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## Empowerment and Microfinance: A socioeconomic study of female garment workers in Dhaka City

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### Abstract

This paper is an endeavor to depict the reasons for migration and involving with garments industry, adequacy, sources and utilization of credit, and empowerment of the female garments workers in a selected area of Dhaka City. Primary data were collected from 60 respondents in two categories such as: 30 helpers and 30 operators, randomly. Descriptive statistics such as percentage and arithmetic mean were applied to analyze the data and to describe socioeconomic characteristics of the respondents. Poverty, search for job and husbands' work in Dhaka, financial help to family, secure more income and assure basic needs were the main reasons for involving with garments industry. Average amount applied for loan was Tk. 5650.00 and average amount of loan received was Tk. 4450.00 which was 78.23% of total applied amount in the category of 'Helper'. On the other hand, average amount applied for loan was Tk. 10540.00 and average amount of loan received was Tk. 7670.00 which was 72.77% of total applied amount in the category of 'Operator'. About 94% respondents (Helper) keep their earnings and spend independently; this figure was about 97% for operator. Level of income, human and social capital improved in both helper and operator categories but savings decreased 66.67% and 40% respectively. In the areas of decision making like food selection, treatment, visit to relatives, family planning all the cases vastly improved. This study recommended measures for improving the prevailing microfinance facilities, to a great extent, to achieve female workers' empowerment and satisfaction at the maximum level.

**Keywords:** Female garments workers, Empowerment, Microfinance, Migration

### Introduction

The readymade garments (RMG) industry in Bangladesh is the success story of the modern manufacturing sector after independence. The readymade garments (RMG) industry accounts for 78% of country's export earning, contributes more than 10% to Gross Domestic Product (GDP), employs 3.6 million people directly, 80% of women and the industry has created a platform for 2.8 million women to engage in new productive role in the society and empowering them, playing a lead role to alleviate poverty through skill development and employment generation. Around 20 million people are directly and indirectly depending on this sector for their immediate livelihoods, accelerating the industrial growth and employment through exports (BGMEA, 2009). Women make up the majority of workers in the RMG sector as a whole, with most recent estimates suggesting that up to 1.7 million women were employed in the sector at present (Ahmed, 2009). Throughout the last two decades, a significant portion of the national economy is contributed by the garment sector. Hence the role of women in the urban economy of Bangladesh is not negligible as a large number of women are working in this sector in Dhaka. About 83% of female workers of garment sector were migrants from rural to urban areas (BGMEA, 2009). These garment workers are young, unmarried, less educated, of rural origin and from very poor families and inexperienced in urban life. Women are still migrating to the urban areas especially in Dhaka city to get a job in garment industry.

In essence, women's empowerment is a multi-dimensional concept that embraces a wide range of factors such as social customs, cultures and mores, religion, caste, family type etc., which may not be amenable to any "objective" scale of measurement. Accordingly, women's empowerment is tentatively defined as the transformation of the power relations between men and women at the individual, household, society as well as the national levels (IUSSP, 1997). At the macro level, among other indicators, women's empowerment, or lack of it, is identified with gender inequality in employment, earnings, education, life expectancy, and female-male ratio in the population. Though they fail to capture the full connotation of the term, these indicators are frequently mentioned in the literature as the proxy or indirect indicators of women's empowerment (Joshi, 1999). At the household level, women's empowerment was equated with

their involvement in decision making such as the decisions on fertility, children's education and healthcare, marriage, women's freedom of mobility and access to and control of resources that are interpreted as the direct indicators of empowerment. Despite the multidimensionality of the concept, these direct indicators are thought to be correlated regardless of locations as well as cultural and religious orientations (Jejeebhoy, 1998).

When we discuss about the financial solvency of the female garment workers, apart from a very small proportion of senior and mid management staffs, women constitute the overwhelming majority of garment industry employees and vulnerable to financial condition. Average monthly income of garment workers varies from Tk.2000 to Tk.4000 depending on skills and experience. Generally speaking, formal financial services (such as commercial banks) did not cater to the needs of the garment workers and they remain out of reach of formal financial services. Semi formal financial services (NGO-MFIs) are mainly concentrated in rural areas. Although targeted micro lending for the urban poor started to gain momentum, garment workers still largely remain out of microfinance services. So, the researcher attempted to undertake the study with the following objectives:

- i) to identify the reasons for migration and involving with Garments Industry;
- ii) to analyze adequacy, sources and utilization of credit by the sample respondents; and
- iii) to study the female garments workers empowerment.

## Materials and Methods

A garment factory at Mirpur in Dhaka was selected purposively for this study. A sample of 60 respondents in two categories such as: 30 Helpers and 30 Operators were taken randomly in order to meet the objectives of the study. Primary data were collected personally from the respondents through a sample survey with the help of a structured and pre-tested interview schedule. In this study, quantitative method like a survey method was chosen in order to get a reasonably true picture of the entire population. The data were collected during the period from February to April, 2013. Tabular method was used for a substantial part of data analysis. Simple statistical techniques such as percentage and arithmetic mean or average were employed to analyze the data and to describe socioeconomic characteristics of the respondents. The methodology was purely descriptive and explanatory in nature.

## Results and Discussion

### Reasons of migration

Table 1 shows that several factors seem to be responsible for the rural urban migration. In this study, 36.67% of the respondents (Helper) were migrated for search of job. Thus, the first reason for migration from rural areas to Dhaka was search of job. The second important causes identified by the migrants were husbands' work in Dhaka (33.33%). The third important factor was extreme poverty or insolvency which was 30%. On the other hand, in operator category, majority of the respondents (56.67%) were migrated for search of job. The second important causes identified by the migrants were husbands' work in Dhaka about 23.33%. The third important factor was extreme poverty or insolvency that was 20%.

**Table 1. Reasons of migration**

Category	Reasons	Number of respondent	Percentage
Helper	Extreme poverty/insolvency	09	30
	Search of job	11	36.67
	Marriage/husbands' work in Dhaka	10	33.33
<b>Total</b>		<b>30</b>	<b>100</b>
Operator	Extreme poverty/insolvency	06	20
	Search of job	17	56.67
	Marriage/husbands' work in Dhaka	07	23.33
<b>Total</b>		<b>30</b>	<b>100</b>

Source: Field Survey, 2013

### Reasons for Involving with Garments Industry

Table 2 shows that 43.34% of the respondents (Helper) entered into the garments industry to help their family financially. While 3.33% and 26.67% entered to uplift living standard and to secure more income; 23.33% entered to satisfy basic needs. On the other hand, 36.67% of the respondents (Operator) entered into the garments industry to help their family financially. While 20% and 23.63% entered to uplift living standard and to secure more income, 20% of them entered to satisfy basic needs.

**Table 2. Reasons for Involving with Garments Industry**

Category	Reasons	Number of respondent	Percentage
Helper	To secure more income	08	26.67
	To help family financially	13	43.34
	To uplift living standard	01	3.33
	To become independent	01	3.33
	To satisfy basic needs	07	23.33
<b>Total</b>		<b>30</b>	<b>100</b>
Operator	To secure more income	07	23.33
	To help family financially	11	36.67
	To uplift living standard	06	20
	To satisfy basic needs	6	20
<b>Total</b>		<b>30</b>	<b>100</b>

Source: Field Survey, 2013

### Sources of borrowing

From the Table 3 appears that helper and operator take loan from different sources because they have had very poor salary. We can see that about 33.33% of the respondents (Helper) received credit from shopkeepers, 30% from friends and relatives, 16.67% from co-operatives and 20% from different NGOs. Table 4 also reveals that 13.33% of the respondents (Operator) received credit from shopkeepers, 33.33% from friends and relatives, 23.34% from co-operatives and 30% from different NGOs.

Shopkeepers and friends or relatives were two easily accessible sources although the interest rate is not certain. When the garments women require a big amount of money, they were not able to get loan from the bank, as they need to keep a mortgage (household assets, jewelry etc, for borrowing a large amount of money. Garments women also took loan from various co-operatives and NGOs.

**Table 3. Sources of credit**

Category	Sources of credit	Number of respondent	Percentage
Helper	Shopkeepers	10	33.33
	Friends/relative	09	30
	Co-operatives	05	16.67
	NGOs	06	20
<b>Total</b>		<b>30</b>	<b>100</b>
Operator	Shopkeepers	4	13.33
	Friends/relative	10	33.33
	Co-operatives	07	23.34
	NGOs	09	30
<b>Total</b>		<b>30</b>	<b>100</b>

Source: Field Survey, 2013

### Adequacy of loan received

Availability of loan was very essential for female garment workers. Table 4 shows that the adequacy of loan for the garments women in the study area was satisfactory. Table 3 reveals that average amount applied for loan in "Helper" category was Tk. 5650.00 and average amount of loan received was Tk. 4450.00 which was 78.23% of total applied amount. On the other hand, average amount applied for loan in "Operator" category was Tk. 10540.00 and average amount of loan received was Tk. 7670.00 which was 72.77% of total applied amount.

**Table 4. Adequacy of loan**

Category	Average amount applied for loan(Tk.)	Average amount received loan (Tk.)	Amount received in percentage from applied loan
Helper	5650.00	4450.00	78.23
Operator	10540.00	7670.00	72.77

Source: Field Survey, 2013

### Utilization of loaned money by the garments workers

Proper utilization of credit was a prerequisite to attain aims and targets of both credit disbursement and credit receipt as well as for growth of income. In this sub section, a thorough investigation had been made to see the patterns of loan utilization in which sampled borrower's spent their loaned money for different purposes, such as for their own health, children's health, education and other similar requirements.

The garments women were utilizing their loaned money on various purposes such as business, social ceremony, consumption, handicraft etc. Table 5 reveals that the use for consumption was the highest 33.33% for helper followed by house repair 23.33%, business 16.67% and other purpose. This table also reveals that the use for consumption was the highest (26.67%) for operator followed by social ceremony and emergency purpose (16.67%), business (13.33%) and other purposes. The highest amount used for consumption purpose indicates the poverty situation of the women in the garments sector.

**Table 5. Utilization of loaned money**

Category	Utilization of loaned money	Number of respondent	Percentage
Helper	Business	05	16.67
	Social ceremony	02	6.67
	Consumption	10	33.33
	Medical(health)	03	10
	Emergency	07	23.33
	Education	03	10
<b>Total</b>		<b>30</b>	<b>100</b>
Operator	Business	04	13.33
	Social ceremony	05	16.67
	Handicraft	05	16.67
	Consumption	08	26.67
	Medical(health)	02	6.67
	Emergency	05	16.67
	Education	01	3.33
<b>Total</b>		<b>30</b>	<b>100</b>

Source: Field Survey, 2013

### Monthly income by length of service

Monthly income was very essential for each person every body depended on it. For this reason, monthly income influences peoples' living standard. In garments sector employee's, monthly income depends on mainly their work experience and length of service. From Table 6 we can see that, the job length of 26.67% respondents was 1 year and they earned Tk. 3000- Tk.3500 (Helper). About 23.33% of the respondent whose length of job was 2 years and earned Tk. 3000-Tk. 3500 per month. About 10% of the respondents (Operator) length of service was 4 years and earned Tk.7600-Tk.8000 per month.

**Table 6. Monthly income by length of service**

Category	Monthly income (Tk.)	Length of service (year)				Total
		1	2	3	4	
Helper	3000-3500	08(26.67)	07(23.33)	-	-	15
	3600-4000	01 (3.33)	02 (6.67)	-	-	03
	4100-4500	02 (6.67)	01 (3.33)	02(6.67)	-	05
	4600-5000	01 (3.33)	03 (10)	02(6.67)	01(3.33)	07
<b>Total</b>		<b>12</b>	<b>13</b>	<b>04</b>	<b>01</b>	<b>30</b>
Operator	3500-4500	01(3.33)	01(3.33)	03(10)	01(3.33)	06
	4600-5500	-	02(6.67)	01(3.33)	02(6.67)	05
	5600-6500	-	-	01(3.33)	03(10)	04
	6600-7500	-	01(3.33)	03(10)	04(13.34)	08
	7600-8000	-	02 (6.67)	02(6.67)	03(10)	07
<b>Total</b>		<b>01</b>	<b>06</b>	<b>10</b>	<b>13</b>	<b>30</b>

Source: Field Survey, 2013. Figures within parentheses indicate percentages of total

### Controls over income of the respondents

Control over income of female garment workers indicated the empowerment of them. Generally, women had very less control over income in patrimonial society in Bangladesh. But the scenery had changed for the female garment workers. Table 7 shows that 93.33% of respondents (Helper) kept their earnings and spent independently and this figure was 96.67% for Operator.

**Table 7. Control over income of the respondents**

Category	Who keeps the earnings	Number of respondent	Percentage
Helper	Self	28	93.33
	Father	2	6.67
	<b>Total</b>	<b>30</b>	<b>100</b>
	<b>Whether spend independently</b>		
Operator	Independently	28	93.33
	Not independently	2	6.67
	<b>Total</b>	<b>30</b>	<b>100</b>
Operator	Self	29	96.67
	Father	01	3.33
	<b>Total</b>	<b>30</b>	<b>100</b>
	<b>Whether spend independently</b>		
	Independently	29	96.67
	Not independently	01	3.33
	<b>Total</b>	<b>30</b>	<b>100</b>

Source: Field Survey, 2013

### Changes in the financial resources

Another source of power to empower was financial resources. It was observed in Table 8 that 50% of the respondents improved their income. Only 10% of the respondents (Helper) expressed that income had decreased. In case of saving, 66.67% of the Helpers, and 40% of the Operators claimed that amount of their savings decreased. This situation was easily understandable because of living expenses had quite higher than their salary.

**Table 8. Changes in the financial resources**

Category	Type	Degree of change		
		Improved	Unchanged	Decreased
Helper	Income	15 (50)	12 (40)	03 (10)
	Savings	00 -	10 (33.33)	20 (66.67)
Operator	Income	15 (50)	15 (50)	00 -
	Savings	05 (16.67)	13 (43.33)	12 (40)

Source: Field Survey, 2013. Figures within parentheses indicate percentages of total

### Changes in the human capital

The stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labour so as to produce economic value indicate the respondents' human capital. Table 9 shows that 66.67% of the Helpers improved mobile operating capacity and 36.67% improved their writing ability. On the other hand, those figures were 56.67% and 53.33% for the Operators.

**Table 9. Changes in the human capital**

Category	Types	Degree of change	
		Improved	Unchanged
Helper	Mobile operating capacity	20 (66.67)	10 (33.33)
	Calculation/counting ability	05 (16.67)	25 (83.33)
	Signature ability	21 (70)	09 (30)
	Writing ability	11 (36.67)	19 (63.33)
Operator	Mobile operating capacity	17 (56.67)	13 (43.33)
	Calculation/counting ability	07 (23.33)	23 (76.67)
	Signature ability	21 (70)	09 (30)
	Writing ability	16 (53.33)	14 (46.67)

Source: Field Survey, 2013. Figures within parentheses indicate percentages of total

### Changes in the social capital

The quality and quantity of respondent's social interactions could be increased by the institutions, relationships and norms. Increasing evidence shows that social cohesion was critical for societies to prosper economically and for development to be sustainable. Social capital was not just the sum of the institutions which underpin a society – it was the glue that holds them together. Table 10 indicates that 36.67% of the respondents (both categories) improved their social prestige and 46.67% of the respondents (Operator) improved social networks. It happened mostly for interaction with different colleagues, friends and relatives.

**Table 10. Changes in the social capital**

Category	Types	Degree of change	
		Improved	Unchanged
Helper	Social networks	12(40)	18 (60)
	Decision making ability	10 (33.33)	20 (66.67)
	Relationship with in-laws	07 (23.33)	23 (76.67)
	Social prestige	11 (36.67)	19 (63.33)
	Conflict resolution	05 (16.67)	15(50)
Operator	Social networks	14 (46.67)	16 (53.33)
	Decision making ability	21 (70)	09 (30)
	Relationship with in-laws	15 (50)	15 (50)
	Social prestige	11 (36.67)	19 (63.33)
	Conflict resolution	13 (43.33)	17 (56.67)

Source: Field Survey, 2013. Figures within parentheses indicate percentages of total

### Scale of decision making

Decision making power expressed the empowerment of the respondents in a family. Table 11 reveals that 66.67% of the respondents (Helper) improved their decision making power to food selection and 60% of the respondents (Helper) improved buying and selling, and family planning decision making opportunities. Those figures were 83.33%, 76.67%, and 60% respectively, for the respondents of Operator category.

**Table 11. Scale of decision making**

Category	Types	Degree of change	
		Improved	Unchanged
Helper	Buying and selling	18 (60)	12(40)
	Food selection	20 (66.67)	10(33.33)
	Children's education	15(50)	15(50)
	Treatment	17(56.67)	13(43.33)
	Deposit	05(16.67)	25(83.33)
	Nursing	07(23.33)	23(76.67)
	Family planning	18(60)	12(40)
	Choice of work	12(40)	18(60)
	Visit to relatives	17(56.67)	13(43.33)
	Social and religious function	19(63.33)	11(35.67)
Operator	Buying and selling	23(76.67)	07(23.33)
	Food selection	25(83.33)	05(16.67)
	Children's education	18(60)	12(40)
	Treatment	19(63.33)	11(36.67)
	Deposit	07(23.33)	23(76.67)
	Nursing	16(53.33)	14(46.67)
	Family planning	18(60)	12(40)
	Choice of work	15(50)	15(50)
	Visit to relatives	20(66.67)	10(33.33)
	Social and religious function	17(56.67)	13(43.33)

Source: Field Survey, 2013. Figures within parentheses indicate percentages of total

## Conclusion

The garment sector has an incredible contribution to the Bangladesh economy and the lion's share of the contribution came from poor female garments workers who were basically migrated from rural areas. Due to participation in this income generating sector in the urban areas, their decision making power, life and status in the society got upgraded. However, largely, the condition of female garment workers was very frustrating. Even the level of income of the female garment workers' relatively higher than before but they had still been suffering financial shortages due to increased living cost in the urban areas. To meet-up the financial necessity, they were looking for loan from informal sources and formal microfinance institutions. Therefore, flexible savings and credit services for the garment workers, if made available at garment factory premises, could be of immense benefit for the female garment workers. Moreover, if garment owners allow to operating microfinance programme for its staff and workers from the office located at factory premises, it could drastically reduce overhead cost of financial transactions of the garments workers.

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