That's why mobile banking is the best ...because there isn't any risk here." –Worker from Ambag, Gazipur

"It's not safe to have the money in cash on hand. If I get paid directly, I will have to bring it home and keep it here." –Worker 1 from Hemayetpur, Savar

"It was easier for me to get paid in cash as I didn't understand the procedures involved in banking. I understood the system after watching the others do it." – Worker from Mirpur, Dhaka

"It's a big problem. Say I feel like coming home to my kids after work. If I have to stand at the bank for hours on end then it's taking my time away from my children." –Worker 2 from Hemayetpur, Savar

Conclusions

Workers primarily used digital financial services to transfer money. The most common types of services seen in the Diaries data were mobile money services provided by BRAC and Dutch Bangla Bank. Workers sometimes used these services to send large sums of money to family and friends. Additionally, 11 percent of participants received an electronic salary payment at least once during the study.

Despite these uses, some workers lacked a basic understanding of bank services. This could be problematic when rolling out digitized payments as it could create greater strain on the workers. Furthermore, long lines at ATMs and withdrawal limits can make it difficult for workers to access their money. However, some workers who have been receiving digitized payments noted improvements in safety. When combining these with the benefits identified by the Better Than Cash Alliance, it is possible that digitized payments, when combined with financial education and investments in digital infrastructure, could improve payment conditions in the industry.

Savings

MFO distinguishes between three main types of savings—home savings; savings at an informal financial service provider (FSP) like a savings group or money guard; and savings at a formal FSP like a bank or a microfinance institution (MFI).

Participants saved at home most often, but they used home savings more like a checking account than a savings account by making large deposits and then withdrawing small sums of money on an as-need basis. Participants rarely deposited into formal or informal FSPs, but the average size of their withdrawals revealed that participants used these tools to amass large sums of money.

Overall, participants maintained positive savings balances in most pay periods, though this varied by household and factory role. Similarly, the share of a participant's income that they could save also varied by household and factory role.

[Savings Data](#)

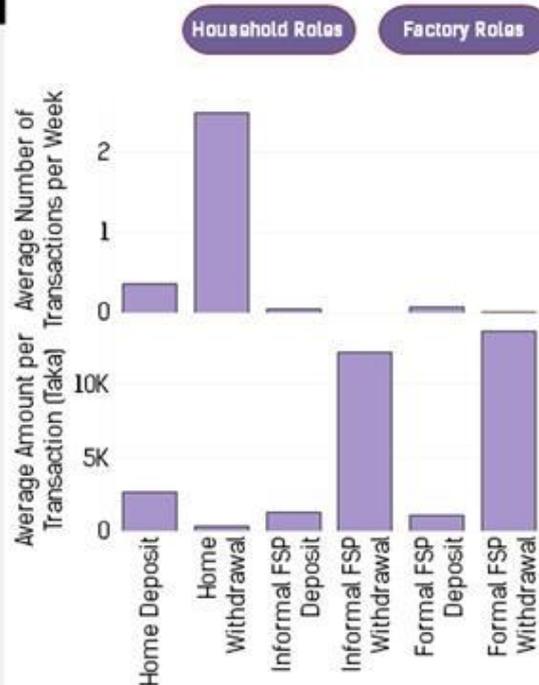
GARMENT WORKER DIARIES

Savings Transactions

MFO categorized savings into three types: home savings, informal FSP savings, and formal FSP savings.

Participants used home savings most frequently, but they used it more like a checking account than an actual savings account as they would make small withdrawals to pay for necessities on an as-need basis.

However, participants withdrew much larger amounts from formal and informal FSPs, suggesting that participants who used these accounts did so to save large sums of money.

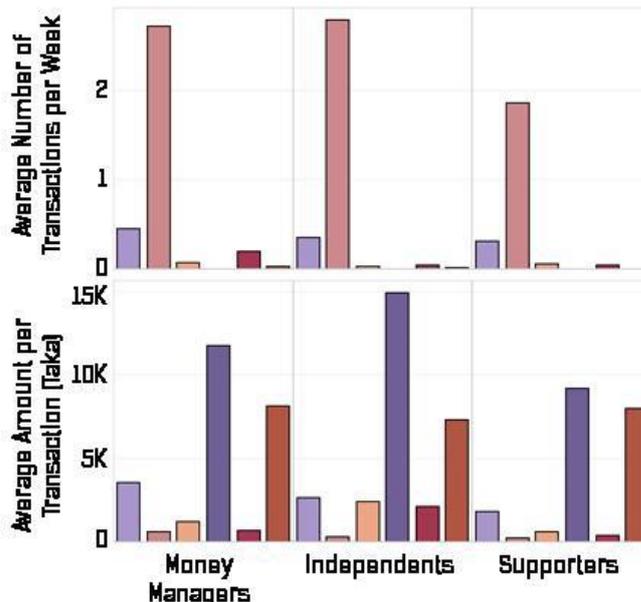


GARMENT WORKER DIARIES

Savings Transactions by Household Role

Money Managers used formal FSPs more frequently than the other economic roles when saving money.

- Home Deposit
- Home Withdrawal
- Informal FSP Deposit
- Informal FSP Withdrawal
- Formal FSP Deposit
- Formal FSP Withdrawal

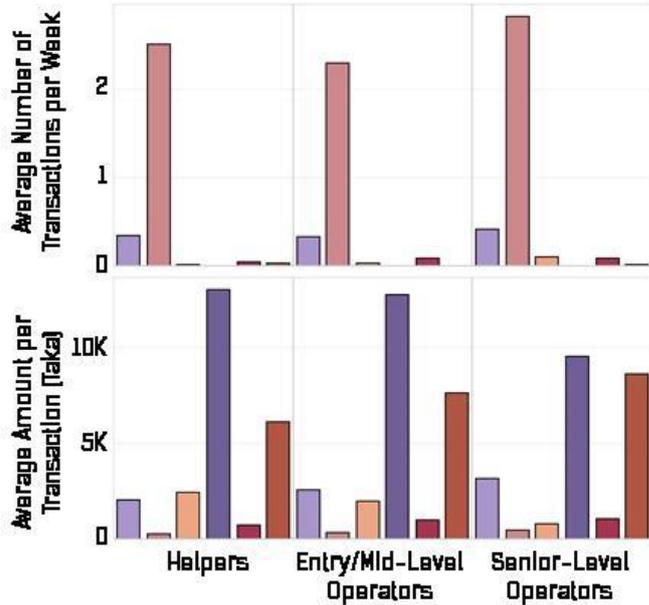


GARMENT WORKER DIARIES

Savings Transactions by Factory Role

Operators of all levels were more likely to use formal FSPs for saving money than Helpers were. Senior-Level Operators also used informal FSPs for saving more frequently than the other two groups.

- Home Deposit
- Home Withdrawal
- Informal FSP Deposit
- Informal FSP Withdrawal
- Formal FSP Deposit
- Formal FSP Withdrawal

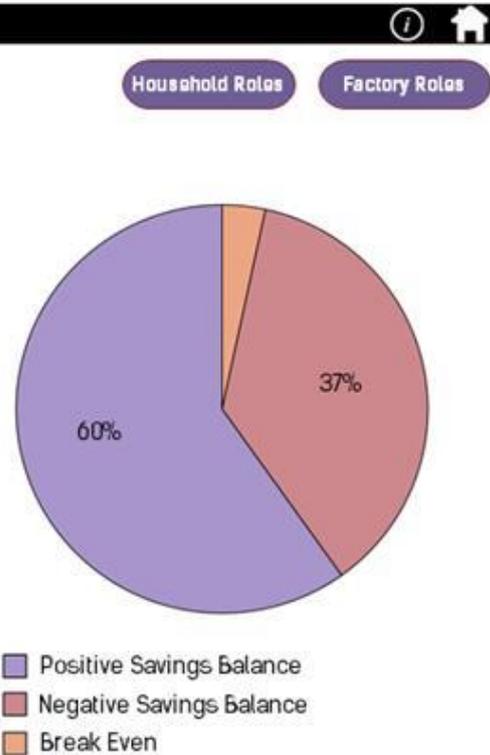


GARMENT WORKER DIARIES

Savings Balances

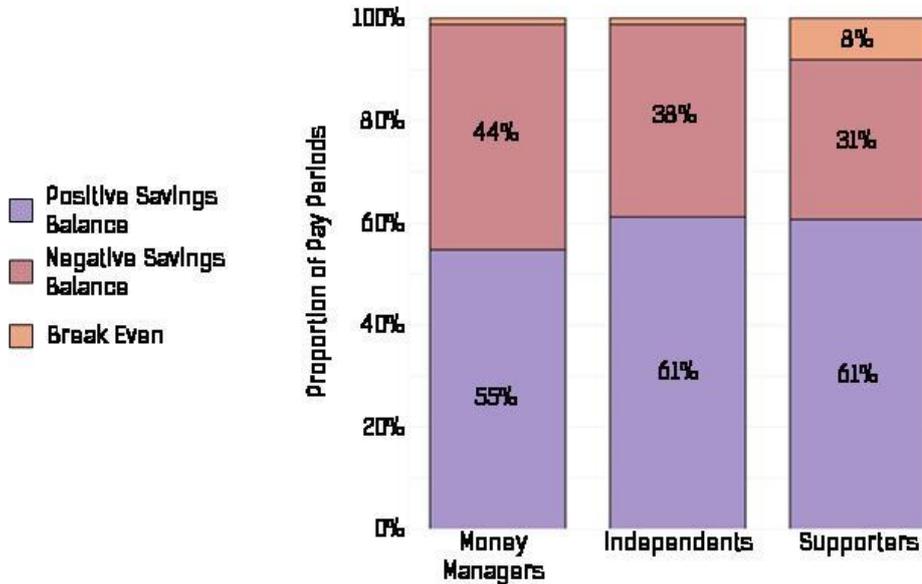
MFO calculated savings balances by adding the amount deposited into and subtracting the amount withdrawn from participants' savings accounts each pay period.

In most pay periods, participants maintained positive savings balances. This remained true regardless of household role or factory role, though some groups struggled to save more than others.



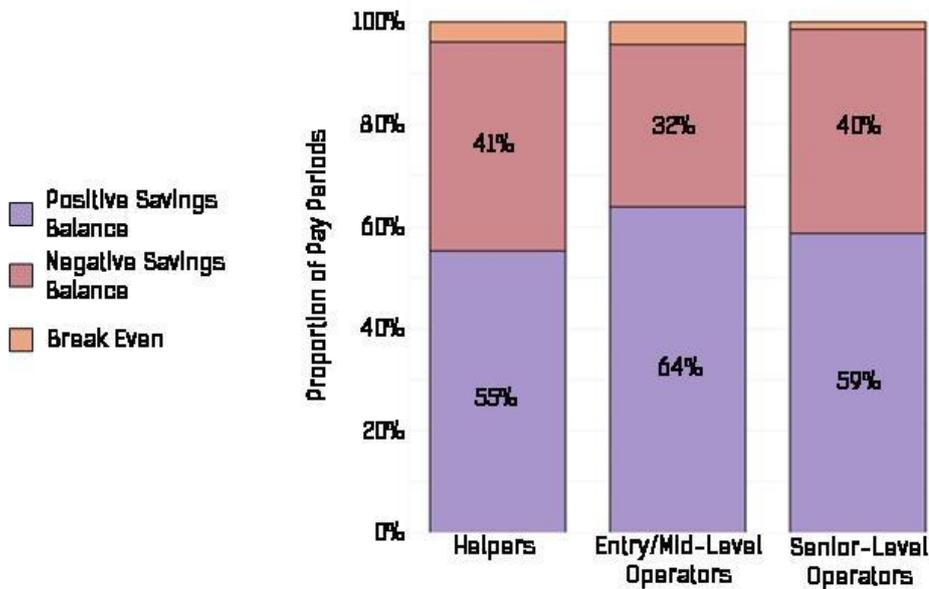
GARMENT WORKER DIARIES

Savings Balances by Household Role



GARMENT WORKER DIARIES

Savings Balances by Factory Role



GARMENT WORKER DIARIES

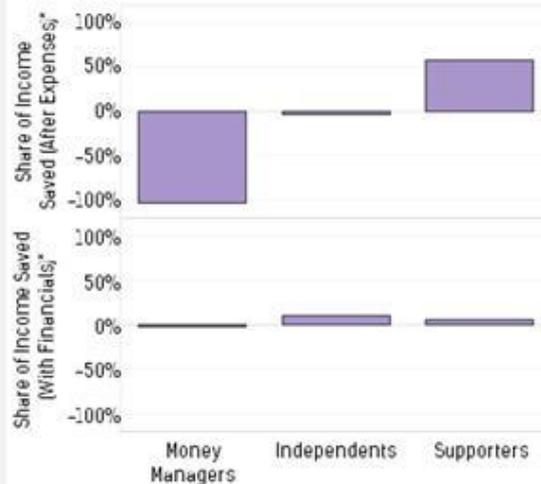


Factory Roles

Savings Rates

The top figure shows the proportion of factory income workers could save after making expenditures, loan repayments, cash transfers to people outside the home, and other financial obligations. *These expenses left participants with significantly different savings rates; Money Managers saved the least, while Supporters saved the most.*

The bottom figure shows the share of income participants could save after including other financial transactions, like loans received and intra-household cash transfers. *Money Managers relied on these types of flows significantly in order to make up for their deficit spending. On the other hand, these types of flows, particularly intra-household transfers, drained Supporters' income, leaving them with less to save.*



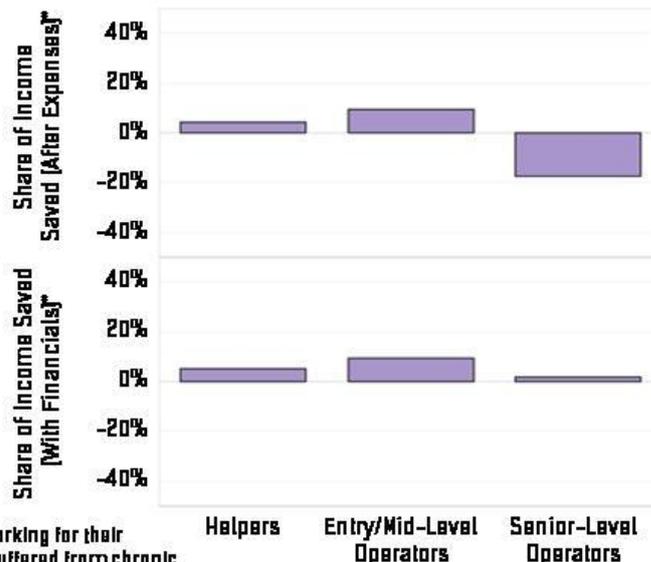
*Both figures exclude workers who quit working for their factory before the study ended and who suffered from chronic unemployment.

GARMENT WORKER DIARIES

Savings Rates by Factory Roles

Only Senior-Level Operators ran deficits on their spending as a share of their total income.

However, with the help of loans and intra-household transfers, Senior-Level Operators were able to achieve a small rate of savings.



*Both figures exclude workers who quit working for their factory before the study ended and who suffered from chronic unemployment.

Cash Transfers

A cash transfer is a tool where money is transferred from one person to another with no expectation of the money being repaid. A majority of cash transfers involved transferring money *within* the home; these are hereafter referred to as intra-household transfers (IHTs). However, cash transfers can also take place with people living *outside* the home; these are hereafter referred to as cash gifts.

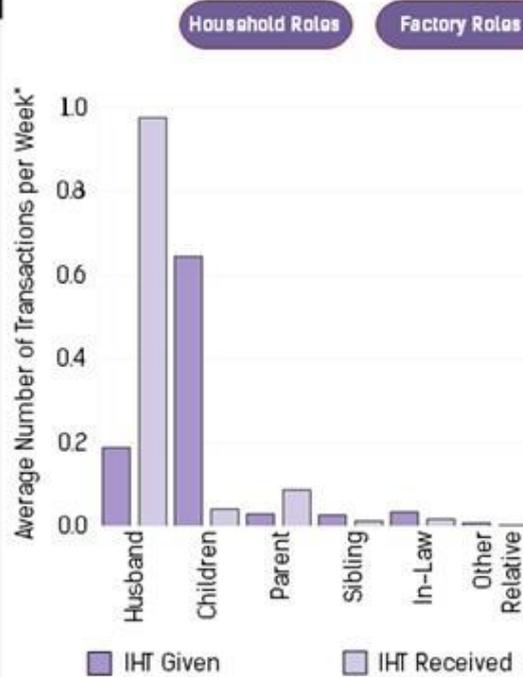
As noted in Chapter 1, there were significant differences in the ways participants transferred money within their homes. Money Managers, for example, were the only group to maintain large, positive net IHT balances, while Supporters regularly ran large negative net IHT balances. Participants used cash gifts less frequently than they did IHTs, but each role used cash gifts in a similar, less drastic way.

IHTs

Cash Gifts

IHT Use by Network

MFO categorized participants' IHT transactions by with whom in the home they were conducted. Participants most frequently received IHTs from their husbands, and they gave them most frequently to their children. Apart from these two groups, participants would only occasionally give and receive IHTs to/from other types of household members.



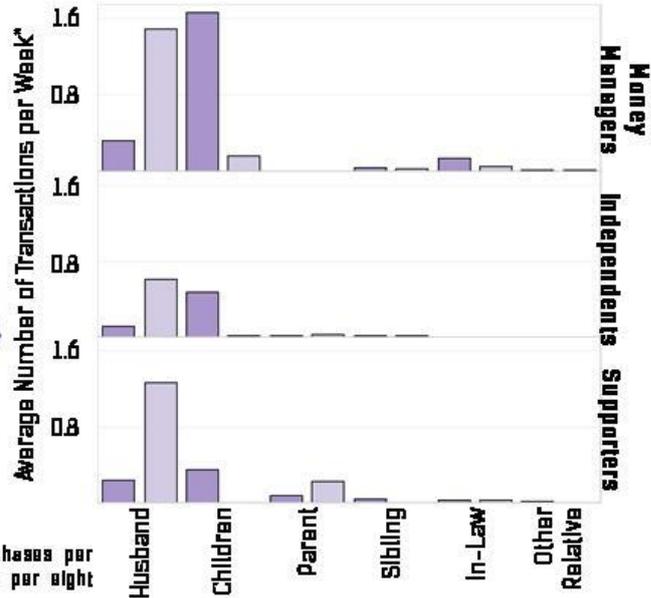
*When reviewing the y-axis, 0.2 purchases per week equates to about one purchase per month.

GARMENT WORKER DIARIES

IHT Use by Network and Household Role

■ IHT Given
 ■ IHT Received

The three roles differed greatly in how they interacted with their household members. Money Managers and Supporters often received IHTs from their husbands, while Money managers also regularly gave money to their children. Independents used IHTs the least.



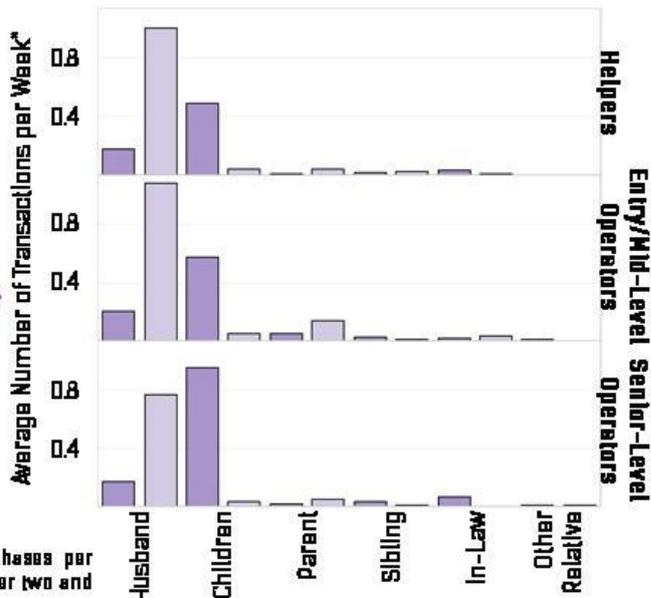
*When reviewing the y-axis, 0.8 purchases per week equates to about one purchase per eight days.

GARMENT WORKER DIARIES

IHT Use by Network and Factory Role

■ IHT Given
 ■ IHT Received

Whereas all designations regularly received money from their husbands, Senior-Level Operators gave IHTs to their children more frequently than the other groups. However, they also received IHTs from their husbands less frequently than the other two groups did.

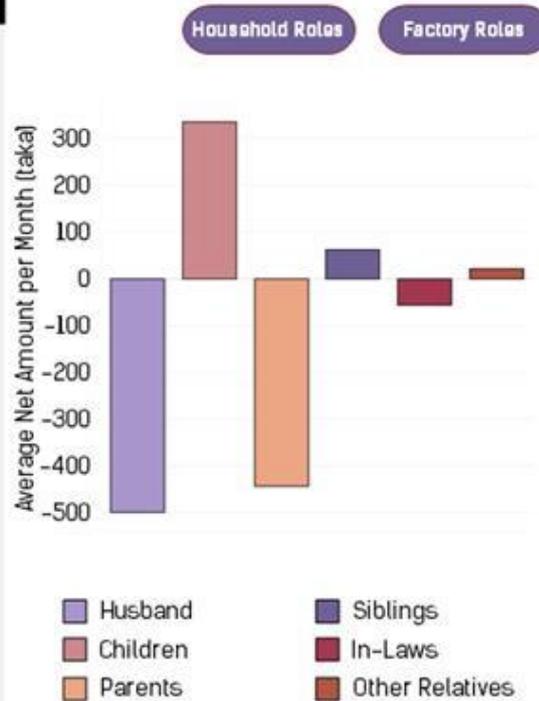


*When reviewing the y-axis, 0.4 purchases per week equates to about one purchase per two and one-half weeks.

GARMENT WORKER DIARIES

Average Monthly IHT Flows

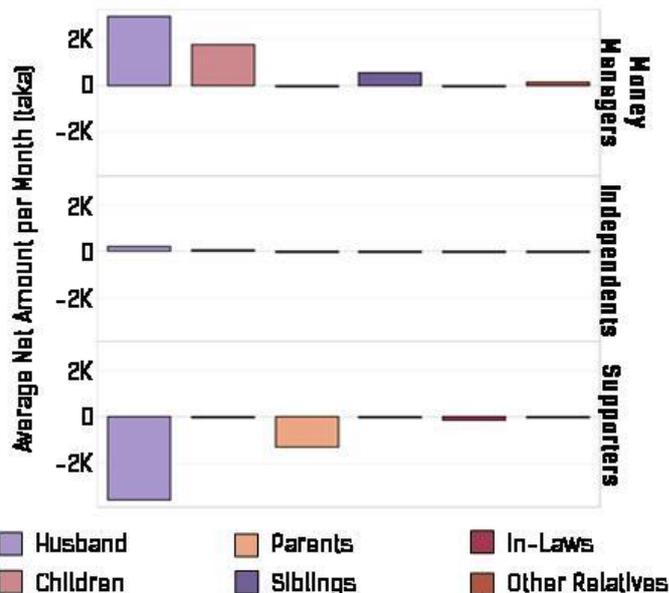
On average, the sample developed net negative IHT flows each month. They gave significantly more than they received from both parents and husbands, but they also maintained net positive flows with their children. However, these findings varied depending on the participant's household or factory role.



GARMENT WORKER DIARIES

Average Monthly IHT Flows by Household Role

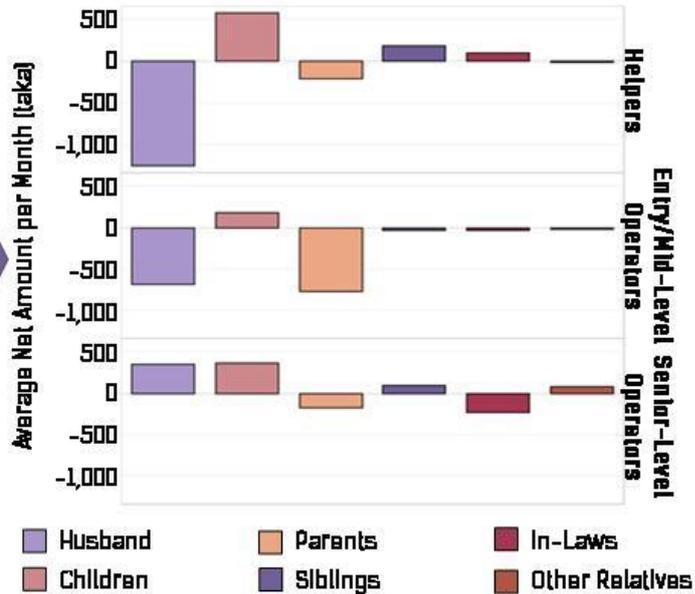
Money Managers were the only group to maintain a large net positive IHT flow, and they mainly did this by receiving large sums from their husbands, children, and siblings. Supporters maintained large net negative IHT flows as they regularly gave money to their husbands and parents.



GARMENT WORKER DIARIES

Average Monthly IHT Flows by Factory Role

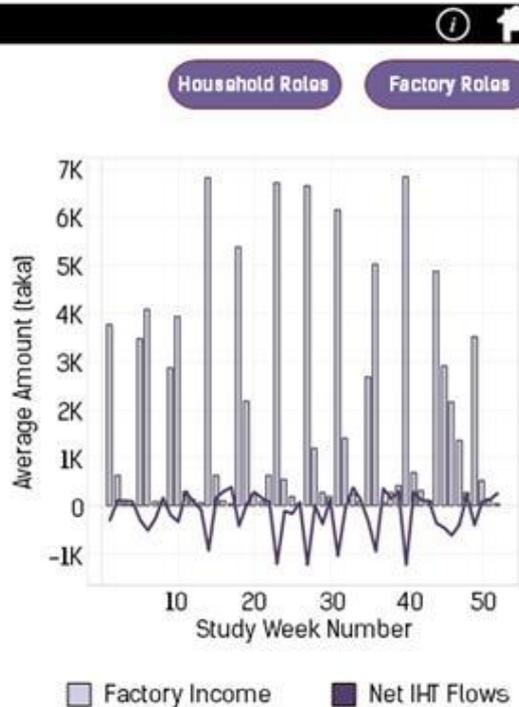
Helpers and Entry/Mid-Level Operators maintained net negative IHT flows with their husbands, while Senior-Level Operators maintained net positive flows. All three groups also had net positive flows with their children and net negative flows with their parents.



GARMENT WORKER DIARIES

IHT Flows Across Weeks

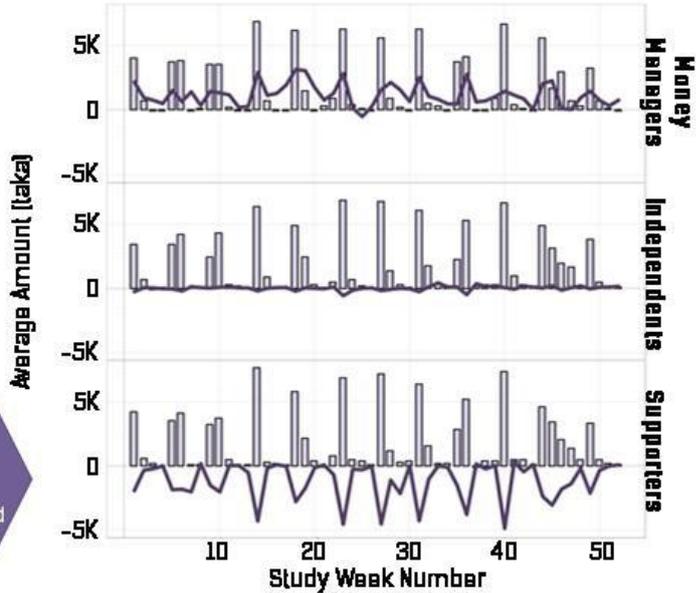
Looking at the net flow of IHTs across the study reveals great variation in workers' IHT transactions. Net IHT flows regularly fluctuated between negative balances and positive balances, with negative balances aligning more closely with salary payments than positive balances did. Again, these flows differed between household roles and factory roles.



GARMENT WORKER DIARIES

IHT Flows Across Weeks by Household Role

- Factory Income
- Net IHT Flows

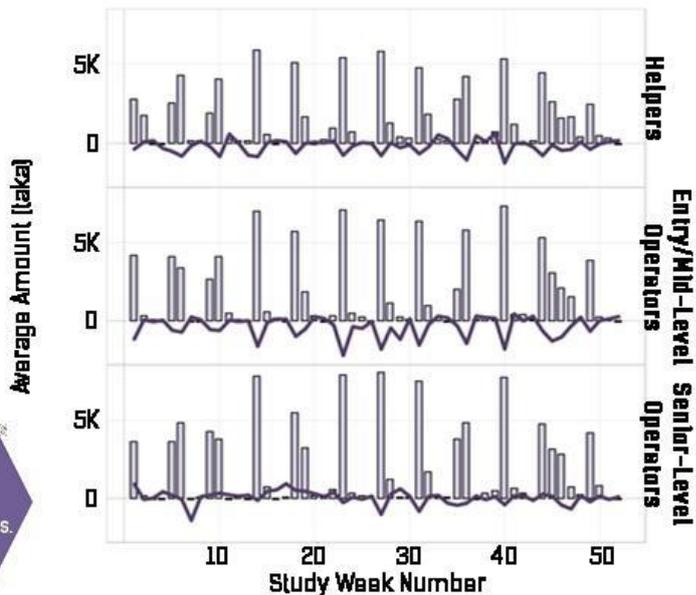


Each economic role had its own distinct pattern in net IHT flows. Money Managers were regularly positive; Supporters were regularly negative; and Independents hovered around zero. These differences helped explain the different roles women played within their homes

GARMENT WORKER DIARIES

IHT Flows Across Weeks by Factory Role

- Factory Income
- Net IHT Flows



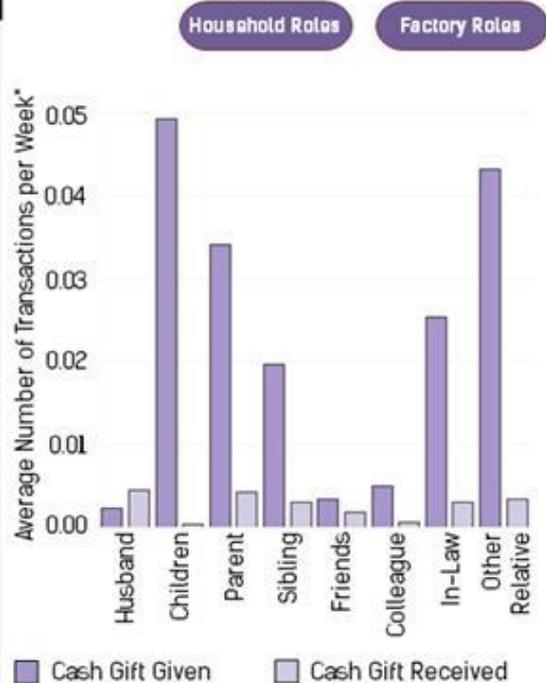
Helpers and Entry/Mid-Level Operators regularly developed net negative IHT flows from week to week, whereas Senior-Level Operators were more likely to maintain net positive IHT flows. However, they did not do this as successfully as Money Managers did.

GARMENT WORKER DIARIES

Cash Gifts by Network

MFO categorized participants' social networks into several categories. Throughout this section, it should be assumed that all family members are not living in the participants' homes.

Participants gave cash gifts more frequently than they received them. When giving cash gifts, participants gave most frequently to their children, other relatives (e.g. nieces, nephews, aunts, uncles, etc.), and parents.

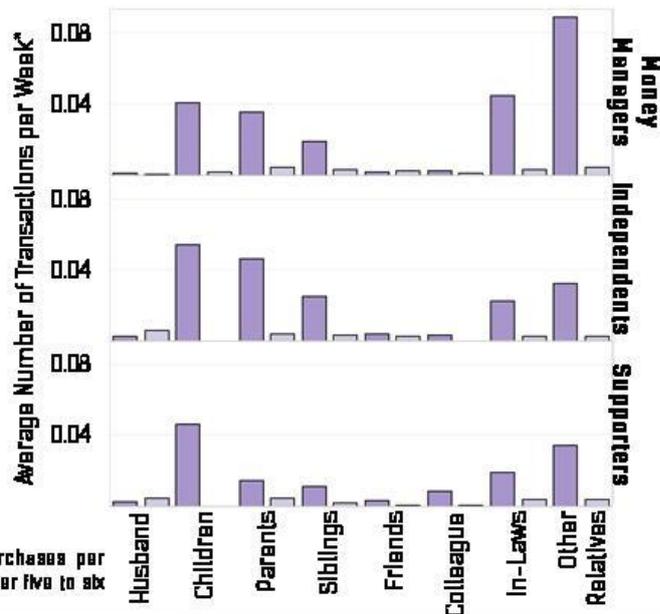


*When reviewing the y-axis, 0.01 purchases per week equates to about one purchase per two years.

GARMENT WORKER DIARIES

Cash Gifts by Network and Household Role

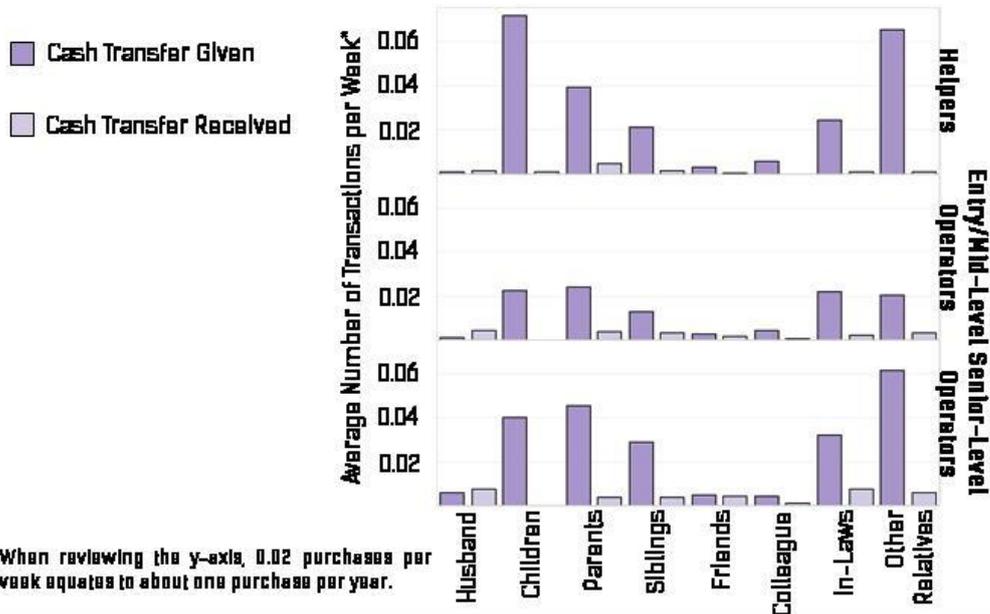
■ Cash Transfer Given
 ■ Cash Transfer Received



*When reviewing the y-axis, 0.04 purchases per week equates to about one purchase per five to six months.

GARMENT WORKER DIARIES

Cash Gifts by Network and Factory Role

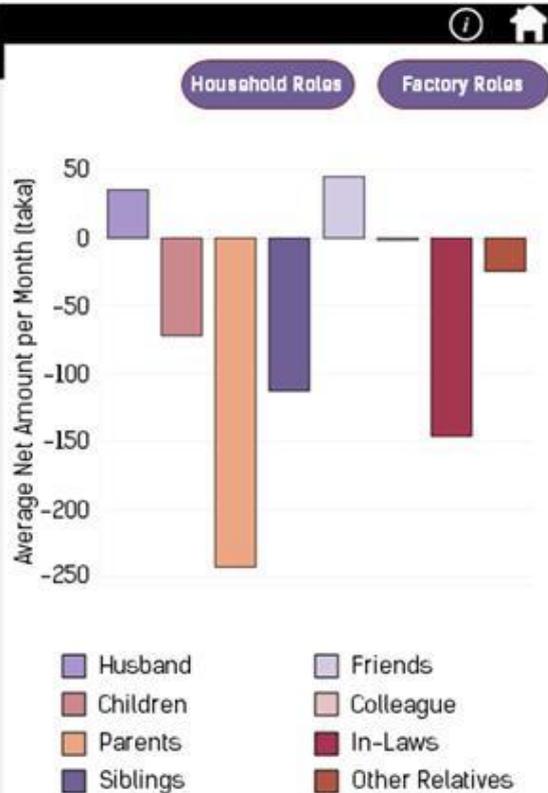


*When reviewing the y-axis, 0.02 purchases per week equates to about one purchase per year.

GARMENT WORKER DIARIES

Average Monthly Cash Gift Flows

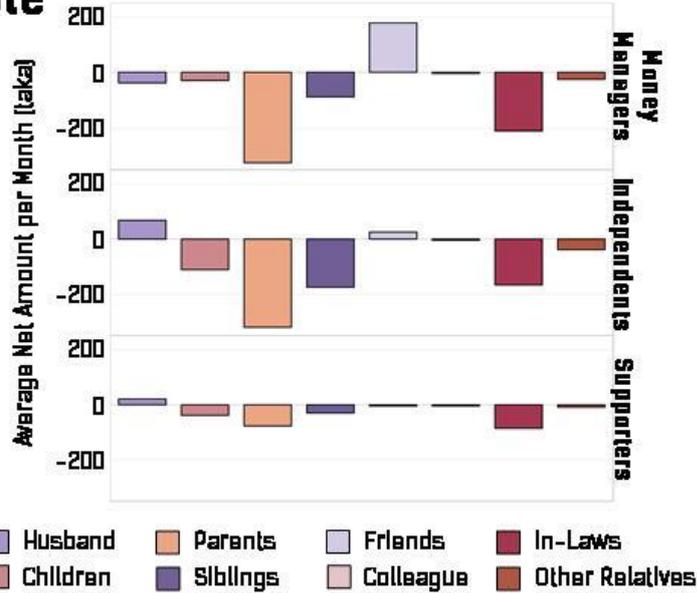
On average, participants maintained net negative balances with their cash gifts. This suggests that workers had dependents, such as their parents and in-laws, to whom they would regularly send money. Although friends and husbands appeared to provide greater support, the degree of this support often varied by household roles and factory roles.



GARMENT WORKER DIARIES

Average Monthly Cash Gift Flows by Household Role

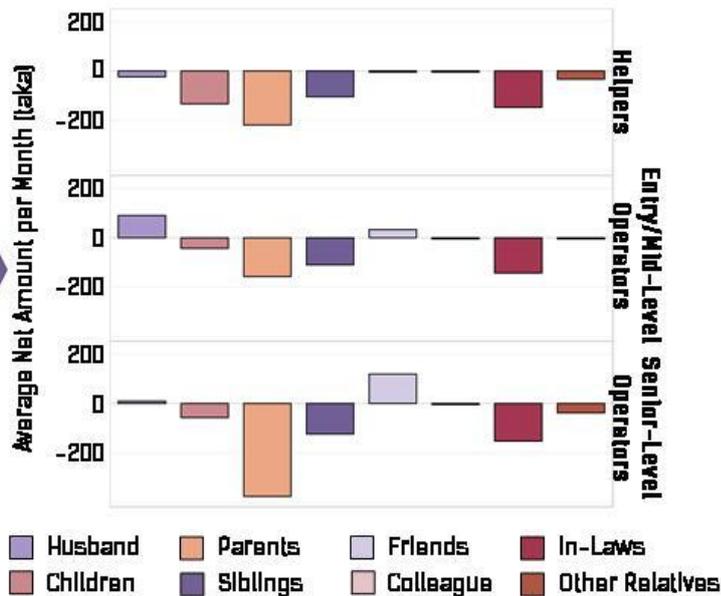
Money Managers had the largest net positive balance from cash transfers with friends, while Independents had the largest net positive balance from cash transfers with their husbands. Both groups also had large net negative flows with their parents and in-laws.



GARMENT WORKER DIARIES

Average Monthly Cash Gift Flows by Factory Role

Although few workers gave and received cash transfers from colleagues, participants with more factory experience acquired larger net positive flows from friends than less experienced workers.



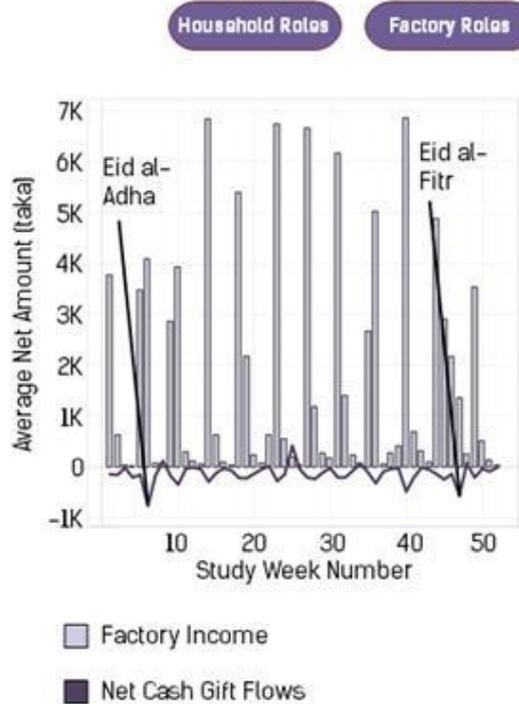
GARMENT WORKER DIARIES



Cash Gift Flows Across Weeks

This figure shows participants' average net cash gift flows across the study.

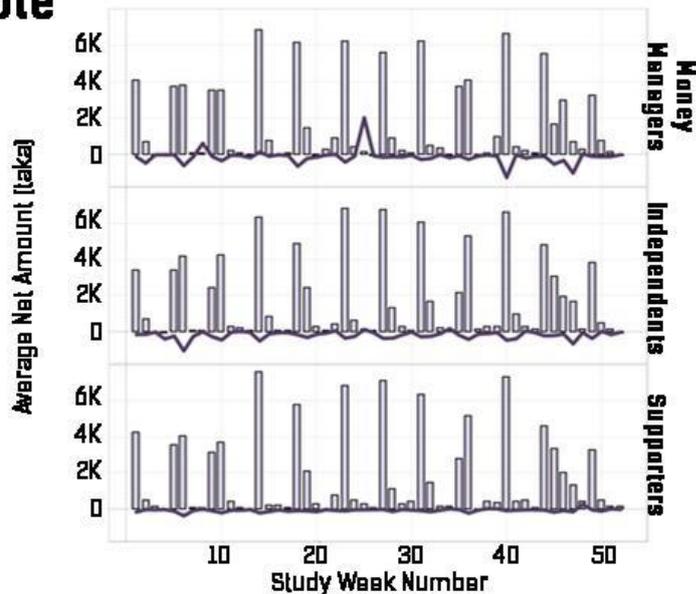
In some weeks, such as the week of Eid al-Adha and the week of Eid al-Fitr, there was a large negative spike, suggesting that participants gave out more cash gifts during holidays than they did during regular weeks. However, the regular fluctuations in average net flows suggest that workers also tied the payment of cash gifts to when they received their salaries.



GARMENT WORKER DIARIES

Cash Gift Flows Across Weeks by Household Role

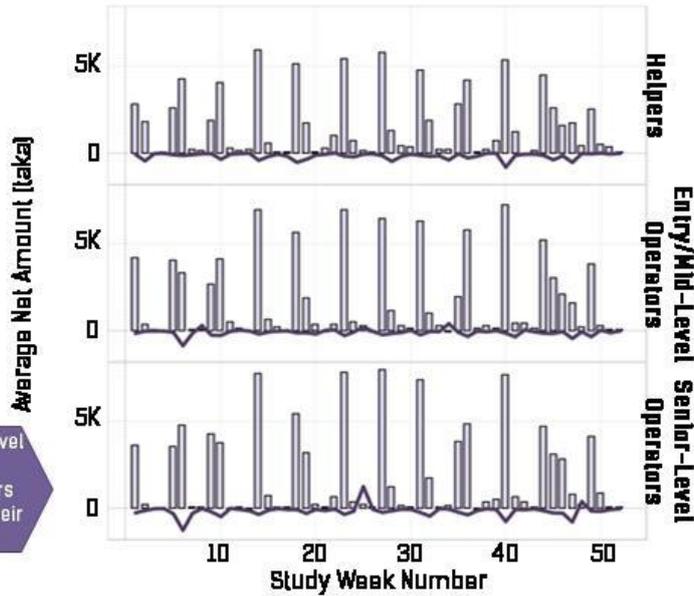
- Factory Income
- Net Cash Transfer Flows



This figure shows that Money Managers had the greatest variation in the net cash transfer flows, while Supporters had the least.

Cash Gift Flows Across Weeks by Factory Role

Factory Income
 Net Cash Transfer Flows



While Helpers and Entry/Mid-Level Operators had similar levels of variation, Senior-Level Operators had slightly more variation in their net flows.



Loans and Store Credit

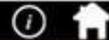
The two main types of loans that participants received were cash-based loans and store credit. Participants acquired items on credit more frequently, on average, than they received new cash loans, and they made loan repayments about once every three to four weeks, on average.

Participants typically turned to friends, family, and colleagues when they needed new loans. However, participants made a greater number of payments to sellers and formal loan providers than they did to their friends and family members.

Participants also received store credit and new loans at similar rates during weeks they were paid and weeks they were not. This suggests that participants regularly relied on loans and credit, regardless of whether they had recently been paid or not. Loan repayments, however, were more likely to be made in weeks when a participant was paid, and new loans were slightly more likely to be received during weeks with a loan repayment than in weeks without one.

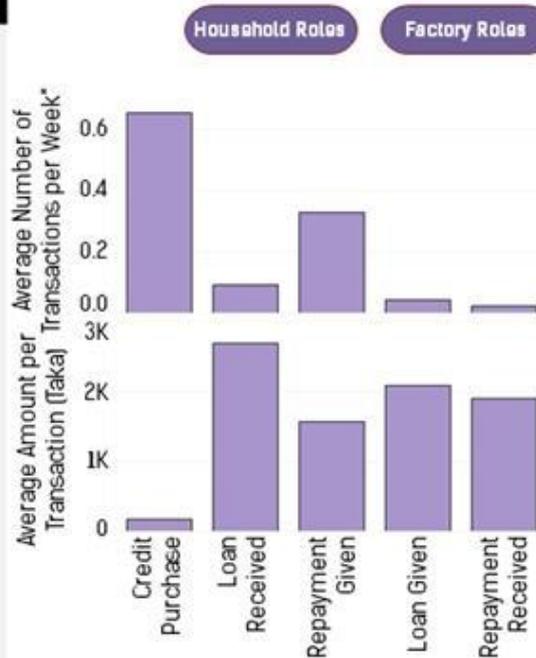
[Loan Data](#)

GARMENT WORKER DIARIES



Loan Transactions

Participants made a store credit purchase about once every one and one-half weeks, on average. They received new cash loans much less frequently, but the average size of these loans was much larger than their average credit purchase. Participants also reported making loan repayments about once every three to four weeks, on average. Lastly, participants rarely loaned out money, but when they did, they provided large sums of about 2,000 taka, on average.



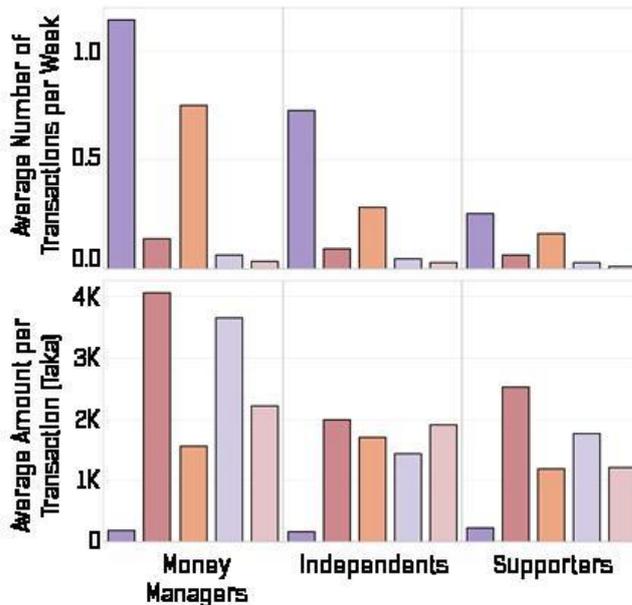
*When reviewing the y-axis, 0.2 purchases per week equates to about one purchase per month.

GARMENT WORKER DIARIES

Loan Transactions by Household Role

Money Managers received store credit and new loans more frequently than the other two economic roles did. Additionally, the average size of their cash loans was larger than the other two roles'.

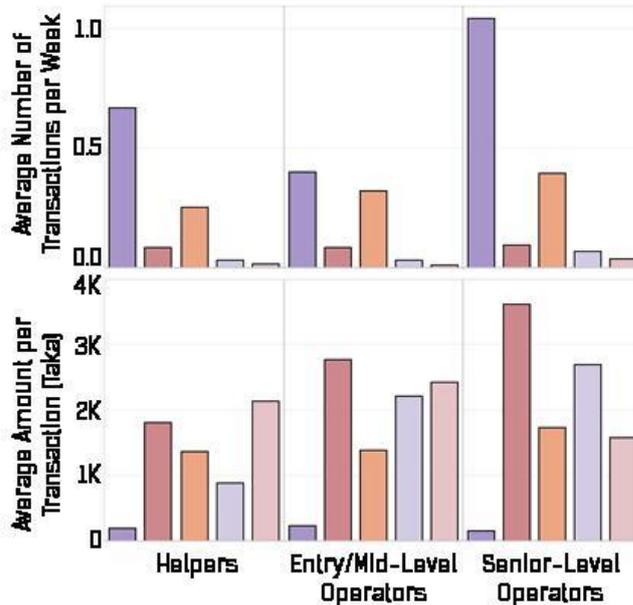
- Credit Purchase
- Loan Received
- Repayment Given
- Loan Given
- Repayment Received



Loan Transactions by Factory Role

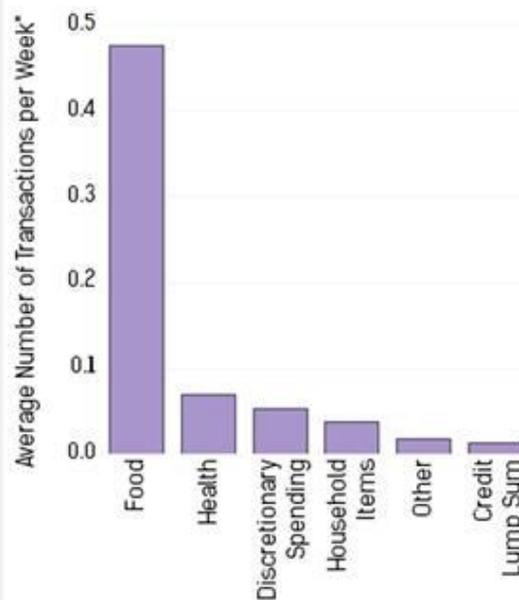
Senior-Level Operators received store credit more frequently than the other two groups did, and while all three groups received new loans at similar rates, Senior-Level Operators received larger loans, on average.

- Credit Purchase
- Loan Received
- Repayment Given
- Loan Given
- Repayment Received



Credit Purchase Types

Participants most frequently made credit purchases for food, doing so almost once every two weeks, on average. Other types of credit purchases were much less common, and participants rarely used credit to make a lump sum-sized purchase (to learn how MFO calculates lump sum-sized purchases, please revisit Chapter 3).



*When reviewing the y-axis, 0.1 purchases per week equates to about one purchase per two and one-third months.

GARMENT WORKER DIARIES



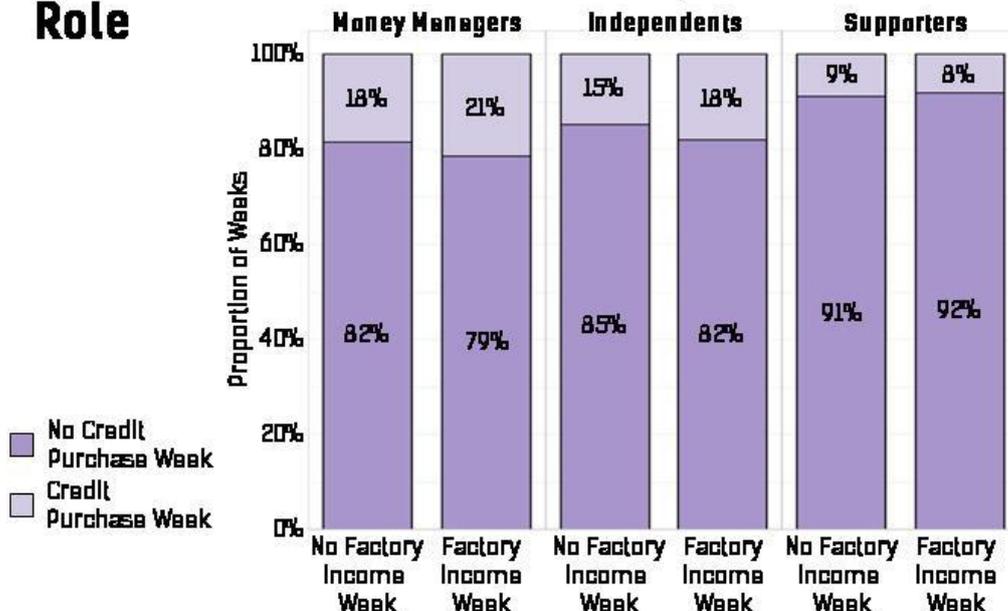
Timing of Credit Purchases

This figure shows that participants used store credit similarly in weeks with income and weeks without. This suggests that participants regularly used store credit to acquire household necessities, regardless of when they were paid.



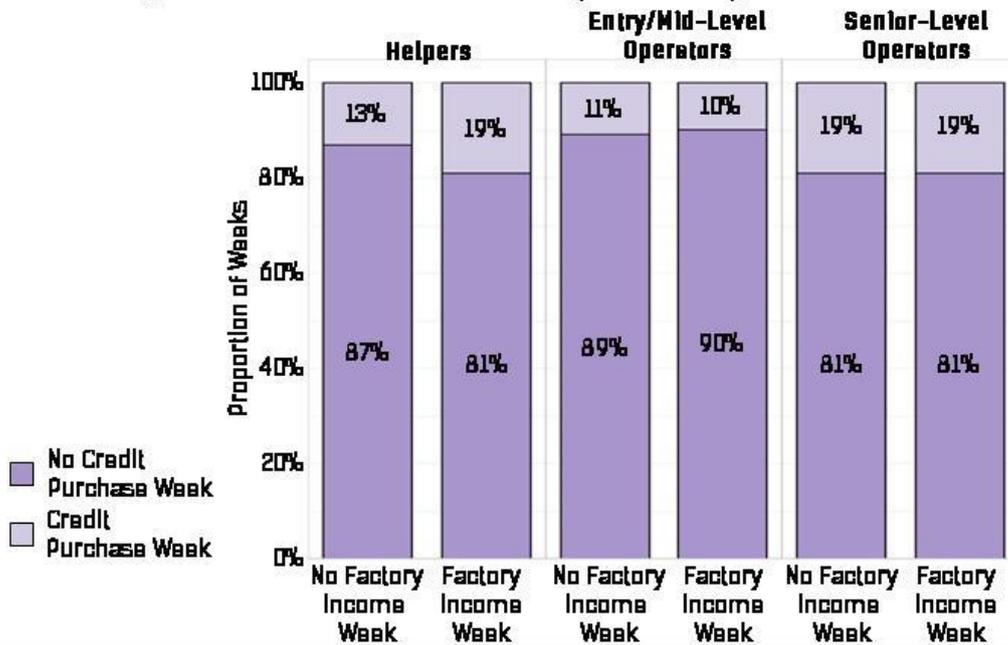
GARMENT WORKER DIARIES

Timing of Credit Purchases by Household Role



GARMENT WORKER DIARIES

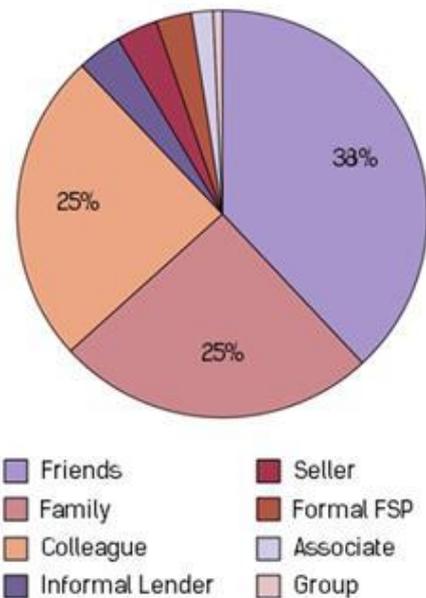
Timing of Credit Purchases by Factory Role



GARMENT WORKER DIARIES

New Loans by Source

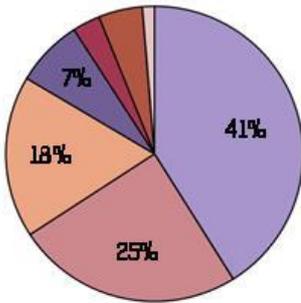
When receiving a new loan, participants most frequently turned to friends, family, and colleagues as sources. This was true regardless of a worker's household role or factory role. Workers rarely received new loans from formal and informal service providers.



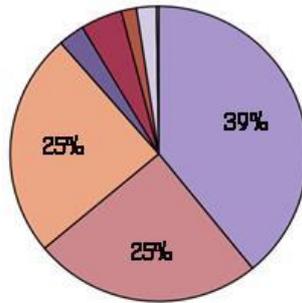
GARMENT WORKER DIARIES

New Loans by Source and Household Role

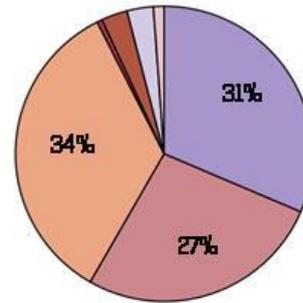
Money Managers



Independents



Supporters

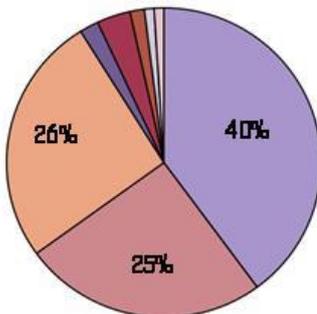


- Friends
- Family
- Colleague
- Informal Lender
- Seller
- Formal FSP
- Associate
- Group

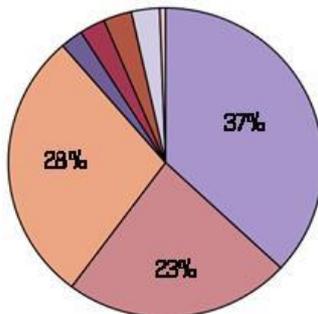
GARMENT WORKER DIARIES

New Loans by Source and Factory Role

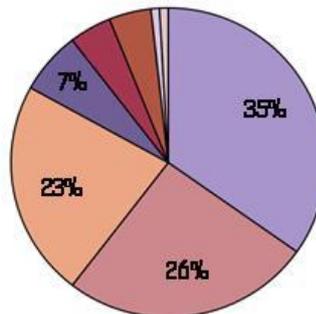
Helpers



Entry/Mid-Level Operators



Senior-Level Operators



- Friends
- Family
- Colleague
- Informal Lender
- Seller
- Formal FSP
- Associate
- Group

GARMENT WORKER DIARIES

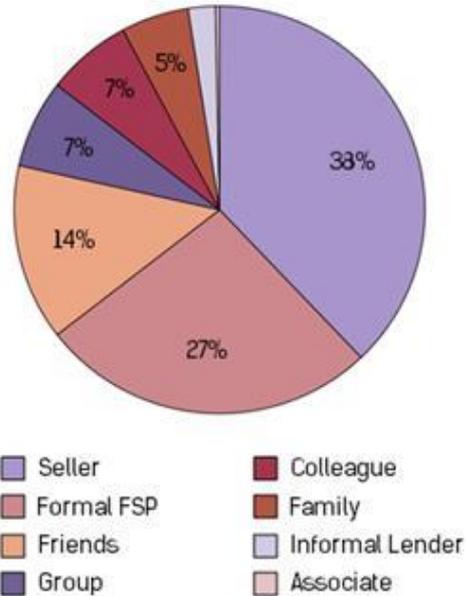


Household Roles

Factory Roles

Loan Repayment by Source

Although participants received more loans from friends and family, they made more repayments to sellers and formal FSPs. Given participants' frequent use of store credit, the large share of repayments going to sellers makes sense. The large share of repayments going to formal FSPs, combined with the previous slide's finding that few participants received new loans from formal FSPs, suggests that workers held large outstanding debts with formal FSPs before the study.



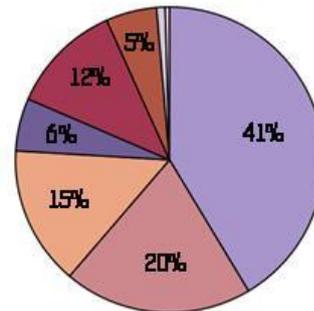
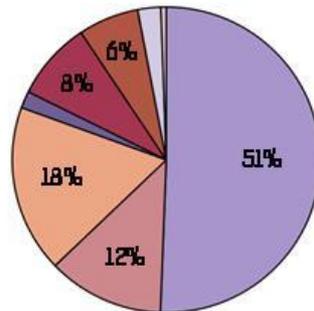
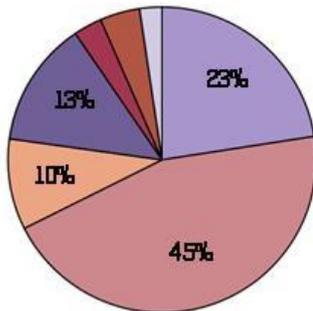
GARMENT WORKER DIARIES

Loan Repayment by Source and Household Role

Money Managers

Independents

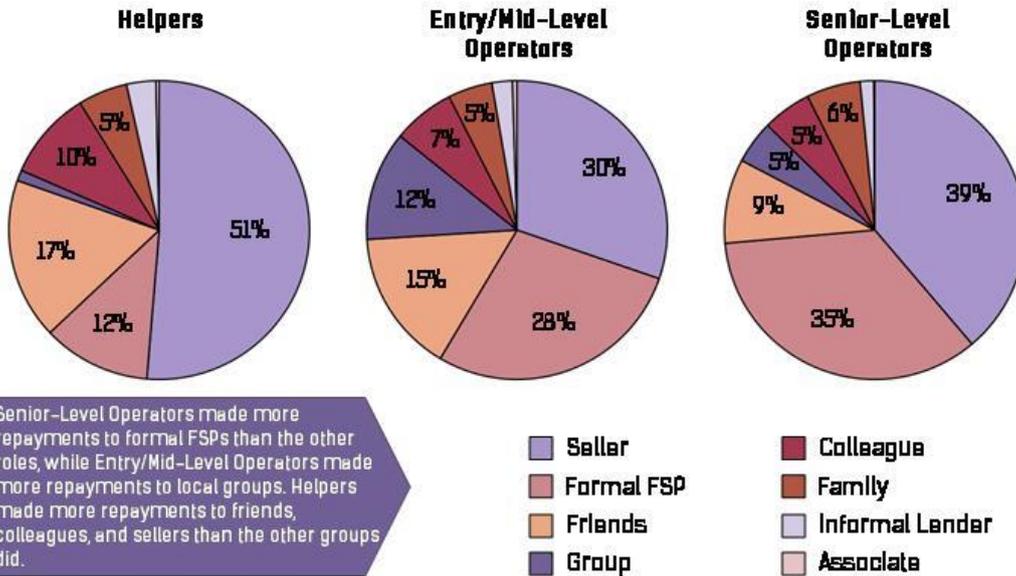
Supporters



Money Managers made more repayments to formal FSPs than Independents or Supporters did. They also made more repayments to local groups and fewer repayments to friends, colleagues, family, and sellers.

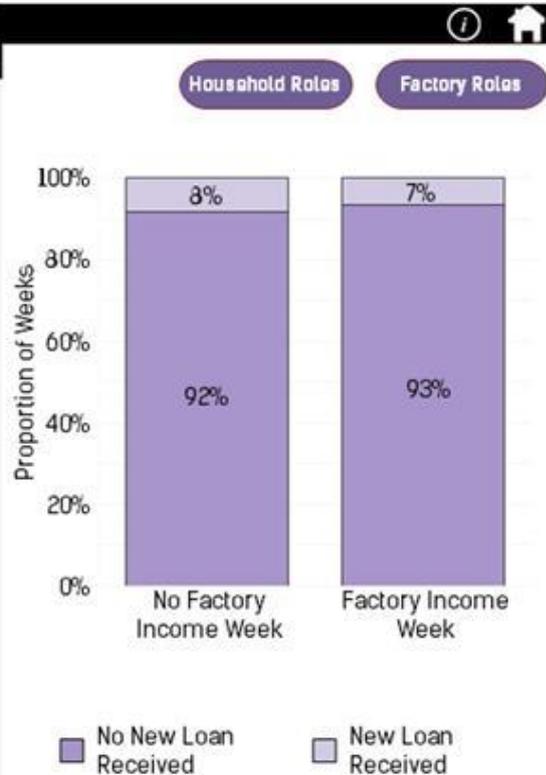


Loan Repayment by Source and Factory Role



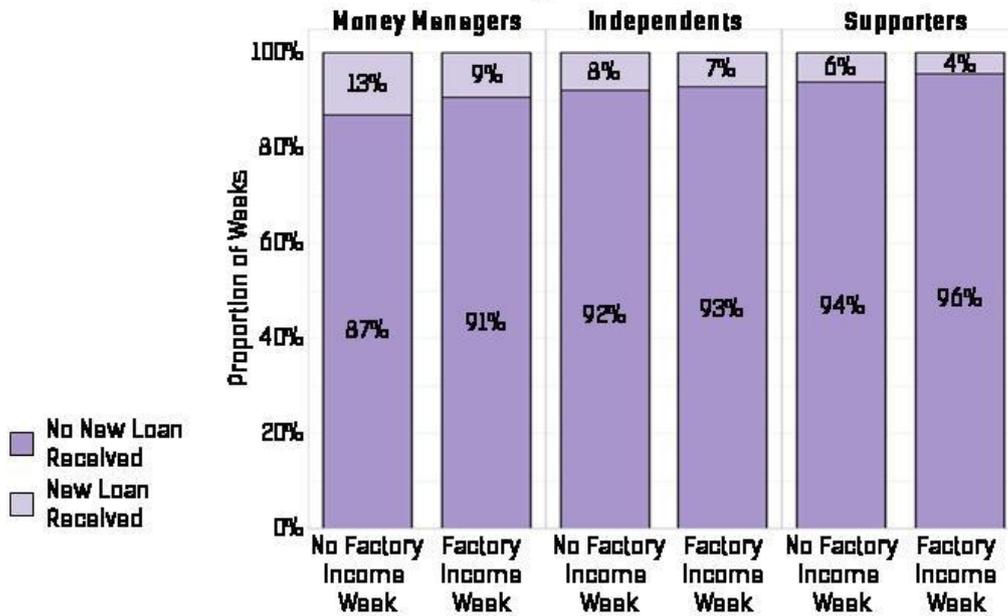
Timing of New Loans

This figure shows that participants received new loans similarly in weeks with income as in weeks without income. This suggests that workers did not rely more heavily on loans in weeks without income.



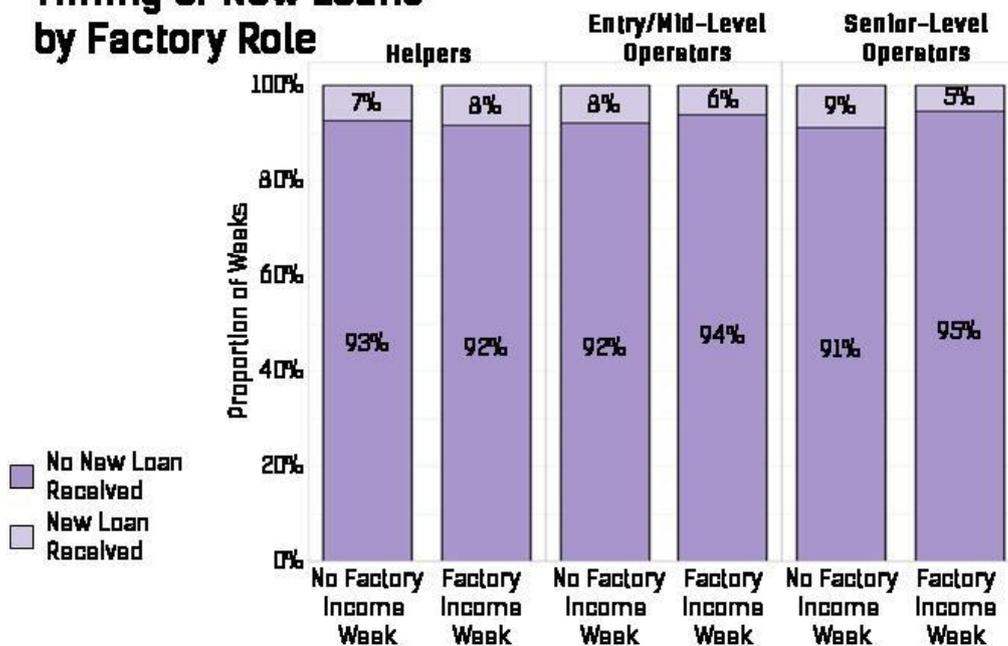
GARMENT WORKER DIARIES

Timing of New Loans by Household Role



GARMENT WORKER DIARIES

Timing of New Loans by Factory Role



GARMENT WORKER DIARIES



Timing of Repayments

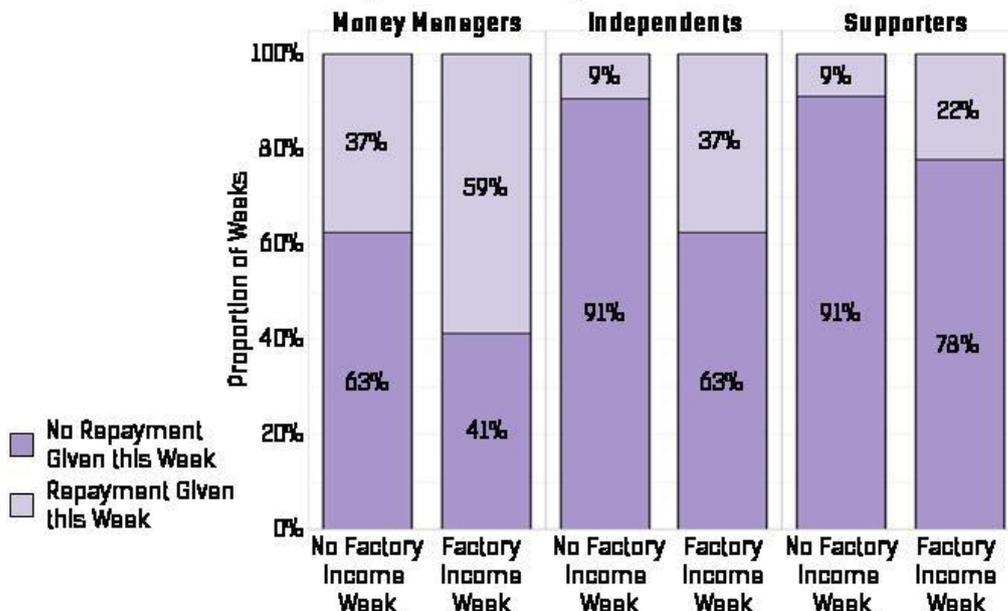
This figure shows that workers were more likely to make a loan repayment in weeks they received income than in weeks they did not.

These distinctions become more clear when viewing the data by household role or by factory role. Independents, for example, made significantly more repayments in the same weeks they received income than in the weeks they did not.



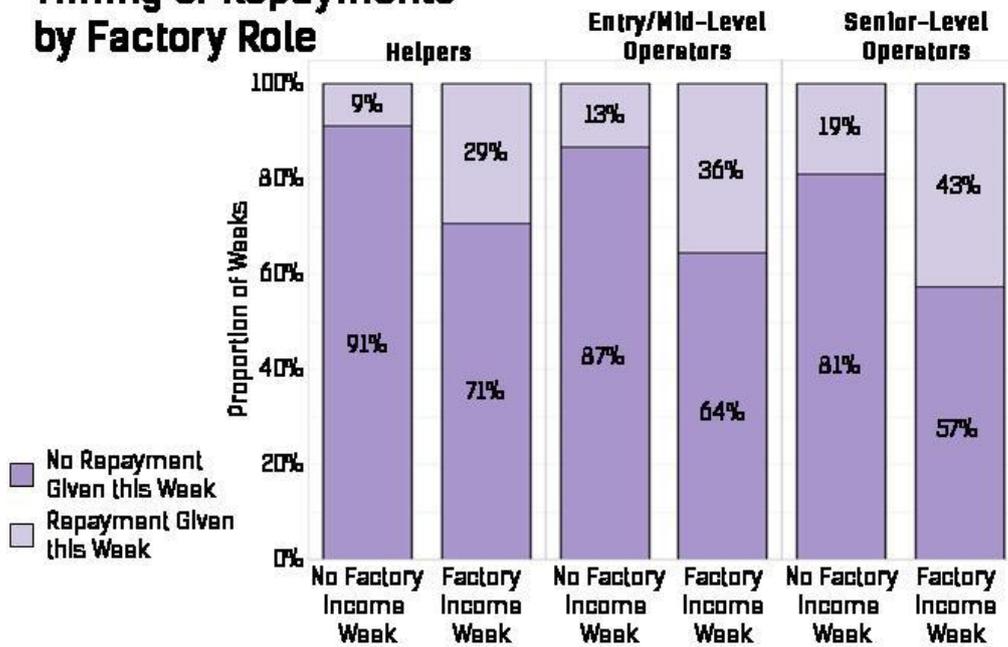
GARMENT WORKER DIARIES

Timing of Repayments by Household Role



GARMENT WORKER DIARIES

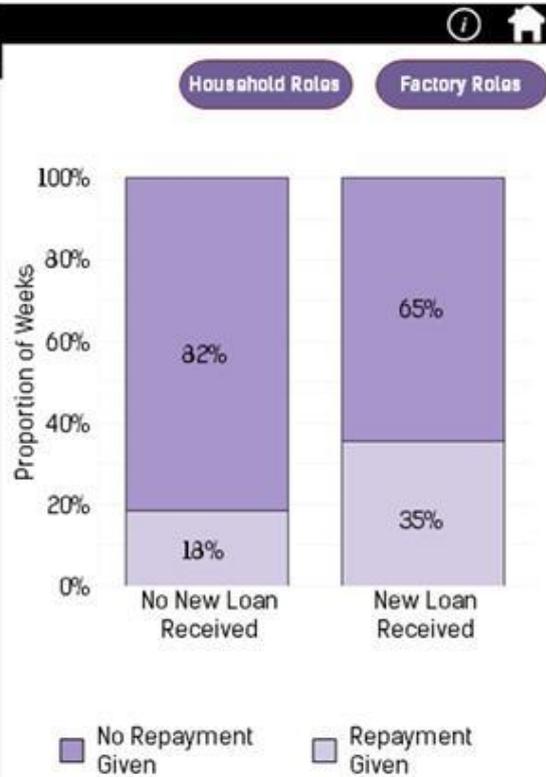
Timing of Repayments by Factory Role



GARMENT WORKER DIARIES

Repayments and New Loans

This figure shows that participants were almost twice as likely to make a repayment in the same week they received a new loan as they were in weeks without a new loan. This suggests that some workers would need to take on new debts in order to repay old ones, a scenario commonly referred to as a debt trap.



GARMENT WORKER DIARIES

Repayments and New Loans by Household Role

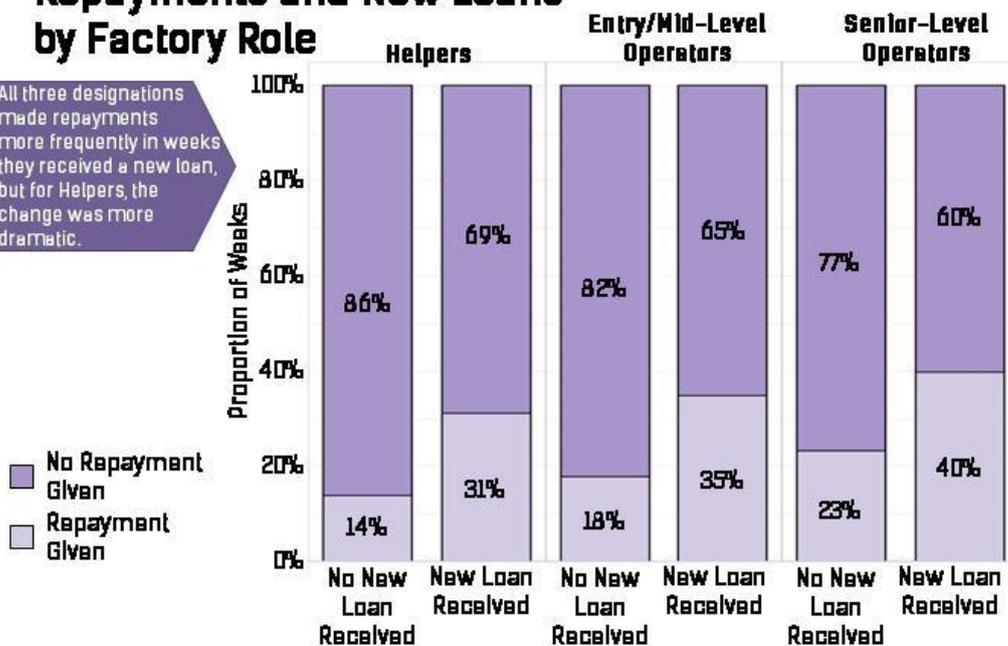
All three segments made repayments more frequently in weeks they received a new loan, but Money Managers reported this more than the others.



GARMENT WORKER DIARIES

Repayments and New Loans by Factory Role

All three designations made repayments more frequently in weeks they received a new loan, but for Helpers, the change was more dramatic.



End of Chapter Summary

This chapter explored the different financial tools that participants used during the study. Differences in how workers used IHTs revealed three segments of workers: Money Managers, Independents, and Supporters. These workers, in turn, used other financial tools differently as well. For example, Money Managers regularly took on greater debt than Independents and Supporters did. They also struggled to save at the same rate that Supporters and Independents saved.

Senior-Level Operators also took on greater amounts of debt. However, unlike Money Managers, they achieved a small savings rate. Unlike Senior-Level Operators, Helpers and Entry/Mid-Level Operators took on less debt but had intra-household obligations that consumed more of their earnings.

The next chapter will piece together these past three chapters to better explore how workers manage their cash flow and to what degree they suffer from financial stress.

GARMENT WORKER DIARIES i 🏠

Chapter 5: Cash Flow Management and Financial Stress

Despite differences in how participants managed their cash flows, many of them suffered from financial stress: few workers had adequate standards of living; most used risky financial tools in order to extend their means; and many others suffered from inadequate access to food and proper medical treatment.



Cash Flow Management

Financial Tool Use

Financial Stress

Cutting Back

Standard of Living

Financial Literacy

GARMENT WORKER DIARIES i 🏠

Cash Flow Management

The previous three chapters reviewed participants' earnings, expenditures, and use of financial tools. Below is a brief description of workers' general management of these various cash flows. For more detailed cash flow management descriptions, please click the "Household Roles" and "Factory Roles" buttons below.

In general, workers earned a gross factory income of almost 8,900 taka, and most workers kept their spending within this limit. The major exception to this was Money Managers who, due to the greater intra-household financial support they received, spent more than they earned.

Despite controlling their spending, participants' other financial obligations consumed most of their remaining income. All types of workers had regular debt repayments, though the severity of these varied, and most workers were net-givers of cash transfers. This left participants with small sums of money that they saved for times of need.

Household Roles

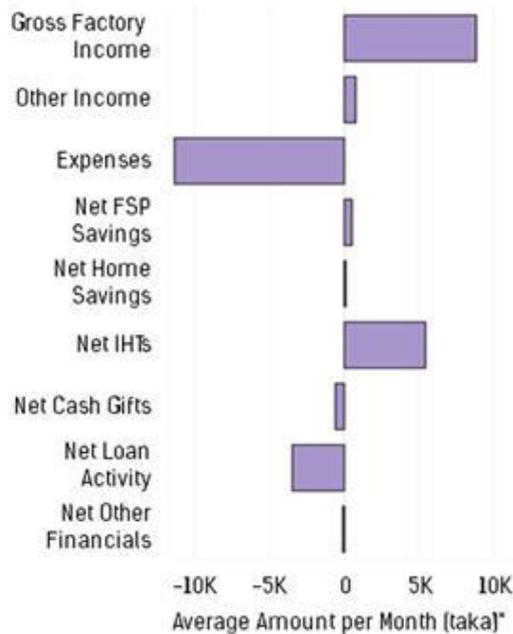
Factory Roles

GARMENT WORKER DIARIES

Money Managers

Money Managers earned about 8,800 taka, total each month, on average, but they also spent over 11,000 taka each month on household purchases.

To finance this deficit spending, they pulled in money from their savings and received cash transfers from household members (IHTs). They also regularly purchased goods on credit and received new loans to finance expenses, but these came at the price of high monthly loan repayments and greater financial stress.



*Excludes data that did not fall within the first and last complete pay periods, and excludes data from workers who quit the factory and who suffered from chronic unemployment.

GARMENT WORKER DIARIES

Independents

Independents also earned about 8,800 taka per month, on average, but unlike Money Managers, they kept their expenses within their limit, spending over 6,200 taka per month, on average.

This difference can be explained by Independents' net flow of IHTs, because they received less household support, they could not afford to spend as much. Instead, Independents could save small sums of money each month, on average, but they still had other cash transfers and loan repayments that limited their savings behavior.



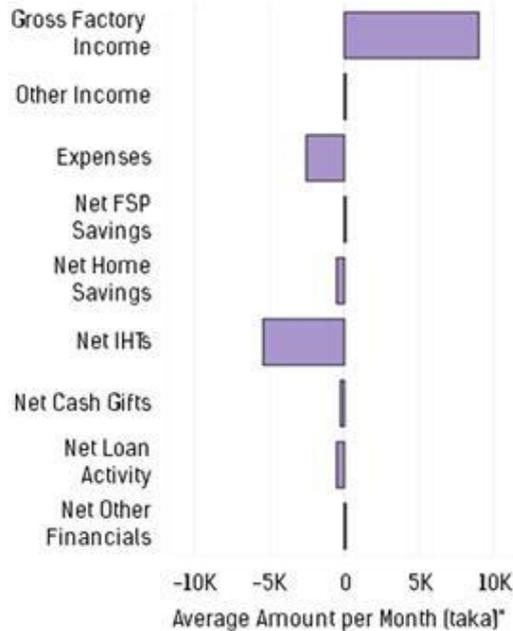
*Excludes data that did not fall within the first and last complete pay periods, and excludes data from workers who quit the factory and who suffered from chronic unemployment.

GARMENT WORKER DIARIES

Supporters

Supporters earned just over 9,000 taka per month, on average, slightly more than Money Managers and Independents earned. Despite these higher earnings, Supporters spent significantly less than the other household roles did; specifically, they spent only about 2,500 taka per month.

Instead, Supporters provided larger IHTs to other household members that consumed most of their earnings. With their remaining earnings, Supporters made deposits at home and repaid off some of their debts as well.



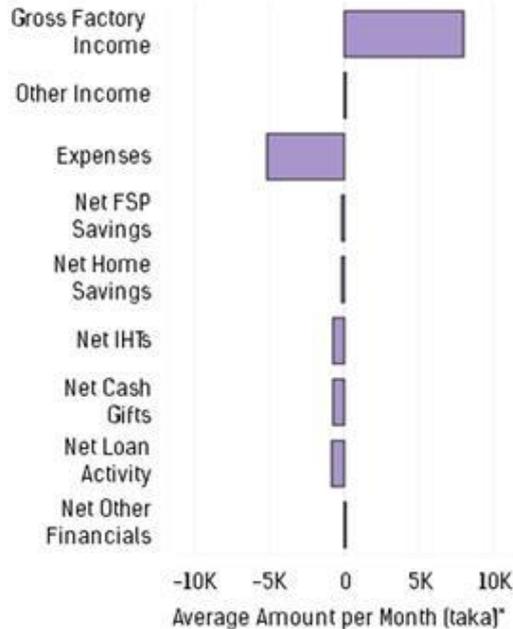
*Excludes data that did not fall within the first and last complete pay periods, and excludes data from workers who quit the factory and who suffered from chronic unemployment.

GARMENT WORKER DIARIES

Helpers

Helpers received the least per month, on average, due to their lower wage grade, and they received little income from other sources. On average, Helpers spent within their limits and managed to save small sums of money each month in their savings accounts.

However, Helpers had other financial obligations, such as cash transfers to people inside the home (IHTs) and outside the home. These transfers, along with their debt burdens, kept them from spending or saving more.



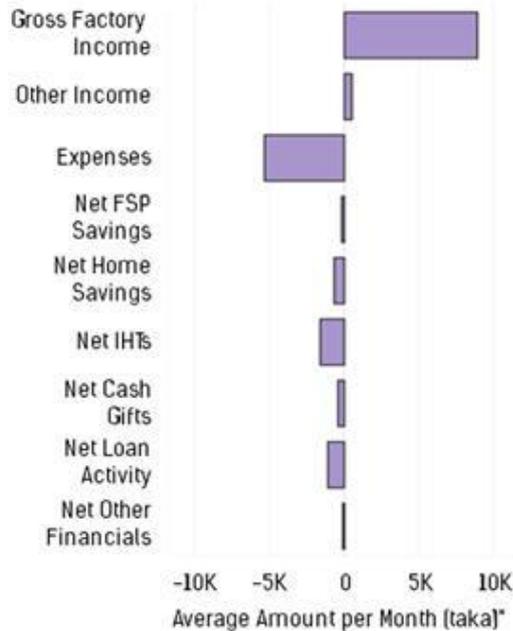
*Excludes data that did not fall within the first and last complete pay periods, and excludes data from workers who quit the factory and who suffered from chronic unemployment.

GARMENT WORKER DIARIES

Entry/Mid-Level Operators

Entry/Mid-Level Operators received slightly more income than Helpers did, due to their higher wage grades. However, their higher earnings did not translate into greater spending: on average, they spent about the same amount as Helpers did each month.

Instead, Entry/Mid-Level Operators saved slightly more at home, and they provided larger IHTs to household members. They also spent slightly more each month repaying debts.



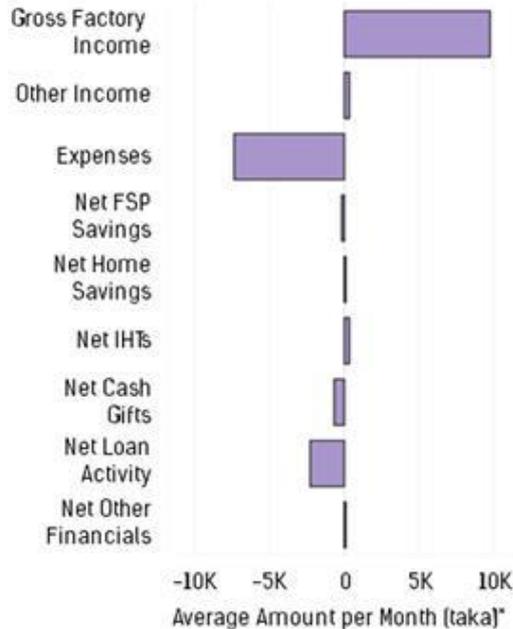
*Excludes data that did not fall within the first and last complete pay periods, and excludes data from workers who quit the factory and who suffered from chronic unemployment.

GARMENT WORKER DIARIES

Senior-Level Operators

Senior-Level Operators, who had the highest wage grades, received the most per month. Unlike the jump from Helper to Entry/Mid-Level Operator, Senior-Level Operators' higher earnings indeed resulted in higher household spending.

However, this higher spending was paired with less savings and larger debt repayments. Unlike other designations, Senior-Level Operators also received support from household members in the form of IHTs, but they still had net negative flows of other cash transfers.



*Excludes data that did not fall within the first and last complete pay periods, and excludes data from workers who quit the factory and who suffered from chronic unemployment.

Identifying Financial Stress

There is no objective measure of financial stress—it is relative to personal experience and context. A garment worker may be under less financial stress than a farmer in the same country but may face more financial stress than a lawyer. As this report will argue, even garment workers within the same country can have varying levels of financial stress, depending on their circumstances. With that in mind, MFO considers four criteria when discussing financial stress:

1. Participants' reported standard of living at the outset of the study, including things like asset ownership and poverty-level.
2. The purchases of goods and services to improve their standard of living during the study.
3. Participants' access to and use of financial tools, including savings, cash transfers, loans, and insurance.
4. The degree to which participants cut back on expenses, especially of necessities, as a means of managing their expenditures.

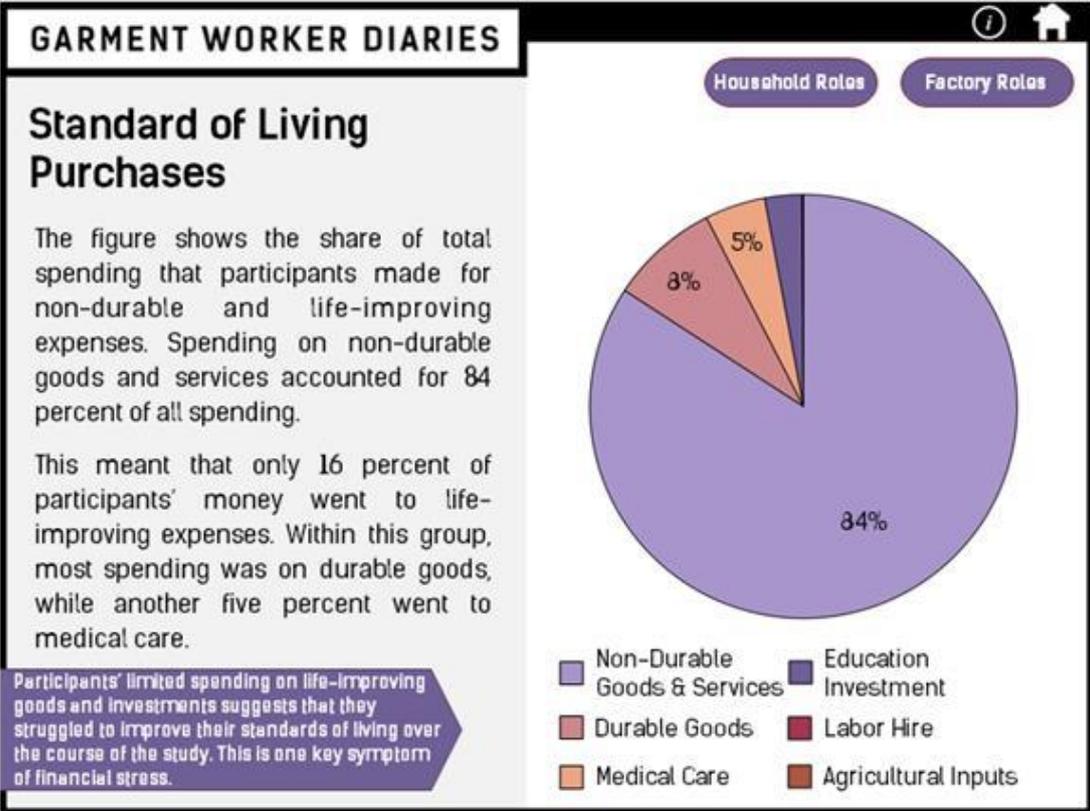
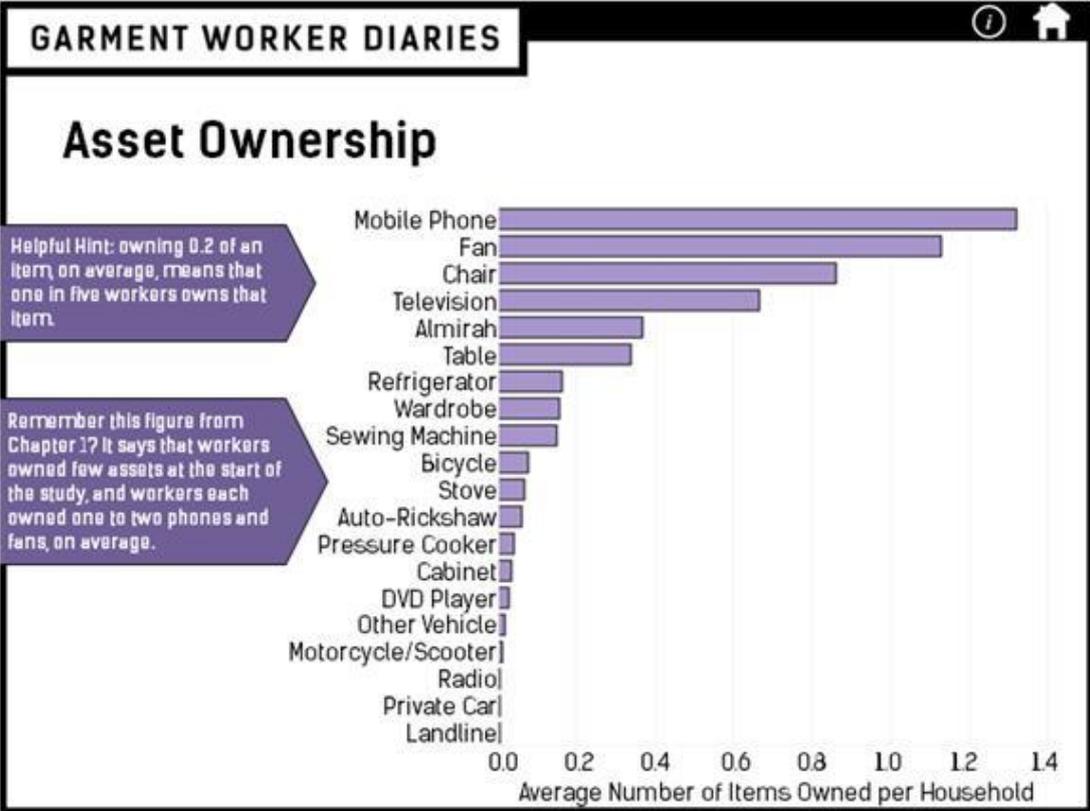
Standard of Living

Chapter 1 revealed how—apart from mobile phones and fans—participants owned few assets, such as furniture, vehicles, and appliances like refrigerators and stoves.

In Chapter 3, MFO also analyzed how much money participants spent on life-improving goods and investments. We found that only 16 percent of participants' spending went towards life-improving expenses. Despite spending little of their money on these types of purchases, workers' savings goals revealed that they dreamed of owning life-improving assets and would likely purchase more if they had enough money.

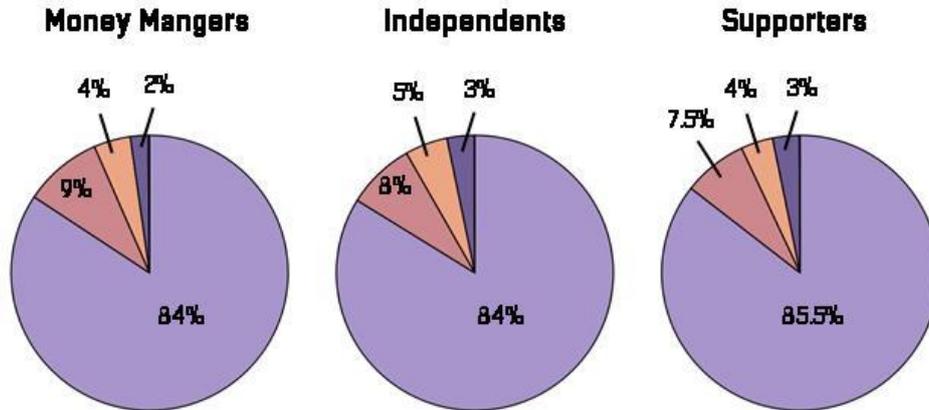
Lastly, MFO found that when workers made large asset purchases or education investments, they pulled in money from other non-income-based sources, like savings and loans. For example, participants increased the amount they received from savings and loans to finance asset purchases; for weeks with education investments, they received more from non-home-based savings, but income still played a large role in financing education investments.

[Standard of Living](#)[Savings Goals](#)



GARMENT WORKER DIARIES

Share of Money Spent by Item and Category

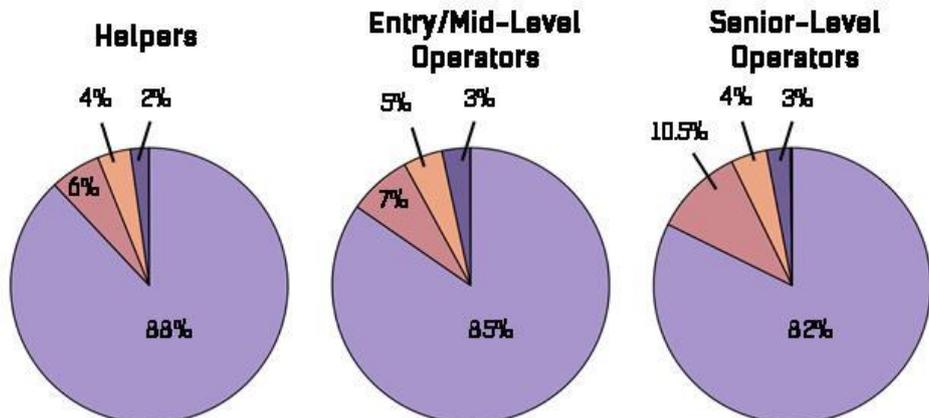


All three roles spent similar shares of their money on life-improving goods and investments.

- Non-Durable Goods & Services
- Education Investment
- Durable Goods
- Labor Hire
- Medical Care
- Agricultural Inputs

GARMENT WORKER DIARIES

Share of Money Spent by Item and Category



A greater share of Senior-Level Operators' spending went to life-improving goods and investments, suggesting that they are better able to afford such expenses than their lower-earning counterparts.

- Non-Durable Goods & Services
- Education Investment
- Durable Goods
- Labor Hire
- Medical Care
- Agricultural Inputs

GARMENT WORKER DIARIES

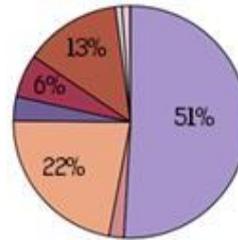


Asset Financing

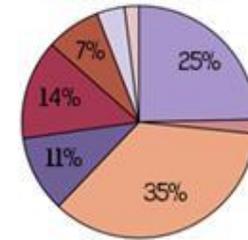
The right-hand figure compares the share of average weekly inflows in weeks without an asset purchase to weeks with an asset purchase.

The figure shows that workers pulled in more money from savings and loans during weeks with an asset purchase. This suggests that workers would use these tools in order to acquire large durable goods. However, income was also an important source when financing assets.

Weeks without Asset Purchases*



Weeks with Asset Purchases*



- Factory Income
- Other Income
- Home Withdrawal
- FSP Withdrawal
- Loan Received
- IHT Received
- Cash Gift Received
- Loan Repayment Received
- Other Financial Received

*In this context, we define "Asset Purchase" as being a lump sum purchase for a durable good.

GARMENT WORKER DIARIES

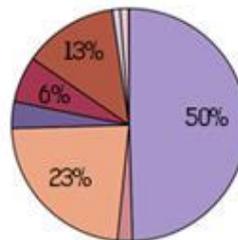


Financing Education

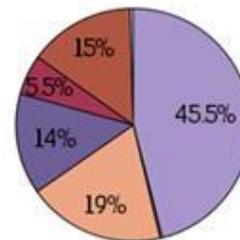
The right-hand figure compares the share of average weekly inflows in weeks without an education investment to weeks with an education investment.

Participants more than doubled the amount they withdrew from their FSP-based savings in weeks with an education investment, suggesting that some workers used this tool to help finance their children's education. However, home savings and income were also important sources for financing education investments.

Weeks without Education Investments



Weeks with Education Investments*



- Factory Income
- Other Income
- Home Withdrawal
- FSP Withdrawal
- Loan Received
- IHT Received
- Cash Gift Received
- Loan Repayment Received
- Other Financial Received

*In this case, MFO defines an "Education investment" as being an education-related lump sum purchase.

Household Roles

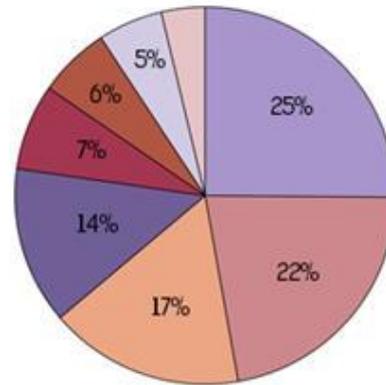
Factory Roles

Top Savings Goals

Most participants were saving for some kind of life-improving purchase or investment, such as building a home or leasing land. Few participants reported their top goals as saving for emergencies or other things—such as loan repayments and transportation costs.

These findings suggest that participants were primarily saving to improve their standards of living either by improving their housing situations or investing in something like land or education.

Despite trying to save for life-improving goods and investments, workers spent very little of their money on these items, as discussed in Chapter 3.



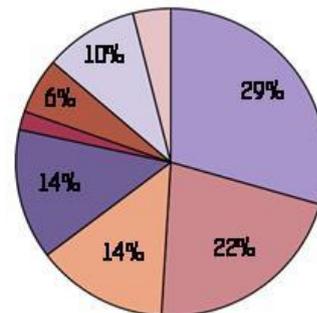
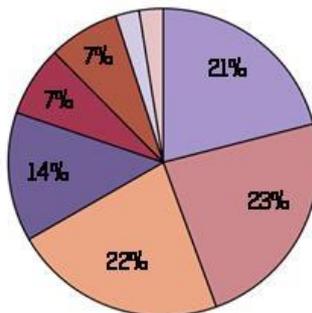
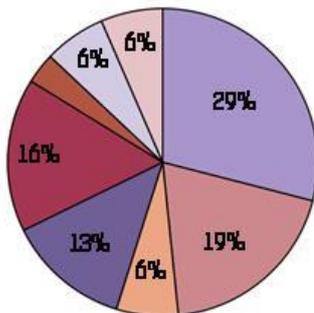
- Build/Repair Home
- Purchase/Lease Land
- Child's Education
- Wedding
- Other Asset Purchase
- Business Investment
- Future Use
- Other

Savings Goals by Household Role

Money Mangers

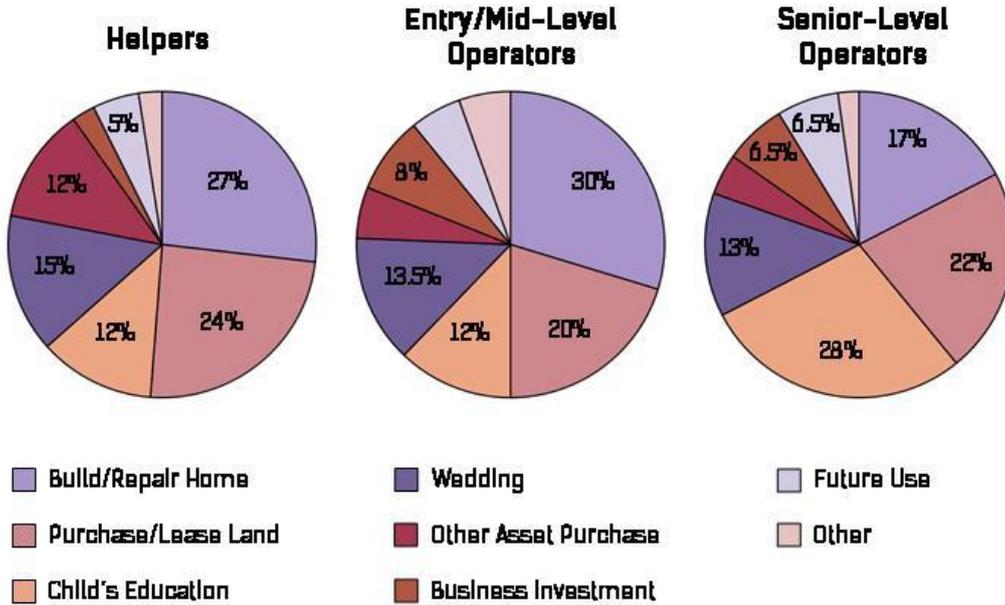
Independents

Supporters



- Build/Repair Home
- Purchase/Lease Land
- Child's Education
- Wedding
- Other Asset Purchase
- Business Investment
- Future Use
- Other

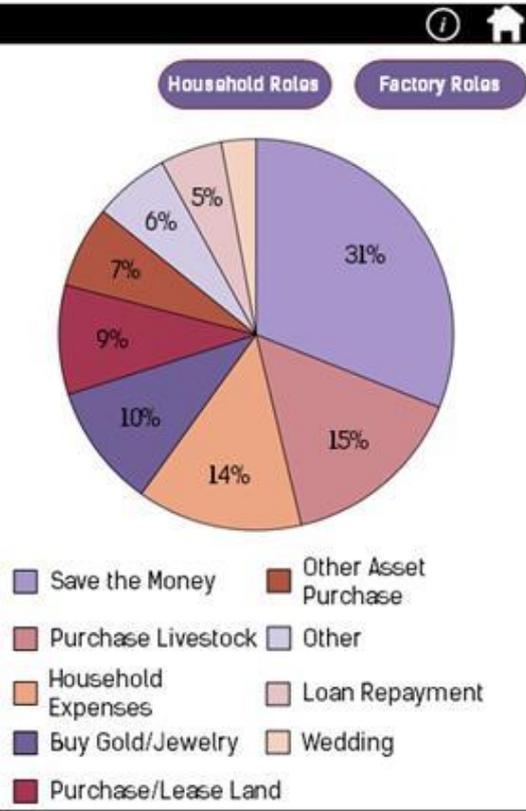
Savings Goals by Factory Role



Cash Windfalls

In addition to asking about savings goals, MFO also asked participants what they would do if they received a large, unexpected sum of cash.

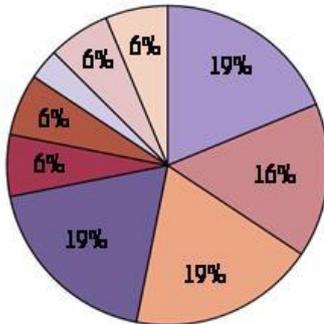
A plurality said that they would simply save the money for one of the items mentioned on the previous slide. Others said they would immediately invest it in things like livestock, gold, and land. Still, others signaled that the money would go towards more urgent needs, like buying household goods or repaying debt.



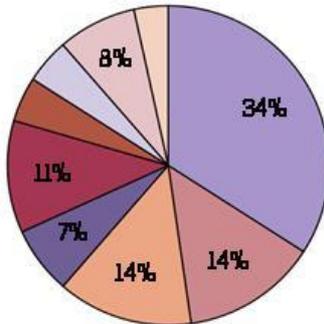
GARMENT WORKER DIARIES

Cash Windfalls by Household Role

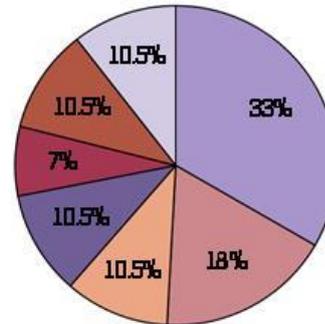
Money Mangers



Independents



Supporters

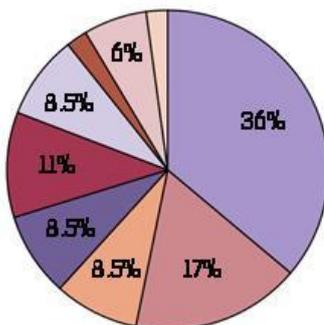


- Save the Money
- Buy Gold/Jewelry
- Other
- Purchase Livestock
- Purchase/Lease Land
- Loan Repayment
- Household Expenses
- Other Asset Purchase
- Wedding

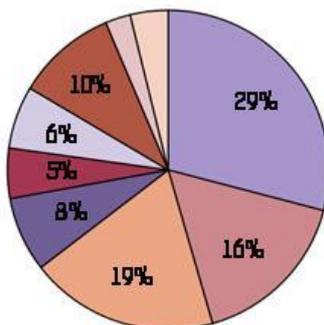
GARMENT WORKER DIARIES

Cash Windfalls by Factory Role

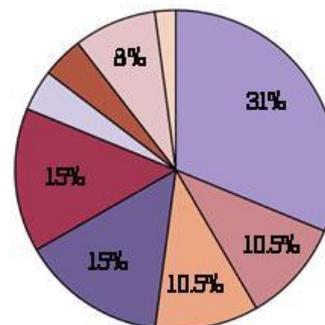
Helpers



Entry/Mid-Level Operators



Senior-Level Operators



- Save the Money
- Buy Gold/Jewelry
- Other
- Purchase Livestock
- Purchase/Lease Land
- Loan Repayment
- Household Expenses
- Other Asset Purchase
- Wedding



Financial Tool Use

In the previous chapter, MFO found that:

- Participants regularly used credit to acquire household necessities, regardless of whether or not they had recently been paid;
- They were more likely to receive a new loan in weeks when they had made a loan repayment than in weeks they had not; and
- When considering participants' expenditures and financial obligations, few workers could achieve large savings rates (to review these findings, click the "Financial Tools" button below).

These findings hint at high levels of financial stress. Because workers found their salaries insufficient, they often acquired goods on credit, driving their households into debt. Workers also often received new loans in the same weeks they would repay old ones, trapping many in a cycle of debt. And while some managed to save, others struggled, leaving them without a vital safety net. This became especially problematic during weeks with medical emergencies when workers had to take on more debt than they would in non-emergency weeks.

Financial Tools

Emergencies



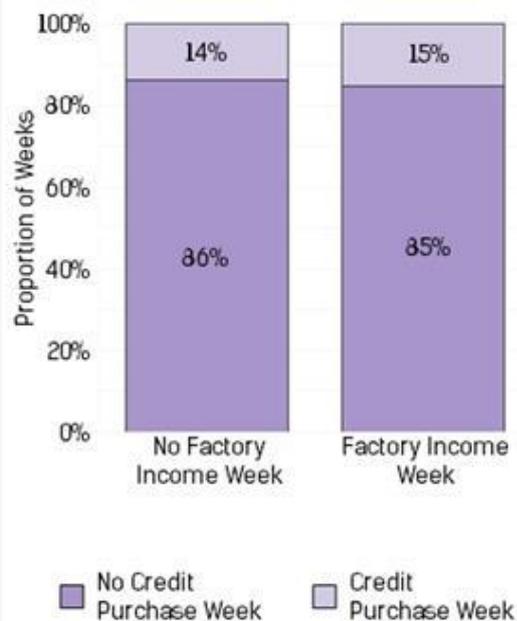
Strategizing Credit Purchases

Why do people acquire goods on credit? In most cases, it is because people do not have the cash they need to buy what they want.

However, participants used credit at near equal rates in weeks they received income and in weeks they did not. It is likely that workers knew their earnings could not cover their monthly expenses, and they would use credit to acquire necessities without consuming their limited supply of cash. While this strategy freed up money for them to use later in the month, it also increased their debt burdens and financial stress.

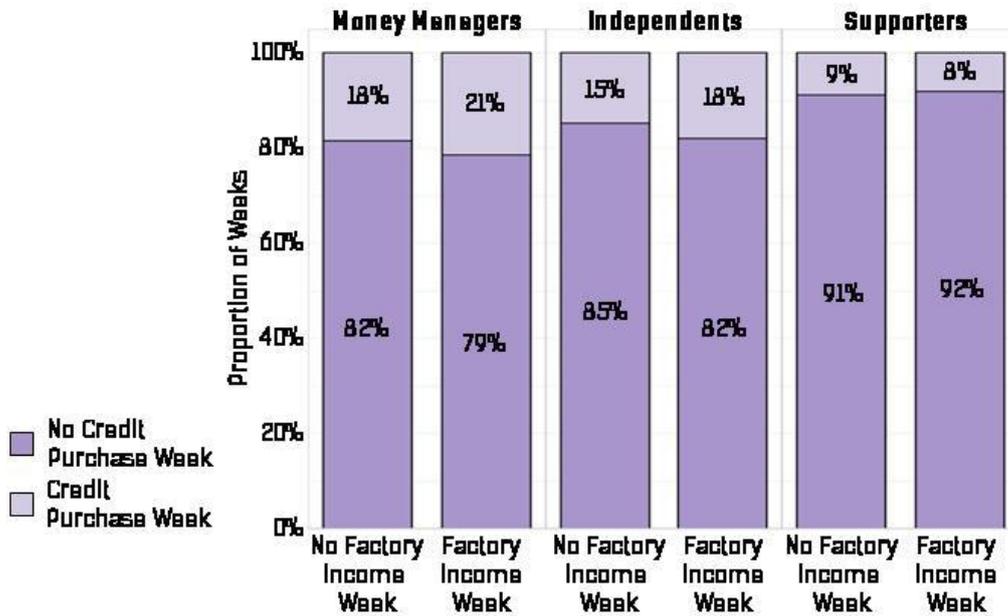
Household Roles

Factory Roles



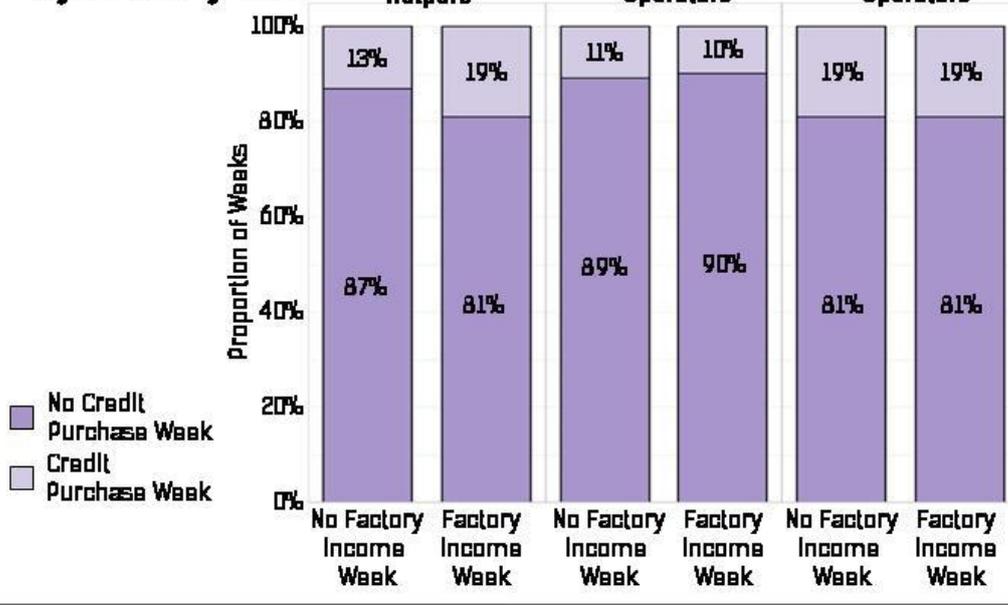
GARMENT WORKER DIARIES

Timing of Credit Purchases by Household Role



GARMENT WORKER DIARIES

Timing of Credit Purchases by Factory Role



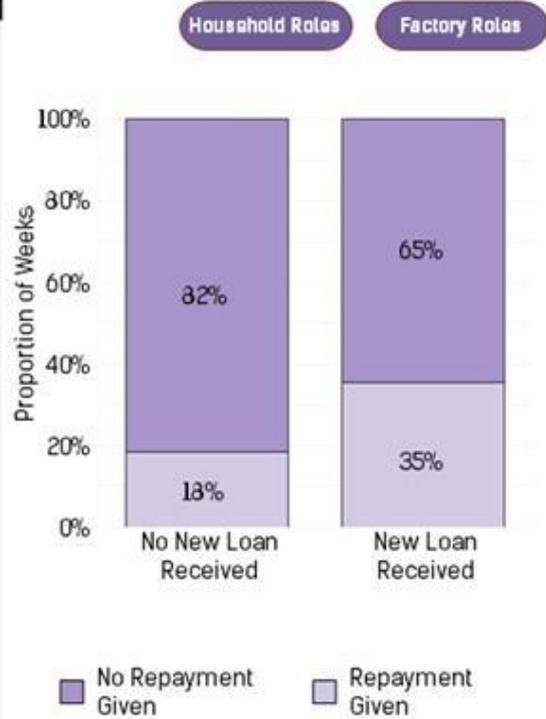
GARMENT WORKER DIARIES

Debt Traps

A debt trap can occur when a borrower is stuck in a cycle of re-borrowing money in order to finance the repayment of another loan. Debt traps are a major side-effect of financial stress.

The right-hand figure shows that participants were more than twice as likely to make a repayment in the same week they received a new loan.

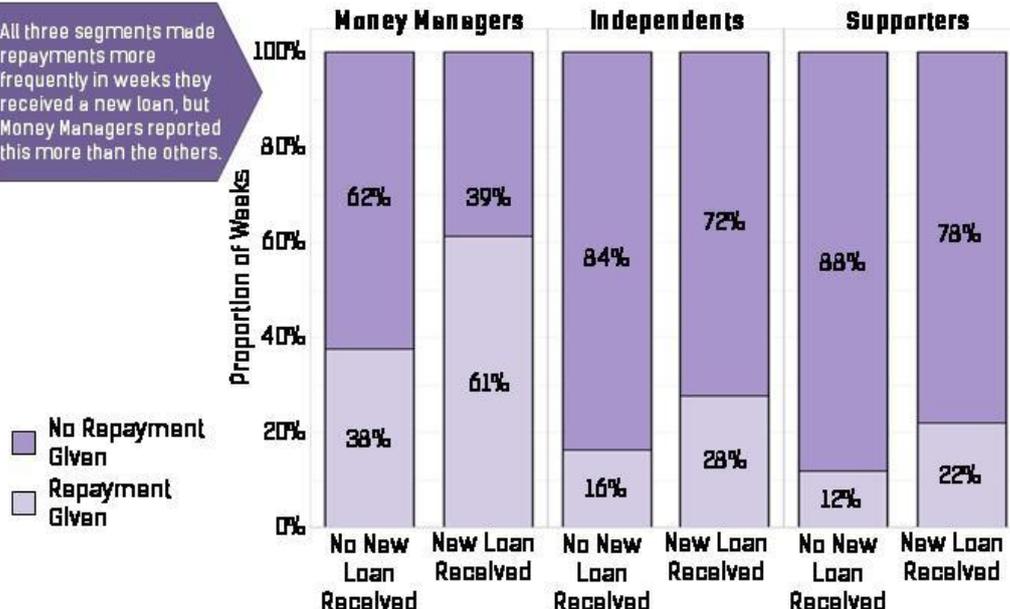
The jump in repayments given in new-loan weeks implies that debt traps were a major problem for some workers. Comparing this jump between different household roles and factory roles also provides insight into which groups suffered the most from this problem.



GARMENT WORKER DIARIES

Repayments and New Loans by Household Role

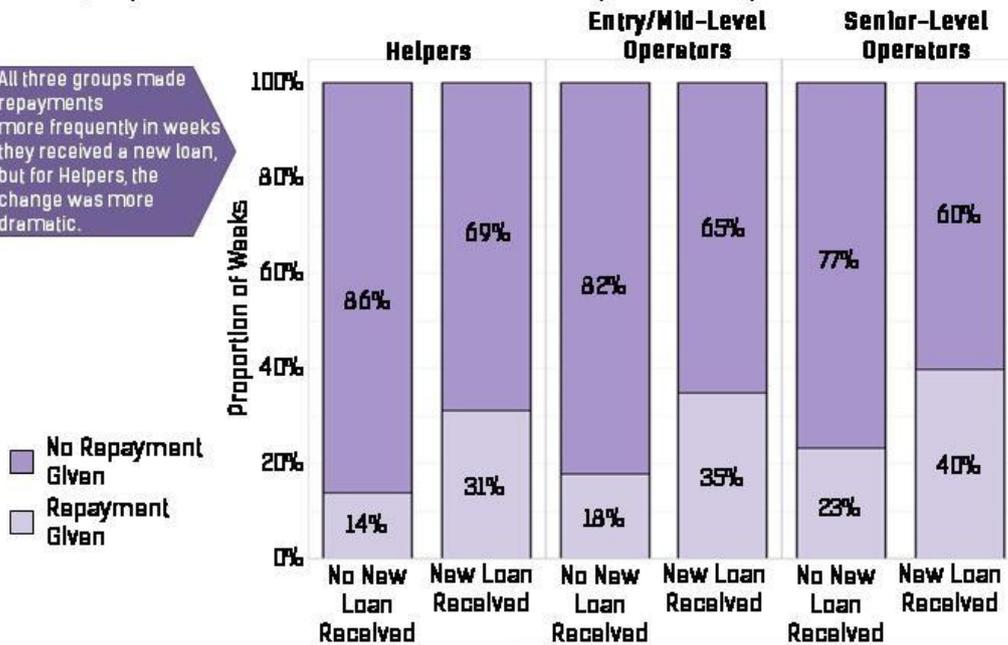
All three segments made repayments more frequently in weeks they received a new loan, but Money Managers reported this more than the others.



GARMENT WORKER DIARIES

Repayments and New Loans by Factory Role

All three groups made repayments more frequently in weeks they received a new loan, but for Helpers, the change was more dramatic.



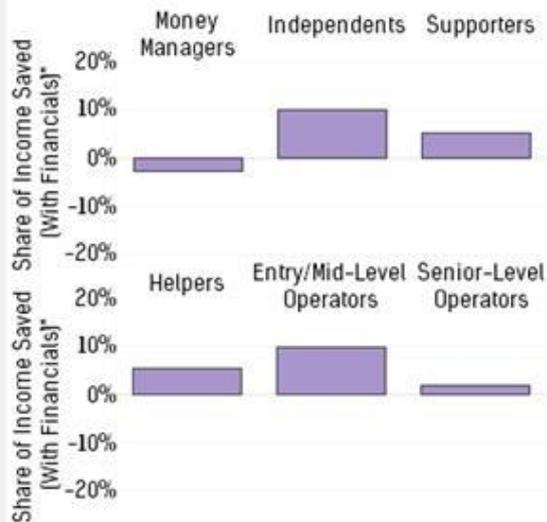
GARMENT WORKER DIARIES

Savings Rates

The right-hand figure shows the share of income participants could save after all expenses and financial obligations were accounted for.

It reveals that participants had varying degrees of success with saving money. While Money Managers struggled to save anything due to their higher spending and greater debts, Independents and Entry/Mid-Level Operators saved about 10 percent of their earnings, on average.

These variations support the idea that financial stress can take different forms. For example, while Helpers seemed more likely to fall into debt traps, they were able to save more of their earnings than Senior-Level Operators were.



*Both figures exclude workers who quit working for their factory before the study ended and who suffered from chronic unemployment.

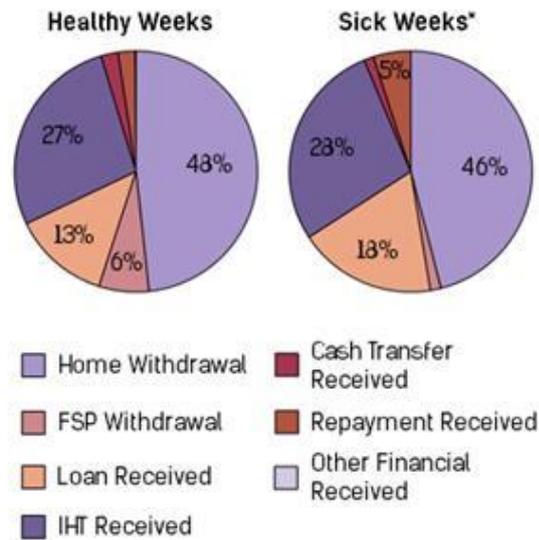
GARMENT WORKER DIARIES



Financing Sick Weeks

The right-hand figure compares the share of financial inflows in weeks when a participant was healthy to weeks when a participant was ill.

The figure shows that when participants were sick, they received slightly more in new loans and loan repayments received, suggesting that some workers could not afford basic treatment on their own. However, home savings and intra-household transfers (IHTs) were the primary sources for funding sick weeks.



*Excludes one extraneous FSP withdrawal value.

GARMENT WORKER DIARIES

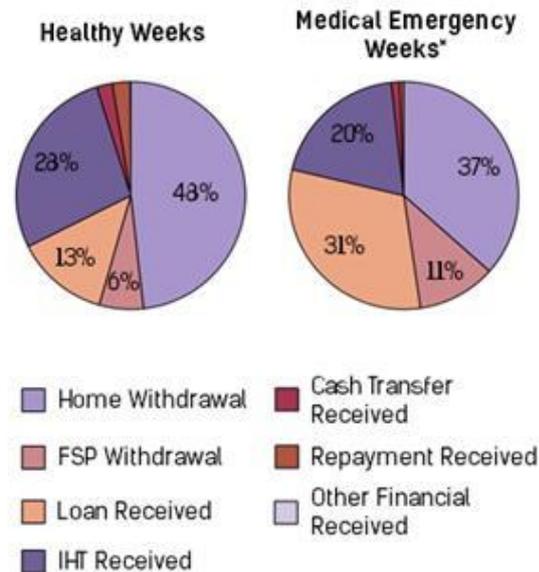


Financing Medical Emergencies

This figure compares the share of different financial inflows for weeks with and without a medical emergency.

Participants withdrew more money from new loans and FSP-based savings during weeks with a medical emergency, and they also received less from IHTs and home savings.

The jump in the share of new loans suggests that participants were vulnerable to emergencies because they could not always rely on their less risky financial tools, like savings and IHTs, to finance their medical bills.



*Excludes one extraneous FSP withdrawal value. In this case, MFO defines a medical emergency as being a medical lump sum purchase.

Cutting Back on Purchases

Using the Financial Diaries data, the previous slides argued that workers suffered from low standards of living, a limited ability to improve those standards, and burdensome financial obligations. The Diaries data cannot reveal, however, the degree to which participants' cut back on their expenses.

To explore this concept, MFO asked participants questions about their food intake and their health. Most participants reported having low and very low food security, and this often varied by economic role and factory designation. This suggests that many participants' could not afford adequate food for themselves. Additionally, over one-quarter of participants said that finding money for medical treatment was a major problem when seeking care. Lastly, no participants said that they had perfect health, suggesting that many struggle to afford the care their bodies need.

Cutting Back

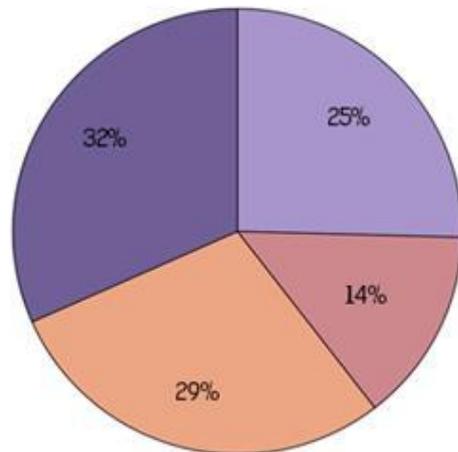
Food Security

MFO used a food security survey to measure participants' access to adequate amounts of and nutritious types of food. The survey revealed that most workers had low and very low food security, suggesting that they had precarious access to these types of food.

A central component of the food security survey was the degree to which participants perceived money as a barrier to acquiring more or better food. The findings confirm that many participants perceived this to be true.

Household Roles

Factory Roles

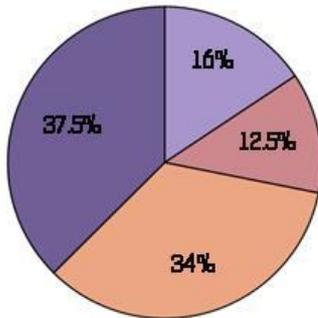


High Security
 Low Security
 Marginal Security
 Very Low Security

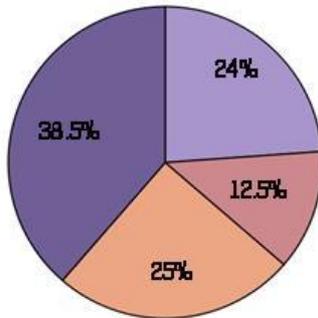
GARMENT WORKER DIARIES

Food Security by Household Role

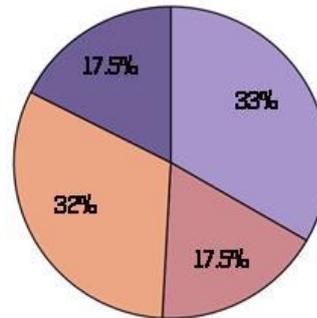
Money Mangers



Independents



Supporters



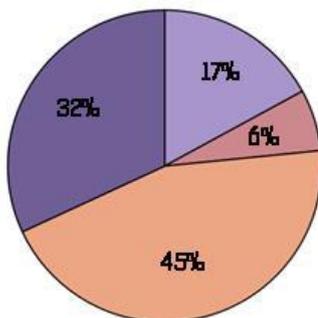
Despite spending more on food, Money Mangers reported having the lowest level of food security, while Supporters, who spent the least on food, had the highest level of security.

- High Security
- Low Security
- Marginal Security
- Vary Low Security

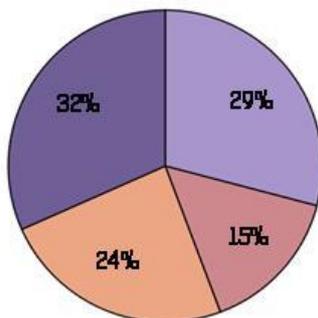
GARMENT WORKER DIARIES

Food Security by Factory Roles

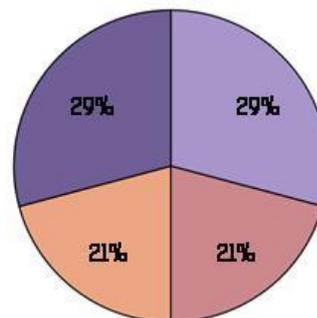
Helpers



Entry/Mid-Level Operators



Senior-Level Operators



Although a majority of participants had low and very low food security, their chances of having High or Marginal Security increased with their level of seniority in the factory.

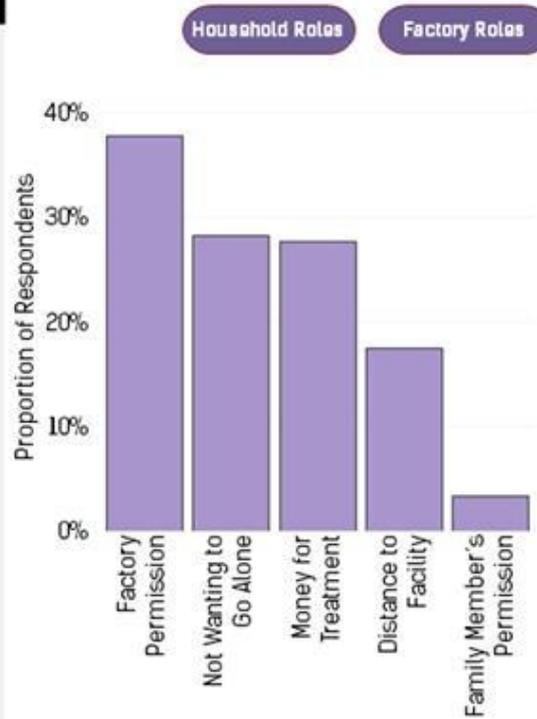
- High Security
- Low Security
- Marginal Security
- Vary Low Security

GARMENT WORKER DIARIES

Problems Seeking Care

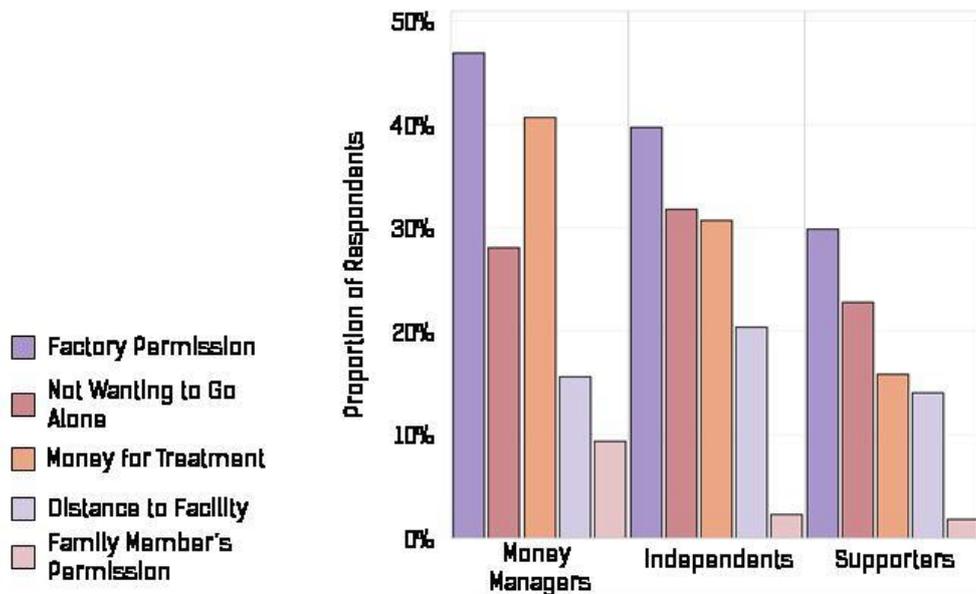
MFO also asked participants about various problems that make seeking medical care difficult. Over one-quarter of participants reported that finding money for treatment was a problem, suggesting that some would forgo treatment due to money.

However, finding money was not the only problem. Almost 40 percent of participants reported that receiving their factory's permission to receive treatment was a problem, and not wanting to go alone was another.

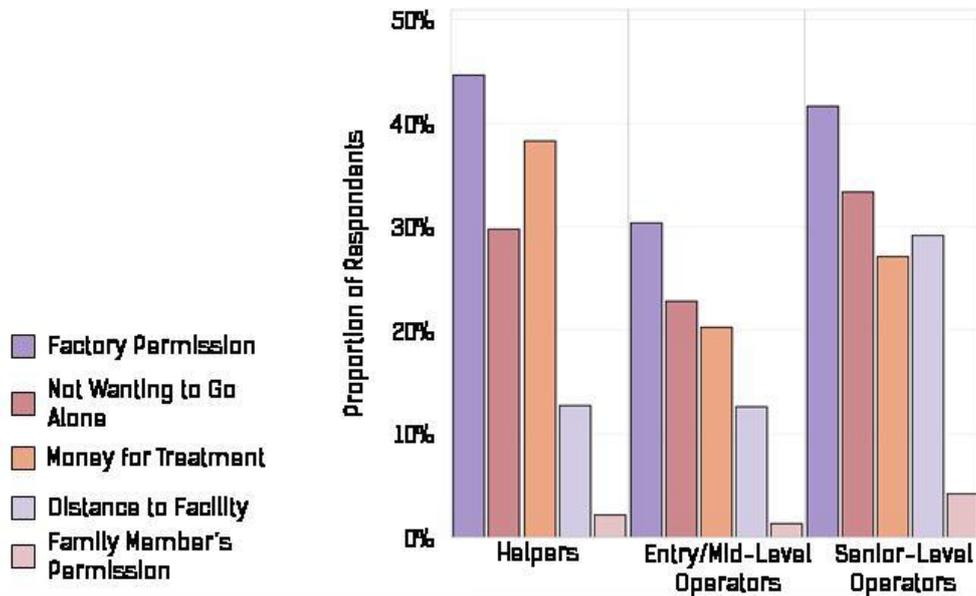


GARMENT WORKER DIARIES

Problems Seeking Care by Household Role



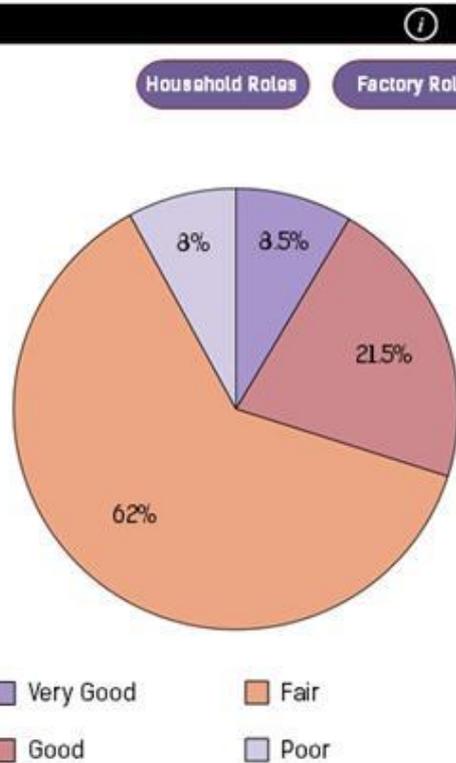
Problems Seeking Care by Factory Role



Current Health

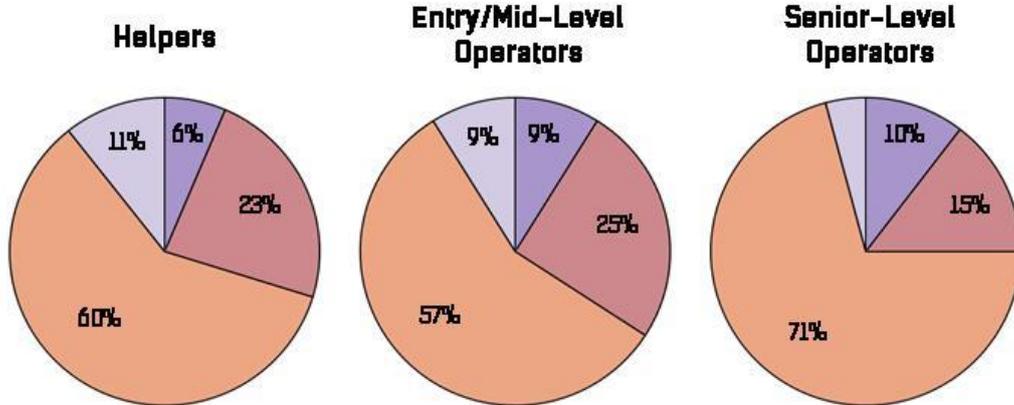
Lastly, MFO asked participants to rank their current health as another way to see if workers were cutting back on expenses.

When asked to rank their health from Excellent to Poor, no participants selected Excellent, with most saying they had Fair to Poor health. This suggests that workers were going without either the necessary food or medical treatment that they needed to feel healthy.



GARMENT WORKER DIARIES

Current Health by Factory Role

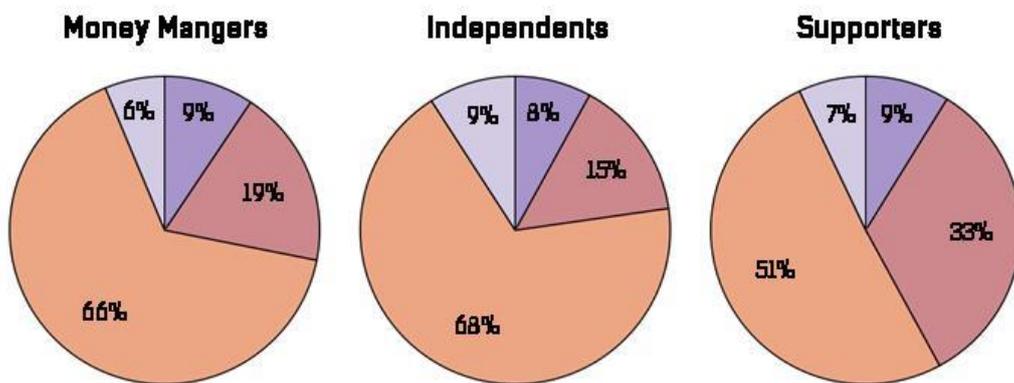


Despite earning the most per month, Senior-Level Operators reported having the worst health among the designations. Helpers also felt worse off than Entry/Mid-Level Operators did.



GARMENT WORKER DIARIES

Current Health by Household Role



Money Mangers and Independents reported having worse health than Supporters, but a majority of Supporters still reported having Fair to Poor health.



Financial Literacy

Financial literacy is a person's ability to process economic information to make informed decisions about financial planning, wealth accumulation, debt, and pensions. While not conclusive, research suggests a link between an individual's financial literacy and how she manages her money.

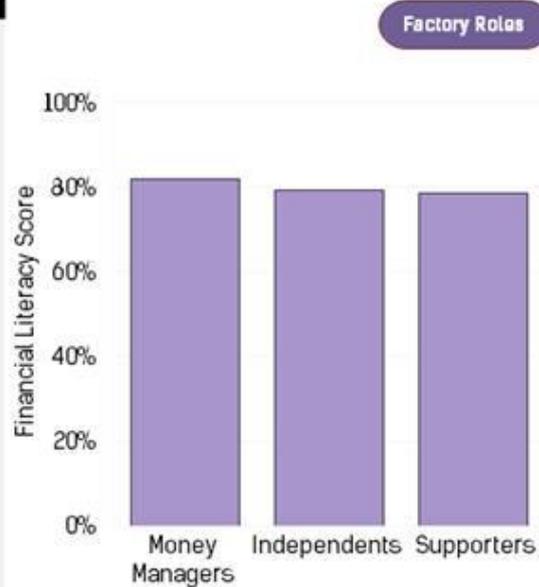
MFO adapted a **financial literacy test** from the Organization of Economic Development and Cooperation (OECD) and presented it to the participants. On average, participants scored almost 80 percent out of 100, suggesting that they had a high degree of financial literacy.

Knowing that participants had a high-degree of financial know-how only further highlights their financial stresses. Despite knowing the costs of taking on new debts, for example, workers made use of risky financial tools like credit and cash loans as a way to extend their means.

Financial Literacy

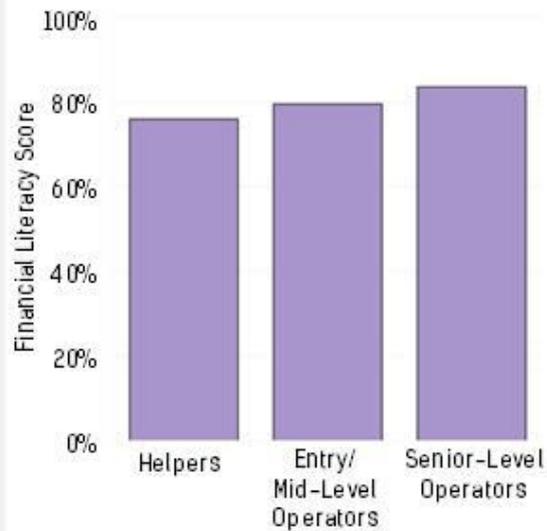
Financial Literacy

On average, Money Managers scored slightly better than Independents and Supporters did. However, this difference was not significant.



Financial Literacy

Financial literacy scores rose slightly with participants' experience-level in the factory. Senior-Level Operators, for example scored the highest.



[Return to Main Data](#)



End of Chapter Summary

This chapter summarized the different cash flow management strategies for different types of participants and explored the concept of financial stress.

Despite most workers having high financial literacy, many struggled to manage their monthly finances without a high degree of stress. Workers had poor standards of living at the start of the study, and they spent very little on life-improving goods and investments. Participants also had financial obligations—such as loan repayments and regular intra-household transfers (IHTs) to family members—that created additional burdens. On top of this, workers had low food security and poor health, suggesting that they went without adequate food or proper medical treatment. The degree of these findings varied depending on the workers' economic roles and factory designations.

Altogether, these findings suggest that workers struggled with financial stress brought about by unfair overtime pay, resulting in too-low of earnings that kept workers from improving their standards of living or reducing stress.

Chapter 6: Working Conditions

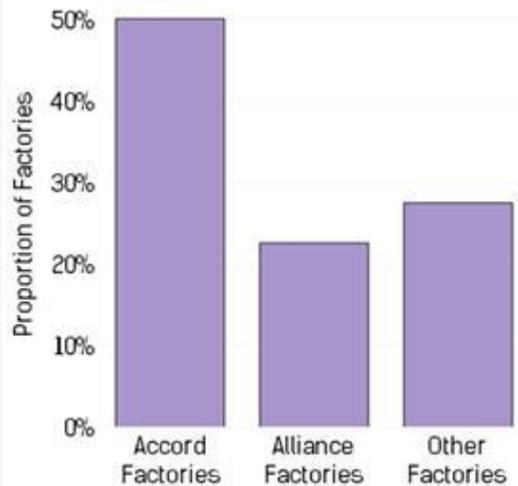
Workers reported numerous concerns regarding safety inside their factories. These concerns often varied depending on whether a factory was monitored by the Accord, the Alliance, or neither. Participants also experienced discrimination and harassment in their factories, and few were members of a union, lacking a systemized way to campaign for better conditions.



Factory Types

This figure from Chapter 1 shows the share of factories from the study covered by either the Accord or the Alliance, or by neither.

As a reminder, MFO categorized factories in the following way: most factories were covered solely by [the Accord](#), and a smaller set of factories were covered either by [the Alliance](#) and the Accord or just by the Alliance (both referred to as "Alliance Factories"). The remaining factories were not covered by either agreement and, therefore, likely fell under the [government's jurisdiction](#) (other factories).



Accord [Link](#); Alliance [Link](#); DIFE [Link](#)

Physical Environment

A majority of participants reported that they did not feel safe all of the time while working in their factories. While most workers reported having emergency exits in their factories, they had varying degrees of confidence in their ability to use these exits during an emergency. Workers' factories also lacked proper safety equipment; 47 percent of participants reported that their factory only had manual fire detection equipment. Few participants were concerned about airborne pollutants or chemical smells in their factories.

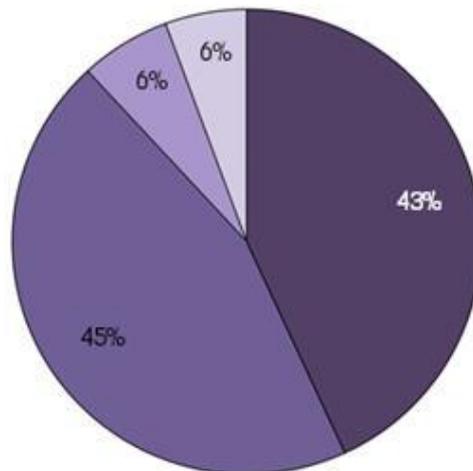
These findings varied depending on whether or not the factory was covered by the Accord, the Alliance, or neither. For example, conditions in Alliance factories appeared to be slightly better than Accord factories, while factories covered by neither group had the poorest conditions.

Physical Environment

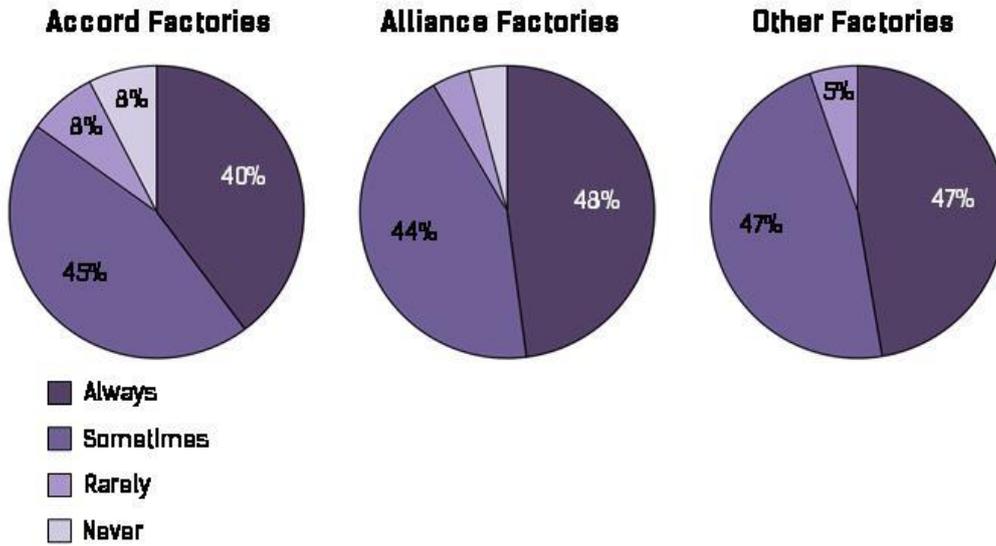
Factory Types

How Safe Workers Feel in their Factories

- Always
- Sometimes
- Rarely
- Never



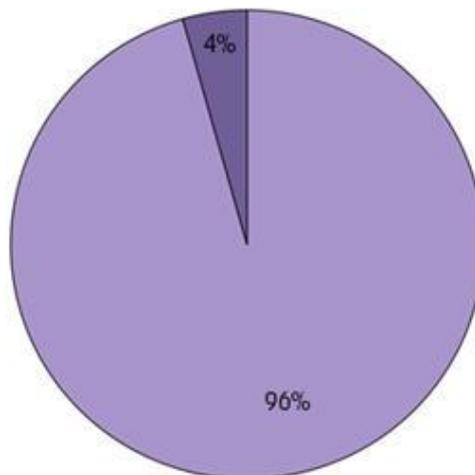
How Safe Workers Feel in their Factories



Factory Types

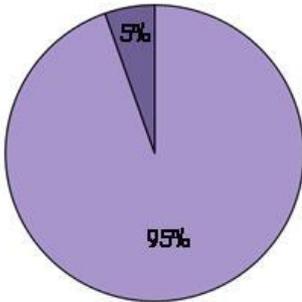
Does your factory have emergency exits?

- Yes
- No

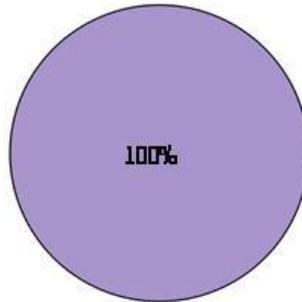


Does your factory have emergency exits?

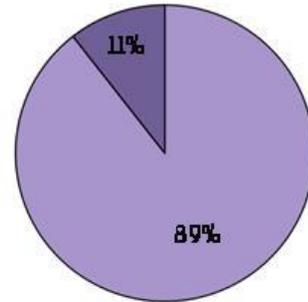
Accord Factories



Alliance Factories



Other Factories



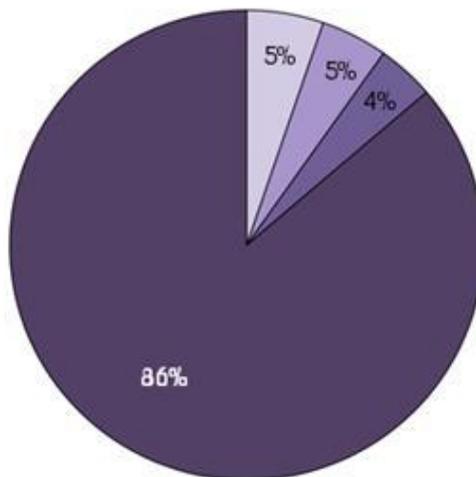
- Yes
- No



Factory Types

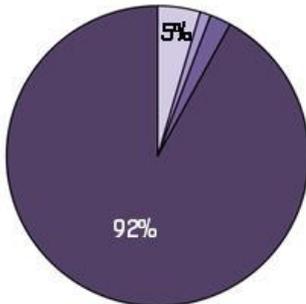
How often are emergency exits locked?

- Always
- Sometimes
- Rarely
- Never

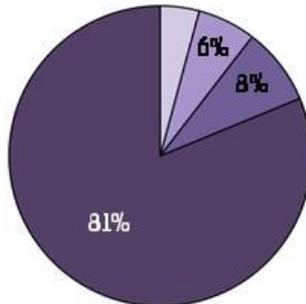


How often are emergency exits locked?

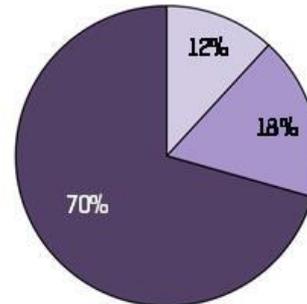
Accord Factories



Alliance Factories



Other Factories



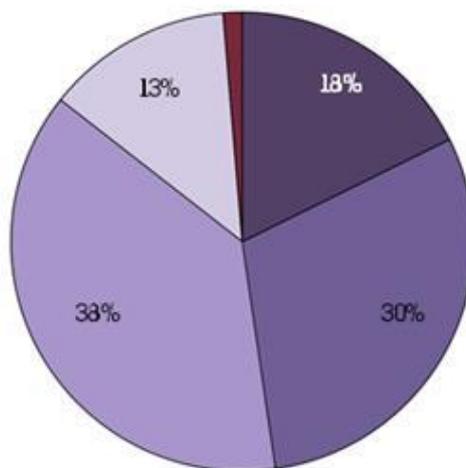
- Always
- Sometime
- Rarely
- Never



Factory Types

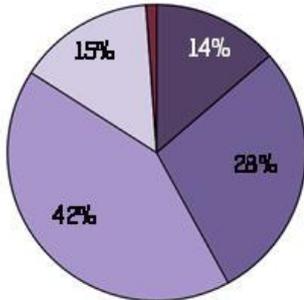
Confidence in Using Emergency Exits

- Extremely Confident
- Very Confident
- Somewhat Confident
- A Little Confident
- No Confidence

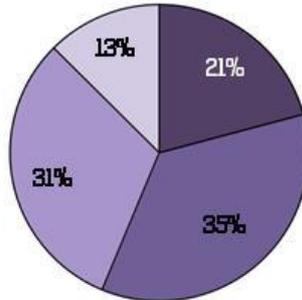


Confidence in Using Emergency Exits

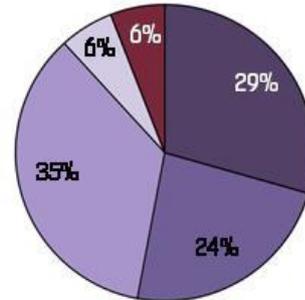
Accord Factories



Alliance Factories



Other Factories



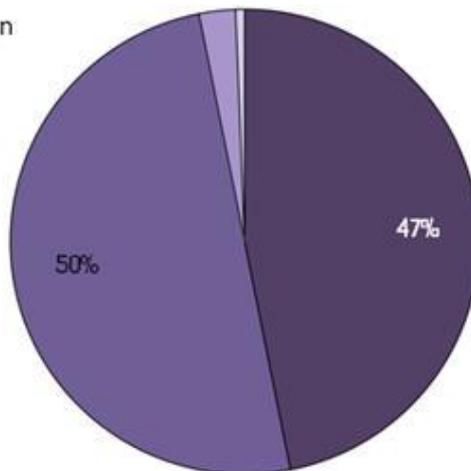
- Extremely Confident
- Very Confident
- Somewhat Confident
- A Little Confident
- No Confidence



Factory Types

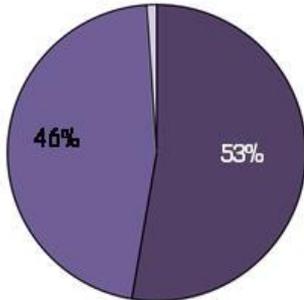
Fire Alarms

- Manual Fire Detection System
- Automatic Fire Detection System
- No Fire Detection System
- Don't Know

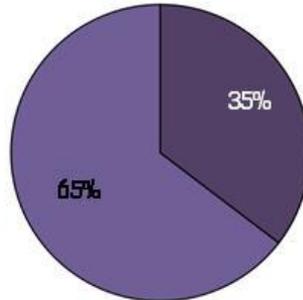


Fire Alarms

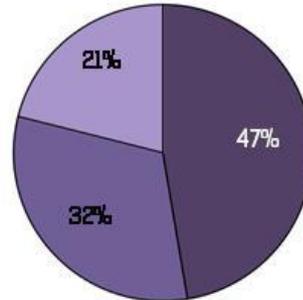
Accord Factories



Alliance Factories



Other Factories



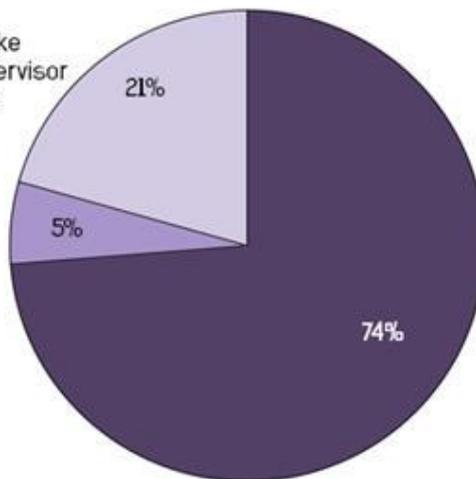
- Manual Fire Detection System
- Automatic Fire Detection System
- No Fire Detection System
- Don't Know



Factory Types

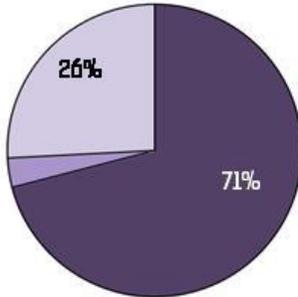
Concerns about Airborne Pollutants

- Not a Concern
- Concerned and Spoke with Colleague/Supervisor
- Concerned but took no action

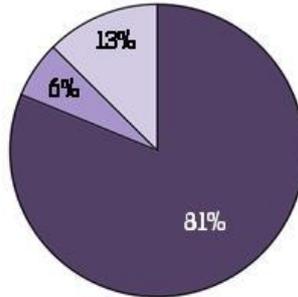


Concerns about Airborne Pollutants

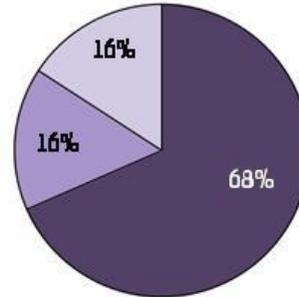
Accord Factories



Alliance Factories



Other Factories



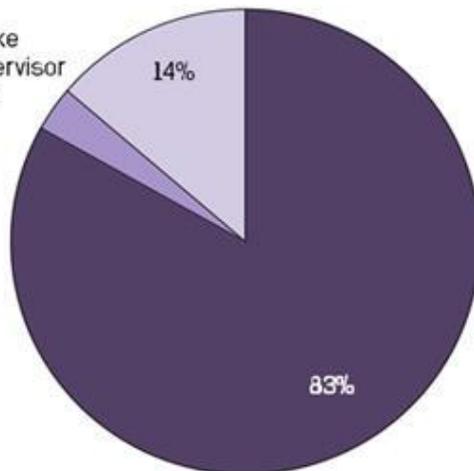
- Not a Concern
- Concerned and Spoke with Colleague/Supervisor
- Concerned but took no action



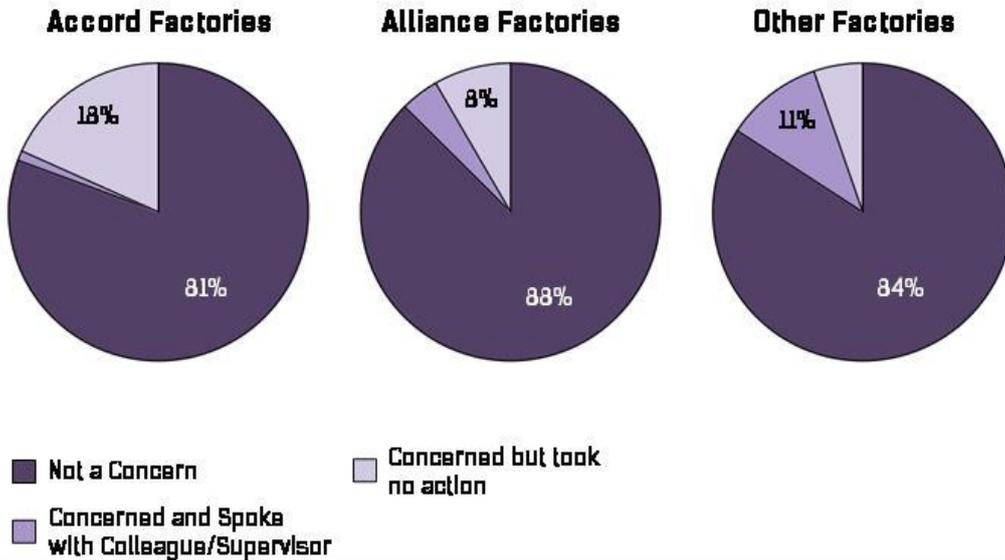
Factory Types

Concerns about Chemical Smells

- Not a Concern
- Concerned and Spoke with Colleague/Supervisor
- Concerned but took no action



Concerns about Chemical Smells



Inter-Personal Environment

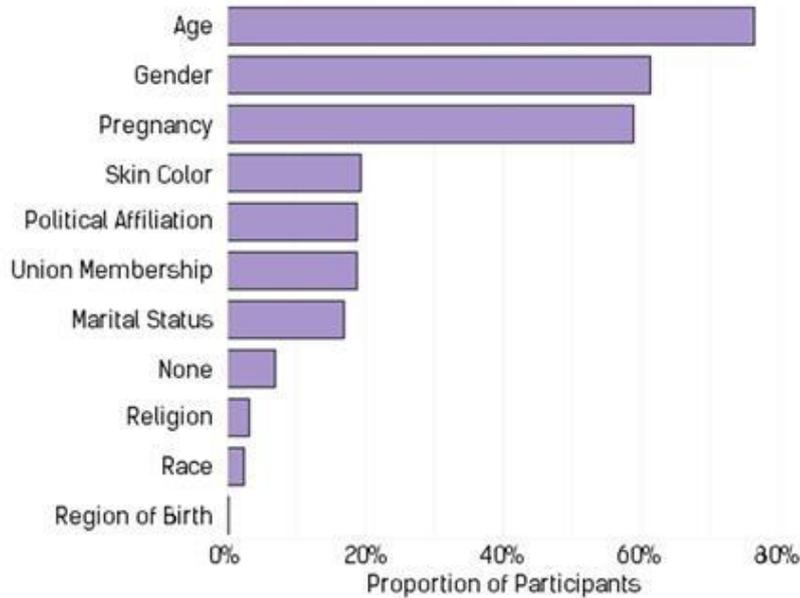
Participants reported numerous types of discrimination in the factory, but age-based, gender-based, and pregnancy-based discrimination were the most commonly reported. However, the degree of discrimination sometimes varied by factory type. For example, Alliance factories had reportedly higher age-based discrimination, while non-Accord and non-Alliance factories had significantly less gender-based discrimination than Accord and Alliance factories did.

Many workers also said that they had experienced harassment in the workplace. The most common types of harassment were humiliation and insults, but again, this sometimes varied by factory type.

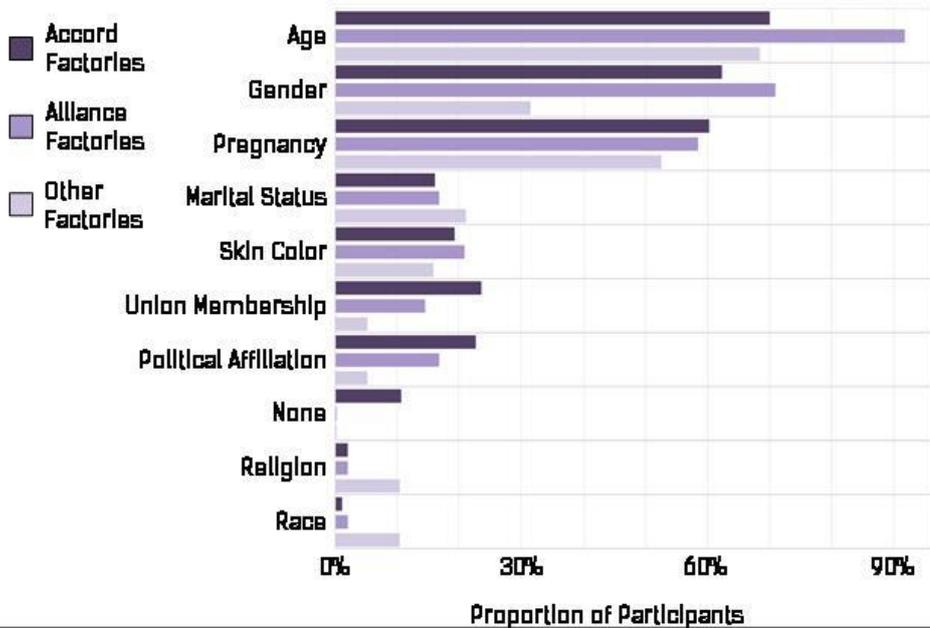
Few workers admitted to being members of a union, and those who did were confined to Accord and Alliance factories.

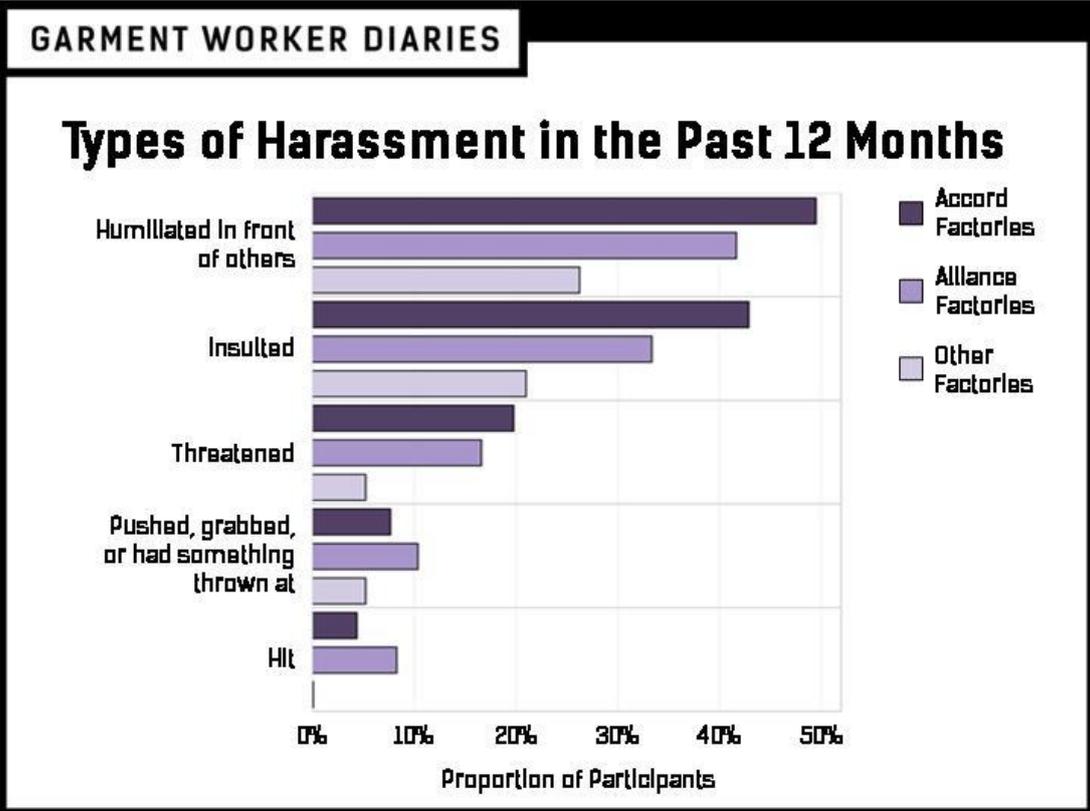
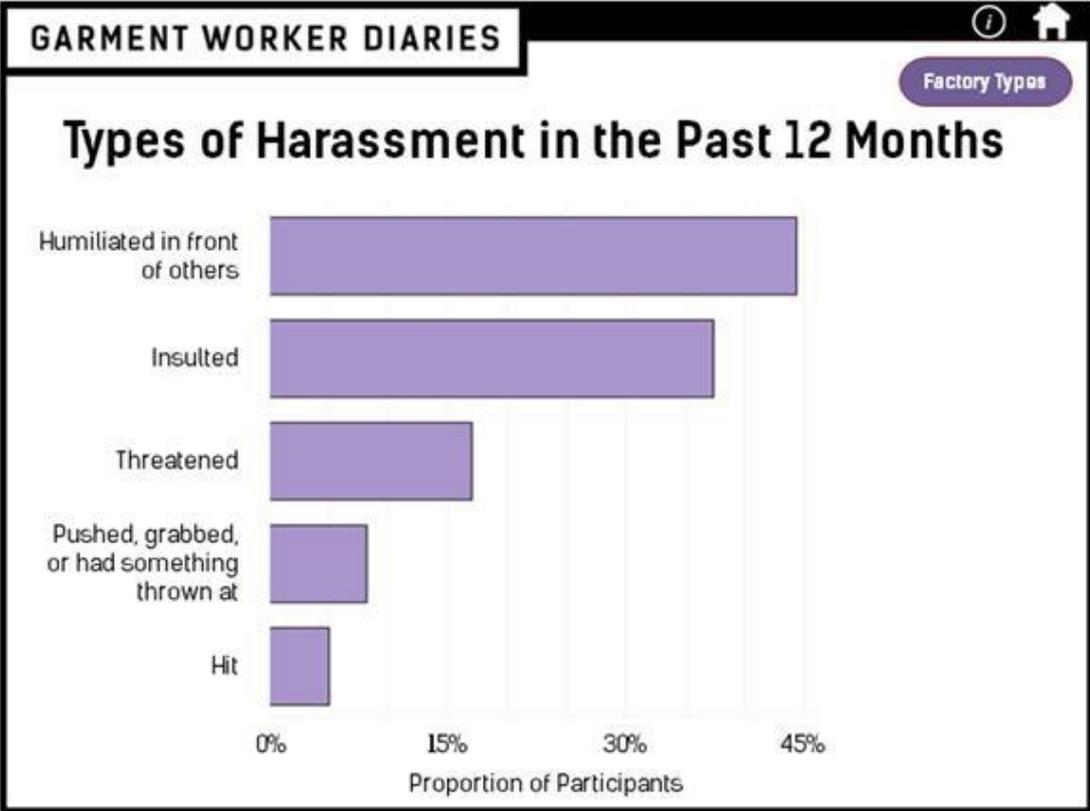
Inter-Personal Environment

Types of Discrimination in the Factory



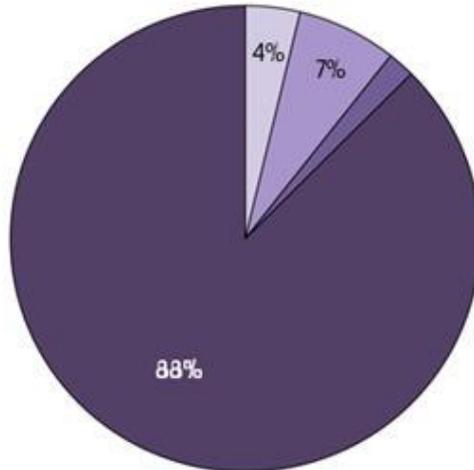
Types of Discrimination in the Factory





Union Membership

- Never a Member
- Used to be a Member
- Active Member
- Don't Know

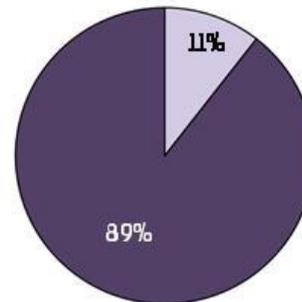
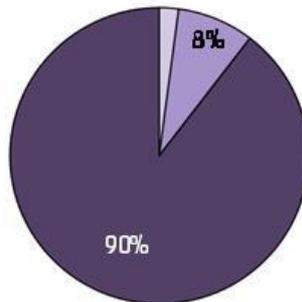
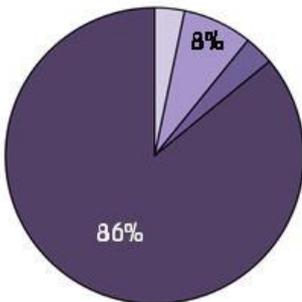


Union Membership

Accord Factories

Alliance Factories

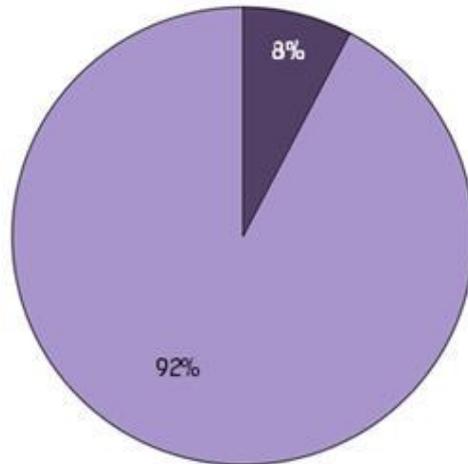
Other Factories



- Never a Member
- Used to be a Member
- Active Member
- Don't Know

Do Factory Owners Intimidate Union Members?

- Yes
- No

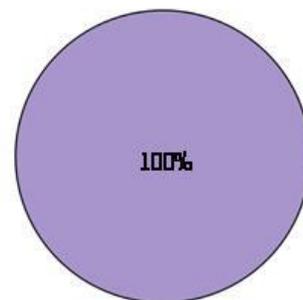
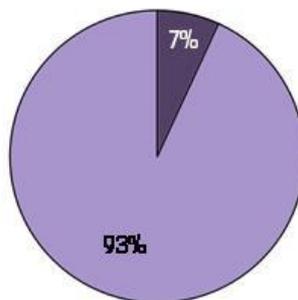
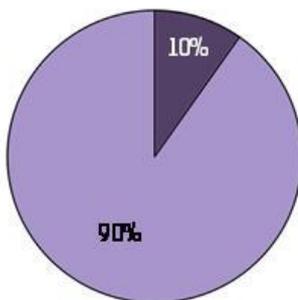


Do Factory Owners Intimidate Union Members?

Accord Factories

Alliance Factories

Other Factories



- Yes
- No

End of Chapter Summary

Despite growing concern among stakeholders, conditions in factories remain poor. Workers expressed concerns about working safely in their factories, while others admitted that their factories lacked basic safety equipment, such as an automatic fire detection system. And while conditions in Alliance-monitored factories appeared to be slightly better, conditions in non-Alliance and non-Accord factories were the poorest.

On top of these safety concerns, factories often discriminated against and harassed workers, creating an unsafe social environment for them to work in. As few workers reported being a part of their factory's union, participants often lacked a way to work together to bring about changes in these areas.

The next chapter will present the stories of four workers who participated in the study.

GARMENT WORKER DIARIES ⓘ 🏠

Chapter 7: Worker Profiles

This report has detailed the lives of 180 garment workers living throughout Bangladesh. But how do these findings play out for individual workers? This chapter will explore the stories of Amena, Yeasmin, Sabina, and Sumi—four garment workers struggling to stay afloat. All names in these profiles have been changed from their originals. To protect confidentiality, the women in photos are not the same as the women in the story. Photos of homes are representative of situations in which garment workers lived generally.



Amena's Story

Yeasmin's Story

Sabina's Story

Sumi's Story

GARMENT WORKER DIARIES ⓘ 🏠

Amena's Story

Chittagong City lies in the south-eastern part of Bangladesh and is one of the major ports for the country. It was also the location of Bangladesh's first export processing zone—an area within Chittagong where regulations are limited to promote economic growth. Since its opening, the zone has attracted many industries, including the garment industry which has set up shop within and outside the zone. Amena, a young worker who was living in the city when the study started, was one of many inhabitants employed in Chittagong's garment industry.

Name:	Amena
Location:	Chittagong City
Age:	27
Marital Status:	Married
Children:	2
Education:	8 years
Household Role:	Independent
Factory Role:	Helper

GARMENT WORKER DIARIES



Amena's Story

Amena became a garment worker in early 2016 to support her family and pay off debt that she had accumulated prior to the study, and she felt like she was meeting these goals during her first months as a garment worker. With her earnings, she paid rent and her children's school fees and also purchased clothing. Her husband, who worked as a mason, bought food with his earnings. But even with their two incomes, Amena struggled to make ends meet: she reported that her household had limited or inadequate access to food during the previous 12 months.

"My husband could support us with his income...Back in the village, my father could not support [my] family either. So I went to my village for a while, came back [to Chittagong] and joined the garment industry."

"I had a lot of debt, I cleared them. I borrowed 20,000 taka. I cleared that as well and also I paid the debt of my kid's tuition fees. I also gave my husband a lot of money with which he cleared his debt."

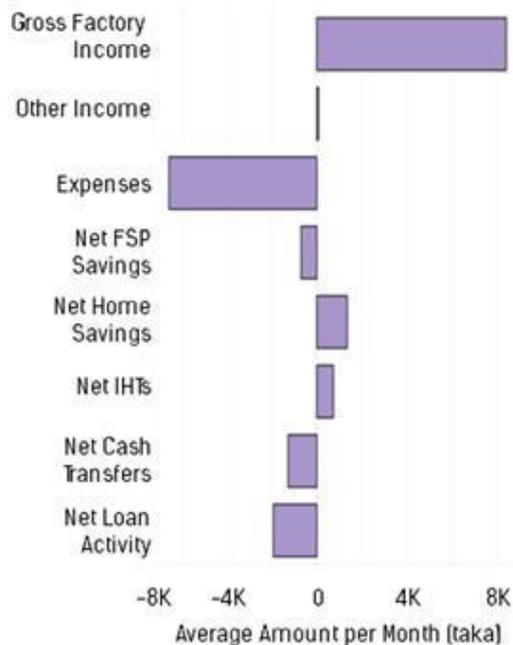
GARMENT WORKER DIARIES



Amena's Story

Amena also sent money to her home village to help her parents. While this was helpful for them, it created financial stress for Amena who was simultaneously struggling with debt. She paid back a 20,000-taka loan in January 2017 and was able to finance most of the repayment with her savings. However, she used so much cash to do this that it was hard for her to manage week-to-week fluctuations in her cash flow. As a result, it was not long before Amena was taking on new debts. Between January and July of 2017, she borrowed an additional 8,300 taka.

Amena's Average Monthly Cash Flows

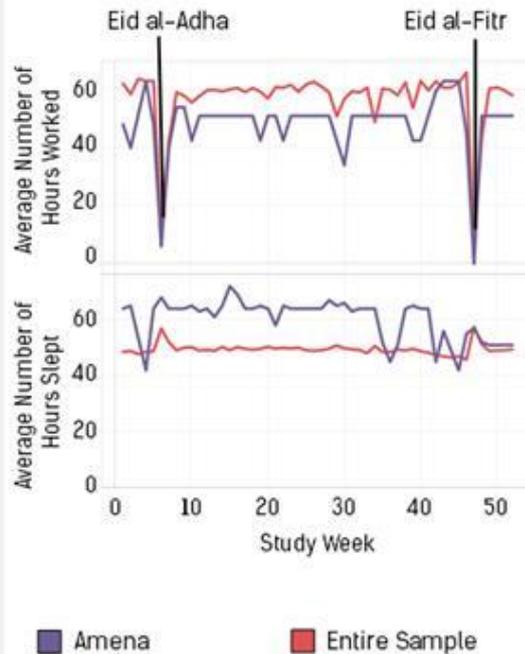


GARMENT WORKER DIARIES



Amena's Story

Amena's work schedule seemed to be the only bearable part about her situation. Similar to other workers in Chittagong, Amena worked less than the weekly average of 60 hours that the full sample worked. Specifically, she worked about average 48 hours per week. This gave Amena more free time than other workers had, and with it, she was able to accomplish her household chores early and use the remaining time to sleep. On average, Amena received an extra two hours of sleep more than the rest of the sample.



GARMENT WORKER DIARIES



Amena's Story

Despite her better work schedule, Amena's life was very similar to that of workers throughout the project. Even with her husband's wages, her household struggled to buy enough food to regularly feed the family, and her finances were under stress as she tried to support her parents all while managing a sizable amount of debt. This stress led her to take on even more debt to purchase household necessities. Thus, while garment work was most likely Amena's best economic option, it did not enable her to meet all of her family's needs.



GARMENT WORKER DIARIES

Yeasmin's Story

Yeasmin, a garment worker living in the Gazipur District just north of Dhaka, joined the garment industry several years ago to support her mother after her father's death. For a while, the new career seemed to improve her situation: her new earnings meant she could care for her mother. In addition, there were major changes in her personal life—she married and started a family. By the time MFO met Yeasmin, however, she had given up control of her income, was burdened with debt, and toiled in unsafe working conditions.

Name:	Yeasmin
Location:	Gazipur District
Age:	31
Marital Status:	Married
Children:	1
Education:	5 Years
Household Role:	Supporter
Factory Role:	Senior-Level Operator

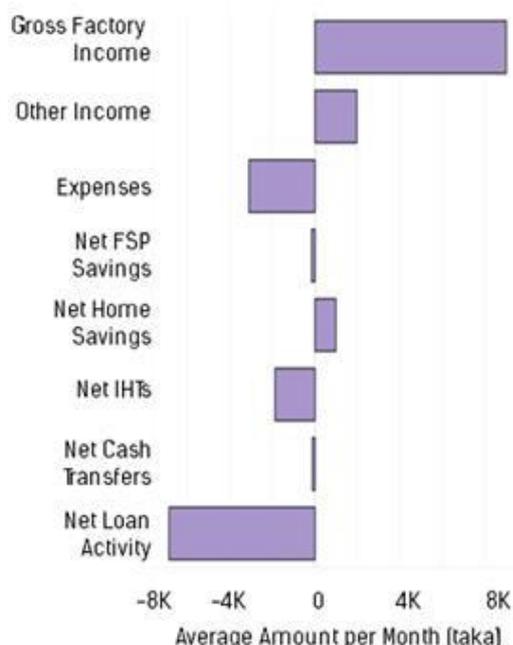
"[My mother] lives with me now. I can feed her better, and I can also feed my children."

GARMENT WORKER DIARIES

Yeasmin's Story

Yeasmin did not have direct control over most of her money. Instead, she transferred most of it to her husband, who she said was better at managing the affairs of the household. Most of what was left she used to pay down debts. She used the small remainder on herself, buying snacks and transport fare. She often purchased these small items on credit. The debt payments Yeasmin made were significant. For instance, one repayment early in the study was 26,000 taka—roughly four times her monthly salary—and she had to sell some of her gold jewelry to pay off the debt.

Yeasmin's Average Monthly Cash Flows





Yeasmin's Story

On top of these financial stresses, Yeasmin worked in an environment where she rarely felt safe. In early October 2016, her factory caught fire late at night while the workers were away. It took the crew several days to extinguish the fire, and workers had to be moved to a temporary location to continue working in the meantime. Yeasmin was offered a position at a nearby factory starting in April, and while she hoped the pay would be better (it was not), she continued to feel uneasy about her working conditions.

"In terms of security, I never feel that. There's a lot of danger [in the factory]. There's always a fear working there, who knows what happens."

"Everything was fine on Friday. And then apparently the fire started on Friday night. Some wire was loose and there was clothing there. And then it started at night. If there were people there they would have died. And then on Saturday we could see the fire. So we went and saw that the fire was burning. It took them three days to douse the fire."



Yeasmin's Story

Yeasmin became a garment worker to support her family and care for her mother, and while it was better than many other economic opportunities, she still suffered from financial and work-related stress. For example, Yeasmin had to sell assets to pay off a large loan early in the study, and then she continued to purchase on credit, adding to the households' debt. Additionally, unsafe working conditions left her feeling vulnerable, but she felt like she had few other options: "I have to keep working [at the factories]," she said. "If I don't, how will I provide for my family?"

"We had lots of financial difficulties. My father died about 8 years ago. I don't have brothers or sisters, I'm the only child. So someone told me to come to Dhaka and get a job so that my family could live better, especially my mother. So I came here and got a job."



Sabina's Story

Sabina, an older garment worker in Dhaka City, lived with her son and his young wife. Sabina had worked in the same garment factory for almost a decade by the time MFO met her, never advancing past the entry-level position of "helper." Although it did not pay much, the helper position was less scrutinized by factory employers, which allowed Sabina to take leave periodically to visit her sick husband. She valued this flexibility, but it resulted in her never receiving a promotion.

Name:	Sabina
Location:	Dhaka City
Age:	42
Marital Status:	Married
Children:	2
Education:	None
Household Role:	Money Manager
Factory Role:	Helper

"If operators frequently take leave, the people in the factory scold them. If the helpers do, they also get scolded, but it's not a big issue for the helpers."



Sabina's Story

Sabina managed her own money as well as the money earned by her son, who also worked in the garment industry. With their combined earnings, Sabina tried to create a better life for her son and daughter-in-law. For example, she spent more than average on housing, moving her family into a multi-story apartment complex shortly after her son married.

"I decided even if it takes more money, my son and daughter-in-law will live in a better environment."

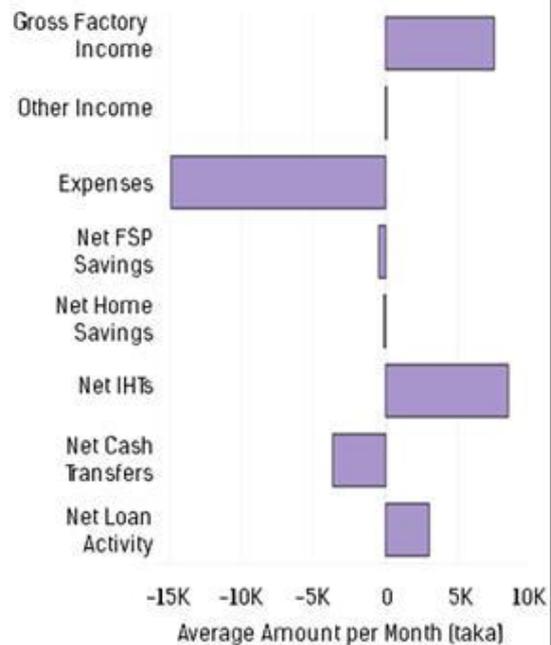
"If you want to lead a decent life and eat enough, you will spend money. Perhaps, there might be some money left in some months. In other months, we need to spend more. Not all the months are equal, right?"

GARMENT WORKER DIARIES

Sabina's Story

In addition to her housing expenses, Sabina regularly purchased food such as rice, lentils, fish, and vegetables. On average, she spent over 3,000 taka each month on food and, unlike most workers in the study, Sabina had marginal food security, suggesting that she could typically afford adequate amounts of quality food. Sabina also regularly spent money on transport fare as she went to visit her sick husband. She even had enough cash to purchase a cow for 30,000 taka at the end of April.

Sabina's Average Monthly Cash Flows



GARMENT WORKER DIARIES

Sabina's Story

While these data suggest that Sabina was managing her income to improve her family's quality of life, a closer look suggests that Sabina relied heavily on debt and was likely facing a debt trap. For instance, she made 20 different loan repayments over the course of the study, each one averaging almost 3,000 taka. At the end of March, Sabina received a 20,000-taka loan from a local money-lender, which she used to repay another loan from her sister-in-law.

"I cleared one. After clearing that one, I took another one...After this I will take another installment of 30000 taka and pay elsewhere. I will clear all my land debts like this."

"For example, some days ago, I needed to make legal papers for the assets that my father-in-law left us and spend 20,000 taka for that. My son and I together get 20,000 taka as salary. We needed 25,000 taka to make the legal papers alone. Then what about my house rent, food cost etc. for that month? That means I had a debt of 10,000 taka in that month."



Sabina's Story

Sabina's personal circumstances kept her from seeking advancement within the factory. However, she appeared to use her and her son's income to provide her family with a better life by improving their housing condition, purchasing assets like a cow, and ensuring they had adequate access to good quality food. However, a closer analysis showed her success was not all that it seemed: she was relying on debt to fund much of this improvement and appeared at risk of falling into a debt trap.

"My son is illiterate, but my daughter-in-law is a bit educated. I understand these tricks. Her future will be good. Her kids will live a better life. I don't want them to suffer like me. Now if I pressurize her to join garments or do domestic chores, just for getting some money, I will be ruining her life. On the contrary, if I spend some money after her education, her life will be better. My life is finished now. That's what I think."



Sumi's Story

In December 2016, thousands of garment workers in Ashulia, a suburb outside Dhaka, [protested their low wages and high rents](#). In response to the protests, factory owners throughout Ashulia temporarily closed their factories, and hundreds of workers were fired from their jobs. Sumi, a young, widowed worker, was among the protesters. What conditions led Sumi and her thousands of colleagues to march against their factory owners?

Name:	Sumi
Location:	Savar Upazila
Age:	28
Marital Status:	Widowed
Children:	0
Education:	8 Years
Household Role:	Money Manager
Factory Role:	Senior-Level Operator

Protest Story [Link](#)



Sumi's Story

Sumi who was living with her younger sister in a one-room dwelling, first joined the garment industry to support her household and provide for her younger sisters. However, a few years into her career, she was diagnosed with cancer, and the cost of treatment completely wiped out her savings. The death of her father in December also meant that the responsibility of keeping her family fell on her shoulders. She had been trying to get by and keep her household running smoothly, but it was difficult.

"I couldn't get an education because of our financial struggle. And we lived a difficult life too. So, I just wanted my younger sisters to live a better life and get an education."

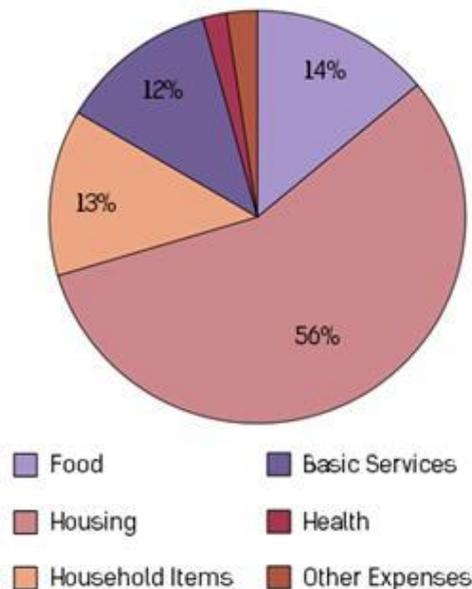
"For a while, my intentions had changed. I was very sick. I was diagnosed with a tumor in my throat and in 3 months, it had moved towards cancer. All my savings were gone for the treatment. I also didn't have a very good income then. The treatment cost a lot of money. It cost over 90,000."



Sumi's Story

Sumi paid a monthly rent of 2,100 taka, about one-fifth of her monthly salary. On top of this, Sumi spent over 3,600 taka per month on food, household items, and basic services such as transport fare and airtime, and she regularly sent money home to her mother and sisters to pay for food and school fees. Collectively, these expenses drained almost all of Sumi's monthly paycheck, and although she received some financial support from one of her sisters, she struggled to get by. "If I could buy 5-7 kgs of fish, I could eat properly throughout the month," she says. "But most often, I can't do that."

Total Shares of Sumi's Household Expenses

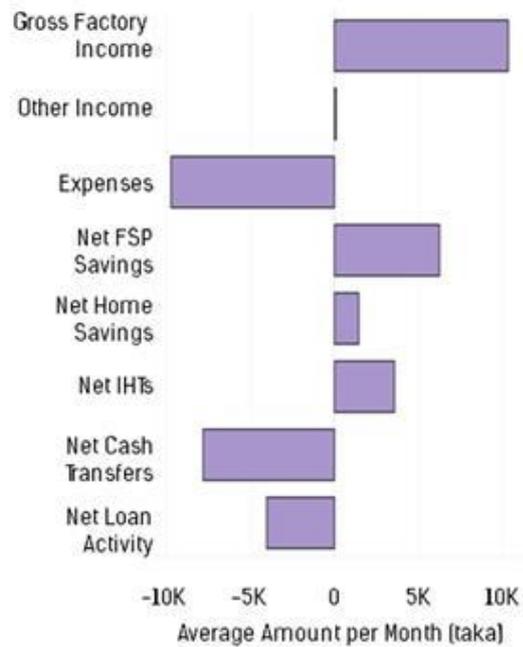


GARMENT WORKER DIARIES

Sumi's Story

With a long list of expenses and limited income, Sumi struggled to stay afloat. "Most months, I end up with debts," she says. In total, Sumi received 25 new loans over the course of the study, and she acquired goods on credit almost every week. This increased her spending capacity by providing her with more money, but it left her with enormous amounts of debt. On average, she spent almost 9,000 taka each month repaying her loans, causing her net loan activity to dip negative, despite the many loans she received.

Sumi's Average Monthly Cash Flows



GARMENT WORKER DIARIES

Sumi's Story

Through Sumi's story, we can better understand the conditions that led the workers in Ashulia to protest: workers like Sumi are incredibly vulnerable to negative shocks, such as her cancer diagnosis that drained her savings before the study. With little income to cover their expenses, many are forced into debt and must cut back on necessities, like food and medical treatment. This means workers are prone to low food security and poor health. And with factory owners doing little to try and improve these conditions, protest often becomes the only sensible action for workers struggling to survive.

"We thought [by protesting] they would raise wages a little."

"Compared to other factories, our factory gives us fewer benefits. It was right to organize the movement in that respect."

"We never complained in our factory. They were making their own decisions. They didn't take any of our demands into consideration."

Lessons Learned

This report presented information about the lives of garment workers in Bangladesh.

Among other lessons, the report showed that:

1. The women regularly worked an illegal number of hours during the week.
2. There was significant evidence that as workers worked more overtime hours they earned less per hour, suggesting that factory owners were not paying workers fairly.
3. With their earnings, women spent most of their money meeting their day-to-day needs
 - a. Not all women controlled the money they earned—there was a sizable group that handed either a part of or their entire salary to family members
 - b. These different groups spent money differently; regardless, the women's focus was on buying non-durable goods and services
 - c. Across groups, there was little spending on goods or services that could significantly improve a household's quality of life; it was mostly on basics like food and rent

Lessons Learned

4. For the women that did manage their own or their households' finances, they used debt frequently to meet basic needs, and many women seemed caught in debt cycles—taking on debt, paying it off when they received their wages, but taking on more as the weeks went on.
5. Their use of debt was an indicator of the financial stress these households faced. Workers' financial challenges manifested themselves in very high levels of food insecurity.
6. Furthermore, this report showed that conditions and pay for workers in Bangladesh were far below those participating in the study in Cambodia or Bangalore, India.

Take Action

The findings presented in this report are striking: garment workers in Bangladesh work long hours for little pay, and in order to make ends meet, they must stretch these earnings over the course of an entire month, often using risky financial tools to help them do this. The end result is high levels of financial stress, accompanied by food insecurity and poor health.

Through these findings, we hope that you now understand the human cost of fashion and everyday wear and that you use this information to improve workers' lives either by changing where and how you shop or through advocacy work. As a start, we encourage you to let brands know about what you have learned by clicking [here](#). The 180 women who contributed to this report thank you.

Take Action [Link](#)