

The Roles of Information and Search Frictions in Determining Working Conditions in Bangladesh's Apparel Sector

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We conduct an RCT to assess the role of information frictions around job quality in the Bangladeshi garment sector.

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Topic at a Glance

The emergence of low-skill manufacturing sectors in developing countries can increase labor market opportunities and provide other economic benefits for women (Heath and Mobarak, 2015; Tanaka, 2017). But in light of the poor conditions that characterize many low-skill manufacturing sectors, some researchers have questioned whether manufacturing jobs are actually better for workers than their alternatives (Blattman and Dercon, 2018; Blattman, Dercon, and Franklin, 2019).

In this project, we experimentally investigate to what extent information and search frictions in Bangladesh's labor market contribute to inefficient matching between workers and firms, and how these frictions interact with gender. Specifically, we implement a randomized controlled trial (RCT) with men and women who have recently begun working in Bangladesh's garments sector. We will provide information about job characteristics (wages and working conditions), job openings, or both, and then assess the impact of treatment on outcomes such as their beliefs about working conditions and wages in the garments sector, job search activity, and employment outcomes.

The proposed project tests whether these frictions are particularly salient to female workers. Low-skill manufacturing jobs often provide women in early industrializing countries with their first formal sector employment opportunities (e.g., Heath and Mobarak, 2015). Women may particularly value good working conditions, given reports of sexual harassment and other abuse directed disproportionately towards female workers (Khosla 2009; Begum, Hossain and Shalid, 2010; Gibbs et al 2019; Subramanian, 2019). At the same time, women may lack information about working conditions and job vacancies, due to poor literacy, lower access to mobile phones and other technology, and gender-segregated networks for information sharing. Indeed, Menzel and Woodruff (2019) find that female workers who have lower mobility rates

than male workers, and accordingly earn less and receive fewer promotions. This project will thus suggest whether policies to alleviate information frictions can help to close such gender gaps.

New Insights

We conduct a clustered RCT conducted by the PI's, randomized at the neighborhood level (which we define as a circle with a radius of 0.5 kilometers, with a 1 km buffer in between to minimize spillovers). These are the treatments:

1. Scorecard: Workers are provided a scorecard with information about working conditions (and wages) in factories within 5 km of their neighborhood
2. Vacancies: Workers are provided a pamphlet with information about job vacancies in factories within 5 km of their neighborhood
3. Scorecard and Vacancies
4. Control

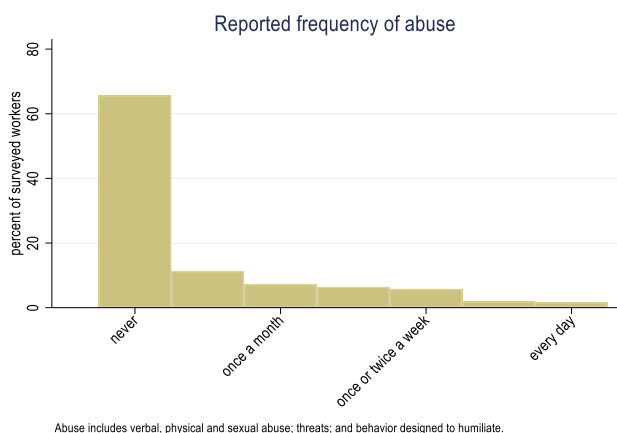
Because there is no publicly data available on working conditions in a representative sample of garment factories, we began with a survey, representative at the geographic level ("representative survey" henceforth), that asked workers about working conditions in their factories. We took information about working conditions and wages from this survey and turned this into an overall measure of working conditions and wages in the factories for the scorecard treatment. The working conditions score was composed of 5 categories of conditions based on focus groups and pilot-testing: employment practices, opportunities for advancement, relationship with management, physical safety and comfort, and maternity/childcare.

Our vacancy information is collected via interviews with HR managers in partnership with our research partner Mapped in Bangladesh (MiB) which has extensive experience collecting data from managers at factories. We then collate this information into a

pamphlet of all open vacancies at surveyed factories within 5 kilometers of the neighborhood for the vacancy treatment.

Both the scorecard and the pamphlet referenced a hotline number that participants can call for more information, giving a "missed call" so that the hotline operator can call them back and not use the participant's air time.

In assembling our scorecards that provide information on working conditions, an initial result is that we find a great deal of variation from workplace to workplace. For instance, figure 1 shows the reported frequency of abuse. While the majority of workers (66%) report no abuse, there is a nontrivial fraction of workers who report abuse considerably more frequently; 9.3% of workers report abuse once a week or more.



Caption: Abuse includes verbal, physical, and sexual abuse; threats; and behavior designed to humiliate.

Limitations

Despite these insights, our study has some limitations. We work with existing garment workers, so we cannot speak directly to the role of information and search frictions in workers' decision to enter the industry (which was an important margin in Bazzi et al, 2022). Factories in the export processing zone were not in our Mapped in Bangladesh sample, so we did not include them in the vacancy data collection or scorecard and cannot study any differential search frictions there. Finally, while we hope to study spillover impacts in the future, our current data collection yields partial equilibrium results on treated workers, although we can test for impacts on firms depending on the intensity of workers nearby treated, which partially speaks to general equilibrium impacts.

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Policy Recommendations

Our project estimates the welfare impacts of information on treated workers, which will provide information to policy makers about how to increase worker welfare. Moreover, the experimental variation we induce will allow estimation of a structural model that translates these estimated treatment effects into welfare metrics. These estimated parameters will allow us to detect whether the treatment allowed workers to find factories that are better fits for their individual preferences, which suggests a model in which aggregate welfare improves. These GE impacts are particularly policy-relevant, given that our partner, Mapped in Bangladesh, is considering different approaches to providing the information they collect about factories to garment workers.