

# The Effect of the Implementation of Minimum Wage on Employees in the Textile Industry in Dhaka

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## **Abstract**

The purpose of this study was to explore the impact of the current minimum wage levels on the employees engaged in the garments manufacturing sector in Bangladesh. In addition, the study also explored the perceived impact of higher minimum wages in the future. This was a basic qualitative research that used semi-structured interviews to collect non-numerical data. The target population was female employees in the garments manufacturing sector in Dhaka. Purposive sampling was used, and data were obtained from five respondents. The rich qualitative data that was collected revealed that the current minimum wages are only meeting the employee's basic physiological needs. At current wages, they still struggle to meet their obligations. All the respondents indicated that they are currently not motivated. However, they agree that higher wages will increase their job satisfaction and motivate them. It is suggested that employers should focus on the longer term and improve the skills of the current low skilled and low paid employees. This study is the first of its kind that explored the impact of minimum wages on employees in the garments manufacturing sector in Bangladesh. The findings will add to the current state of knowledge and trigger more research in this field by future scholars.

**Keywords:** Minimum wage, Job satisfaction, Motivation, Textile industry

## **Introduction**

The readymade garments industry is the backbone of the economy of Bangladesh. This industry accounts for 84% of export earnings. Currently, Bangladesh covers approximately 7% of the total apparel export of the world market (Textile Focus, 2020). The textile industry in Bangladesh had 4.56 thousand garment factories in 2018 (Statista, 2020). The total garments export in the financial year 2018-2019 was 34.13 billion. This contributed 11.17% to the GDP of Bangladesh. The Textile industry is also one of the largest employers in Bangladesh with a labor force of 4 million (Textile Focus, 2020). However, the number of workers in the textile industry has been stagnant at 4 million for the last 5 years (Textile Focus, 2020). The garment industry today provides low-skilled jobs, but skilled labor is becoming more important as production operations are demanding better performances. The Minimum Wage Board was formed to set a minimum wage for different industry workers in Bangladesh. The Minimum Wage Board recently revised the current wage rate (Ovi, 2018a). In 2013, the Board revised the minimum wage to BDT 5,300 (USD 68) (Moazzem and Raz, 2013). In 2019, the new minimum wage was set at 8,000 takas (approximately USD95) a month, up from 5,300 takas

(63 US dollars) (Trading Economics, 2020). However, to maintain the position and competitive advantage, the local industry has been paying low minimum wages to workers (Yardley, 2013). The textile industry sector of Bangladesh is an industry with a workforce of over 4 million among whom a large percentage live below the poverty line. Though the country has seen significant growth in the textile industry sector, no major steps have been taken to improve the low-paying workers in this sector (Worstall, 2016). The fundamental goal of the minimum wage policy is to ensure the essential needs of low wage workers are satisfactorily met and to provide adequate social security for them. It enables them to lead a better quality of life (Senasi and Khalil, 2015). Hence, the low minimum wage is a major concern that justifies a need for further research.

Research has been carried out on the effects of minimum wages on employees. However, past research has focused mainly on the effects of minimum wage on the economy or employment level (e.g., Meer and West, 2016; Wang and Gunderson, 2012). The study by Dube, Lester, and Reich (2010) focused on the effect of minimum wages on earnings and employment in restaurants and other low-wage sectors. The study by Dube, Lester, and Reich (2016) found that employment was negatively affected by the minimum wage. Similarly, another study by Wang and Gunderson (2012) focused on the impact of minimum wages on employment and wages in China. Another study by Meer and West (2016) argued that employment levels will be impacted by the revision in the minimum wage. Past research had also looked at the effect of minimum wage on the operating cost of organizations. The study by Rusly, Talib, and Salleh (2017) revealed that minimum wages have an impact on operating costs and the sustainability of business organizations. The effect is higher on small businesses. Some studies have also revealed that increases in labor costs are inversely related to employment rate (e.g., Kugler and Kugler, 2009). Therefore, past research has focused mainly on the impact of minimum wages on employment or the cost incurred by business organizations. There is a dearth of research that explored the impact of minimum wages from the employee perspective. This in-depth study will explore the gap that exists in current research. More specifically, this research will explore the effects of minimum wage on the employees in the textile industry in Dhaka, Bangladesh. The first research question is to explore the impact of current minimum wages on the employees. The second research question is how an increase in the minimum wage in the future will benefit the workers in the textile industry in Dhaka.

## **Literature Review**

### ***Compensation ad Minimum Wages***

The compensation construct has been defined differently but, in most definitions, it includes cash payments and non-cash benefits paid to employees by organizations in exchange for labor (Armstrong, 2010; Milkovich and Newman, 2005). According to Milkovich and Newman (2005), compensation refers to all types of financial payments and tangible services and benefits that are given to employees. Armstrong (2010) also stated that compensation is concerned with financial rewards and non-financial rewards. Based on this definition, compensation is a package that consists of cash payments and non-cash benefits paid to employees by organizations in exchange for labor. Similarly, Biswas (2013) referred to compensation as monetary and non-monetary benefits and rewards awarded to employees in return for their time, effort, skills, knowledge, and experience they input into their work. This can be linked to the Equity theory by Adams (1963). According to this theory, employees always seek a balance between the effort they input and the output that is the compensation they receive. Employees will be demotivated if they feel that the effort, they put in is greater than the compensation they receive. Milkovich and Newman (2005) further added that the behavior of employees is influenced by the compensation package they receive. Another

aspect of compensation is the performance-based compensation is performance-based compensation. According to Collin and Clark (2003), the objective of performance-based compensation is to increase productivity. Closely related to compensation is compensation management. According to Armstrong (2010), compensation management encompasses strategies, policies, and processes. The objective is to recognize and reward employees for the contribution they make towards the achievement of organizational goals.

From the economics perspective, the minimum wage in an open economy is the real wage of labor that is subjected to a specified floor based on market forces. In other words, the minimum wage is determined by market forces (Brecher, 1974). The minimum wage can be defined on an hourly basis, weekly basis, or monthly basis. For full-time workers, the monthly wage is normally applied (Kramarz, and Philippon (2001). From the legal perspective, minimum wages refer to the minimum amount of compensation that an employer is required to pay employees for the work that they performed during a given period (International Labor Organization, 2020a). The minimum wage cannot be negated or reduced through individual contracts with employees or through collective agreement (International Labor Organization, 2020a). Therefore, the minimum wage set by statute is binding on employers. The objective of a minimum wage is to protect employees against low pay. In addition, minimum wages can be one of the factors to minimize or eliminate poverty and reduce inequality or discrimination (International Labor Organization, 2020a).

### ***The Textile Industry in Bangladesh***

The number one industry in Bangladesh today is the garment and textile business. This industry accounts for 80% of Bangladesh exports. Behind China, Bangladesh is also the second-largest individual country for garments manufacturing in the world. Between January and November 2019, the garment industry in Bangladesh exported apparel items worth \$30.14billion (Textile Focus, 2020). In 2018, the worth of garments exported was \$32.93billion. This indicates a decline and between July and November, garment exports declined 7.74 percent year-on-year to \$13.08 billion. In Bangladesh, the textile industry is one of the largest employers and has a labor force of 4million (Textile Focus, 2020). The number of employees in the textile industry has been stagnant at 4 million for the last 5 years (Textile Focus, 2020). The garment industry today provides low-skilled jobs, but skilled labor is becoming more important as production operations are demanding better performances.

However, as reported in Forbes, the garment industry is plagued with, low-wage payments, poor living conditions that are without basic sanitation (Suhrawardi, 2020). In 2018, there were 4.56 thousand garment factories in Bangladesh (Statista, 2020). The expansion of the garment industry is facilitated by the availability of cheap labor, especially females. The garment sector is one of the main employers of females in Bangladesh. More than 80% of the employees in the garments sector are females (The World Bank, 2017). The female workers in the garments manufacturing sector are poor, unskilled, sometimes illiterate, and highly vulnerable (The World Bank, 2017). Furthermore, due to a decline in exports, around 61 factories have been shut down between January-November 2019. This resulted in a job loss of 31600 workers. This decline will affect the successful implementation of the new minimum wage policy. The majority of the textile industry workers come from rural areas seeking jobs in town and live in the slums or low-cost houses near their factories. The textile industry workers in the entry-level usually hold a maximum of a higher secondary certificate, whereas the majority of the workers have even no school certificate (Adnan, 2018). The workers are paid low wages and the low wages helped Bangladesh to be the world's second-largest exporter of garments (Farhana, Syduzzaman, and Munir, 2015). Therefore, Bangladesh needs to bring in changes such as upgrading the skills of employees, higher labor wages, and better business

climate (Farhana, Syduzzaman, and Munir (2015).

### ***Minimum Wages in Bangladesh***

The minimum wages in Bangladesh are governed by the Minimum Wages Board. The Minimum Wage Board revised the wage rate to BDT 5,300 in 2013 (USD 68) (Moazzem, 2019). In 2019, the new minimum wage was set at 8,000 takas (approximately USD95) a month (Trading Economics, 2020). This minimum pay was around 50.9 percent higher than the minimum pay level set in 2013 (Moazzem, 2019). However, the question arises whether this minimum wage is adequate for families in Bangladesh. A study by Alam, Blanch, and Smith (2011) on 988 women workers in Bangladeshi garment factories revealed monthly expenditure stated by female employees include at least BDT1,825 for household expenses, BDT3,973 for food and BDT715 for healthcare. This adds up to BDT8,896 and under the current environment is considered inadequate. Although the minimum wage rate has been increased to BDT 8,000, the cost of living costs has also gone up. Another survey by Adnan (2018) on 50 apparel industry workers in Dhaka revealed that a family of five members require a monthly expenditure of BDT25,600 (USD 314). The monthly expenditure encompasses BDT13,500 for food, BDT5,000 for house rent, BDT1,000 for medical, BDT2,000 for children's education, BDT 1,000 for transport, and many more expenses. Adnan (2018) further reported that the savings capacity dropped for most of the low wage paid professions.

The employees in Bangladesh's textile industry are amongst the lowest paid compared to employees in a similar sector in other Asian countries such as India, Sri Lanka, and Vietnam. The workers in the textile industry receive a minimum wage of USD39 per month. This is around half, or the minimum wage received by workers in the garments manufacturing sector in other garment exporting countries like India, Sri Lanka, and Vietnam. The minimum wage rate for workers in the garments manufacturing sector in India, Sri Lanka and Vietnam is USD 71, USD 73, and USD 78, respectively. The minimum wage rate is even higher in Myanmar, Cambodia, and China. The minimum wage rate in Myanmar, Cambodia, and China are USD 135, USD 170, and USD 518 (Ovi, 2018b). In a report presented by Adnan (2018), the employees in Bangladesh earn the lowest wages compared to the minimum wages paid by countries in South Asia and Southeast Asia region, namely, Vietnam, Thailand, Bangladesh, India, Pakistan, China, Cambodia, Malaysia, Indonesia, and the Philippines. Any revision of the minimum wage rate is subjected to opposition from both employers and employees. The employees normally claim that the new minimum wage is too low to survive. On the other hand, employers claim that the rise in minimum wages will lead to an increase in operating expenditure and this makes them less competitive (Rahman, 2018). For instance, when the minimum wage rate was increased to BDT8000, there was a protest organized by the labor unions and they demanded a two-fold increase in the minimum wage. Choudhury and Rahman (2017) studied 40 workers and found that one of the major reasons behind labor unrest in the ready-made garment (RMG) industry is deprivation of reasonable salary or existence of low wages. On the other hand, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) stated that many of their members objected to the increase as they were facing difficulties in paying higher wages (Mahmud, 2018). According to BGMEA, around fifty percent of the garment manufacturing factories are small and medium enterprises and an increase in operating cost will affect their profits (Salam and McLean, 2014). This shows that the decision to change the minimum wage rate in Bangladesh has a lot of consequences and has never been a simple issue.

### ***Effect of Minimum Wages on Employees***

Minimum wages can affect employees in several ways. Kamanduliene and Paulauskaite

(2013), indicated that there may be both positive and negative impact on the life of employees arising from minimum wage policy. According to Kamanduliene and Paulauskaite (2013), the positive impact includes poverty reduction, promotion of social and cultural integration, more dignified life, and better social security. The negative effect includes the probability of remaining in poverty, social problems, and low skills due to lack of training and development. The study concluded that employees receiving low wages will be socially excluded and face social problems in the long term.

The first effect can be the motivation of employees as several past studies and theories have supported the positive impact of money on the motivation of employees. Motivation is related to several motivation theories such as need theory by Maslow (1954). The needs theory by Maslow (1954), classified the human needs into a hierarchy lower order needs such as physiological needs to higher-level needs such as self-actualization. The self-determination theory is a theory of motivation that distinguishes motivation in terms of being autonomous and controlled (Deci and Ryan, 2012). The self-determination theory addresses the effects of social environments on intrinsic motivation. In addition, this theory also looks at the development of autonomous extrinsic motivation (Deci and Ryan, 2012). When an action is perceived as instrumental, employees will be energized to act with the intention of getting the desired consequence (Gagne and Deci, 2005). The extrinsic and intrinsic motivation was proposed by Porter and Lawler (1968). Wages and payments to employees can be associated with extrinsic motivation because it requires an instrumentality between the work done and the consequence such as tangible rewards. Therefore, work or activity leads to satisfaction (Gagne and Deci, 2005). In this case, much higher pay leads to satisfaction.

The next effect is the effect of minimum wage policy on financial security and poverty reduction of employees. According to a report by the International Labor Organization (2020b), higher wages are a strategy to lower poverty and inequality among employees. For poor or low-income employees, the minimum wages play an important role (International labor Organization, 2020b). Higher minimum wages are expected to decrease poverty levels. For instance, the poverty level in Malaysia decreased from 1.7% in 2012 to 0.6% in 2014 (Department of Statistics Malaysia, 2015). In 2020, the poverty level in Malaysia remained below 3% (World Data Lab, 2020). The poverty level is much higher in Bangladesh. According to statistics provided by World Data Lab (2020) around 5.9% or 10 million people live in extreme poverty in Bangladesh. Therefore, an increase in minimum wage can reduce poverty levels (e.g., Yuen, 2013). According to a study by Yuen (2013), the positive effect of minimum wage policy encompasses the reduction of poverty, increasing purchasing power, and a higher standard of living.

There are also other effects of minimum wages. Based on a report by the International Labor Organization (2020b), there are several effects of minimum wages. According to the report, minimum wages will result in higher wages and a reduction in the gender pay gap. Increasing minimum wages will also contribute towards the increment of the relative wages of disadvantaged workers such as employees with low education. Increasing minimum wages contributes to raising the relative wages of more vulnerable or disadvantaged workers, such as those who are young, less educated, or migrant workers. The report also stated that employees will stay longer with their employers and gain valuable experience. This will lead to higher productivity levels. Low wages contribute to financial insecurity among employees (Salam and McLean, 2014). The impact of low wages on poverty and financial insecurity is worsened due to increasing prices and inflation. Barbosa et al. (2012), also stated that a minimum wage structure solves the inequality problem in society. Raskinis (2006) mentioned that a minimum wage rate helps to identify social functions such as social, cultural, and political integration of individual workers, poverty prevention, and ensuring rights to a dignified life. Therefore, the

main objective of setting minimum pay is to combat low pay and protect low paid employees (Bercusson, 1984; International Labor Organization, 2020b). The report by the International Labor Organization (2020b), emphasized that the key purpose of setting minimum wages is to guarantee minimum earnings and protect employees against unduly low pay.

According to Dube, Lester, and Reich (2016), a higher wage rate enables workers to stay longer with current employers. By staying longer, they gain more experience from the same organization and this leads to higher productivity. The increased wages reduced worker turnover for restaurant workers in California. Subsequently, the increased wages result in higher productivity which leads to cost savings such as cost of labor turnover. Based on the “efficiency wage” theory, Ehrenberg, and Smith (2009) concluded that higher minimum wage influences the employees towards a higher level of commitment and productivity. Georgiadis (2013) further added that a higher minimum wage rate will result in higher motivation and a lower need to supervise employees closely. Owens and Kagel (2010) were also of the view that a well-designed and higher wage would increase workers’ effort and generate improved outcomes.

## **Methodology**

### ***Overall Research Design***

This research was based on interpretivism philosophy and according to Saunders, et al. (2016), interpretivism advocates and emphasizes the difference between conducting research among humans and objects. An interpretive philosophy was chosen because this research studies to make sense of the subjective meanings about the phenomena being studied (Saunders et al., 2016). This qualitative research was conducted by means of semi-structured interviews. This was basic research that enabled the researcher to give a holistic account of the subject matter of this research (Saunders et al., 2016). Based on purposive sampling, five respondents were selected. The open-ended questions added depth and richness to the data because all answers were probed as needed, and they avoided pushing interviewees. At the same time, the interview guide that was prepared helped structure the interviews and ensured that all stakeholders expressed their expectations, motivations, and experiences with the phenomena. The interviews were conducted face to face and field notes were taken. The transcripts of the recorded interviews were transcribed and later analyzed manually using open coding. Open coding was used, and this includes labeling concepts, defining, describing, defining, and developing categories.

### ***Research Method, Strategy, and Choice***

The approach applicable to this research is inductive. The inductive approach was chosen because the purpose of this study was to get a feel of what was happening and have a better understanding of the problem that was identified for this study. This was a qualitative design that used semi-structured interviews to collect non-numerical data in the form of voice and words. In this qualitative study, a small sample was chosen but an in-depth investigation was done to collect non-numeric data that can be interpreted (Saunders et al., 2016). This was a cross-sectional study that collected a snapshot data of the phenomenon. There are several strategies used in qualitative research such as phenomenology, grounded theory, and case study. This study was categorized as basic qualitative research. The strategy was a plan to collect data and how the research questions defined for this research were answered. In this basic qualitative study, the goal was to study the subjective meanings and interpret them (Merriam and Tisdell, 2016).

### ***Data Collection***

An inductive process was utilized to gather data by interviewing the participants (Merriam, and Tisdell, 2016). In this study, a semi-structured interview was used to collect non-numeric data. By using the semi-structured interview method, a deeper understanding of the phenomena was obtained. For the semi-structured interviews, a list of key questions was prepared. In addition, more probing questions were asked to further explore the research questions of this study (Saunders et al., 2016). Some questions were prepared in advance to steer the interview, but flexibility was exercised to ask additional probing questions to seek clarifications or more elaboration on the previous questions. All the interviews were done in the homes of the employees and recording was done after obtaining approval from the respondents. Ethical principles were complied with. The recorded interviews were later transcribed for analysis. Each interview lasted for about an hour. Notes were also taken during the interviews to provide better understanding and interpretation.

### ***Population and Sampling***

The study population was female employees in the garments manufacturing sector in Dhaka, Bangladesh. Purposive sampling was used because it focuses on selecting cases that are important (Saunders et al., 2016). Judgment was used to select respondents who can provide answers to the research questions. In addressing the sample size, the recommendation to continue data collection until data saturation is reached was observed (Saunders et al., 2016). Merriam and Tisdell (2018) stated that reaching a point of saturation means the interviewer begins hearing the same responses to his or her questions and no new insights are forthcoming. For a homogeneous population, the recommended sample size is 4-12 participants (Saunders et al., 2016). For this study, there were five respondents from a homogeneous background.

### ***Data Analysis and Validity***

This study used manual coding to derive meanings from the words and images that may have multiple meanings. The meanings were explored and clarified (Saunders et al., 2016). The data collected were transcribed into a word document. Some parts were condensed or summarized. Thereafter, key sentences and codes were identified and categorized. The categories and themes were linked to provide answers to the research questions (Saunders et al., 2016). The reliability and validity of the data criterion formulated by Lincoln and Guba (1985) were used. The four criteria to check the trustworthiness of data in a qualitative study encompass credibility, transferability, dependability, and confirmability. Emphasis was placed on the participant or member validation. The recorded data was transcribed and sent back to the participants to confirm. They could comment, and all comments and changes were recorded (Saunders et al., 2016). To address credibility, member checking was done. Furthermore, an audit trail was maintained, and all records and changes were recorded to achieve dependability (Koch, 1994). For confirmability, markers that include reasons for analytical or methodological choices to ensure readers can understand why and how decisions were provided (Koch, 1994).

### ***Results and Discussion***

All the respondents were manual laborers engaged in the garments manufacturing sector in Dhaka. They were entry-level employees with low pay and affected by changes in the minimum wage changes. Since many workers in the garments manufacturing sector in Dhaka are females, only five females participated in this study. The study population was considered homogeneous and all the respondents were married. The identity of the participants was kept confidential and an ID was given to each one of them that is Respondent 1, 2, 3, 4, and 5. The respondents also lived under similar conditions.

The first research question is what impact of current minimum wages has on employees. All the respondents were asked what influences the minimum wage has on their work and life particularly in Dhaka. Social development is a generic term that includes social rights, social needs, social relationships, social esteem, social status, social welfare, and social life balance. The following were some of the keywords that were said during the interview and these words reflect the impact of current wages on the employees' life and work.

Respondent 1 commented that:

*“The minimum wage has fulfilled my social needs such as housing, food, education of children, health, and clothing to some extent. Though living in Dhaka is difficult, I can still sustain.” I still work the same number of hours and I don't need to put in any additional effort”*

This indicates that the minimum wage has contributed to fulfilling the respondent's basic physiological needs. This is in accordance with Maslow's theory of motivation which states that the strongest need that needs to be fulfilled among employees is physiological needs. In addition, the response indicates that minimum wages do not affect the motivation and productivity of employees. Therefore, the amount of increase in minimum wages is still not perceived as instrumental, and employees are not energized to act with the intention of getting the desired consequence (Gagne and Deci, 2005). Extrinsic motivation requires an instrumentality between the work done and the consequence such as tangible rewards (Peter and Lawler, 1968). According to Herzberg's theory, the minimum wage increment is considered a hygiene factor, and the employee motivation level is not affected (Robbins and Judge, 2013).

Respondent 2 acknowledged that:

*“The minimum wage has influenced me in several ways. I can now stay in a proper house and enjoy interacting with society by living in a house in Dhaka. I can send my children to school and stand in the society. My social status has also slightly increased.”*

Based on this response, the employee's physiological needs are fulfilled. In addition, the increase in minimum wage contributed towards her need for love and belonging. This employee also did not mention any increase in motivation and productivity. The explanation can be based on Herzberg's Theory which states that meeting lower-level needs will not motivate them to exert more effort (Robbins and Judge, 2013).

Respondent 3 explained that:

*“I am now able to socialize with society as I can give time to my family during weekends, holidays, or take part in a social event organized by my neighbors and relatives. Moreover, it makes me feel I am liked by my family and friends and equal to my male colleagues who receive the same wage amount working in the same position.”*

This respondent emphasized the need for affiliation with family and friends. The increase in minimum wages contributed towards her upliftment in her need for affiliation. The respondent sees an increase in a need for love, belonging, and social acceptance. The need for affiliation according to McClelland's theory of needs (McClelland, 1985) states that people with a high need for affiliation are motivated by being liked and accepted by others. They tend to participate in social gatherings and may be uncomfortable with conflict (Robbins and Judge, 2013). Another point highlighted here is the minimization of the feelings of financial insecurity and inequality.

Respondent 4 commented that:

*“Since I am getting a slightly higher wage, I am no more helpless. At the beginning of every month, I wait for the wage to cover the small debts and other expenses. I can send my children to primary school.”*

The respondent acknowledged that the minimum wage enabled him to pay off debts and meet her basic physiological needs. This reflects that the borrowings are reduced, and the employees are no longer subjected to extreme poverty and living on borrowed money and debts. The basic need includes education for her children. It has also provided him the opportunity to meet the educational needs of his children.

Respondent 5 opined that:

*“As I get the minimum wage, I can feel socially secured. I now have a slightly better shelter to live. I can also spend on food. But health security is not enough from the minimum wage I receive, and I am not satisfied.”*

This respondent indicated that higher minimum wages met her basic physiological needs. This respondent also mentioned health-related behaviors. According to Maslow’s theory, the employee fulfilled the deficiency needs at the lower levels before the needs at higher levels can be fulfilled (Maslow, 1954). The self-determination theory can be related to improved health-related behavior by employees (Deci and Ryan, 2000). According to this theory, the two categories of motivation are referred to as autonomous and controlled motivation. The respondents indicated that autonomous motivation has a pervasive effect on health-related behavior. However, this need was not met by the minimum wage paid to the respondent.

The second research question is how an increase in the minimum wage will benefit the worker in the textile industry in Dhaka. Since there is an expectation in receiving a higher minimum wage, all the respondents were further asked how an increase in the minimum wage can benefit them. In this regard, they have provided a variety of opinions.

Respondent 1 said with confidence that:

*“Currently, the minimum wage is sufficient for my basic needs only. If I get a higher minimum wage, of course, I can live a more decent life. I can focus more on my job. It also would motivate me to work hard.”*

It indicates that an increase in the minimum wage would act as a motivation for the respondents to focus on respective tasks and responsibilities and improve individual performance. This can be related to the Vrooms Expectancy Theory. Based on this theory, the respondent will be motivated to put in more effort when she believes that there is a positive relationship between the effort and reward that she will receive (Vroom, 1964). As stated by the respondent, she will work harder if she expects the higher effort will produce the outcome. In this case, the respondent's motivation is influenced by the perceived chance of getting the outcome and the extent that she values the reward.

Respondent 2 explained:

*“I will be happier if my minimum wage is increased enough. Moreover, my standard of living will increase. I can rent or live in a safer and better house and get better food. Maybe I can buy good clothing for my wife and family during the Eid festival.”*

According to this respondent, an increased minimum wage would improve his standard of

living and satisfy his basic needs such as housing, food, and clothing. The respondent is expressing happiness in the form of a positive attitude and well-being. Studies have shown that happiness at work contributes positively to job satisfaction, organizational commitment, and work engagement (Fischer, 2010).

Respondent 3 acknowledged that:

*“With a higher minimum wage in the future, my socioeconomic status will increase. I will be able to live in a good house in a good area. I will also be able to spend a good amount of money for my family health happiness.”*

This respondent looks at the upliftment of her socio-economic status and the happiness of her family. This can be related to McClelland’s need for achievement. The respondent has a desire to exceed some standard of behavior and the need to be successful. The additional income or outcome can be a form of extrinsic motivation. The increase in status mentioned by the respondent can be explained by the Four-Drive Theory. According to the Four-Drive Theory, the need to acquire refers to possessions such as a better house that will help the respondent to gain self-esteem. (Lawrence and Nohria, 2002).

Respondent 4 replied:

*“If my minimum wage is increased, it will fulfill our need for a better life. I have so long been claiming and protesting that the current wage is low. It will give me the motivation to work better for my company. I will not even move to another company, rather stay here and work hard.”*

This respondent is so optimistic with progress in her career, should the minimum wage be increased. She said a hike in the minimum wage would play a motivator's role in retaining her in the same factory and increasing individual productivity. This information reveals that the turnover rate will decrease with a possible hike in the minimum wage. In this case, higher wages and payments to employees can be associated with extrinsic motivation because it requires an instrumentality between the work done and the consequence such as tangible rewards (Gagne and Deci, 2005).

Respondent 5 opined that:

*“I am so depressed. Now I work very hard and even overtime till midnight to have a decent living. But our minimum wage is still low. Of course, if the minimum wage is increased, I will work harder. I will also be able to rent a separate flat solely for my family as presently we stay in a shared flat with another family.”*

This respondent also is motivated to work harder if she is paid higher wages. Currently, she is meeting just physiological needs. Past research has revealed that extrinsic factors motivate employees and good wages can be a potent determinant of motivation. Higher wages may appear purely intrinsic but at a deeper level, higher wages reflect what the organization values and this affects the employee’s well-being (Wiley, 1997). However, as argued by Taylor and Taylor (2011), the question is how much more pay will ensure higher motivation where the employees exert maximum effort.

### **Implications and Conclusion**

There are several implications of this study. From the practical perspective, the authorities and employers should note that the current minimum wage is fulfilling the employee’s basic needs

only. This study suggests that the current minimum wage that was increased to BDT8000 per month had no impact on the productivity and motivation of employees. Some of the respondents stated that their need for belonging and affiliation has a small level of improvement after the minimum wage was increased to BDT8000. All the respondents either directly or indirectly stated that the current minimum wage does not motivate them or encourage them to put more effort. However, almost all of them stated that higher minimum wages in the future will motivate them to put in more effort. The employees will be motivated to put in more effort when they believe that there is a positive relationship between the effort they input and the reward that they will receive. They will work harder if they expect the higher effort will produce the desired outcome. Motivation is influenced by the perceived chance of getting the outcome and the extent that the employee values the reward. Employers must note that to further motivate employees, an increase in minimum wages must be instrumental. Employers may argue that an increase in pay will increase their cost and make them less competitive. However, it must be noted that the labor cost of employees in the garments sector is lowest compared to other countries in Asia. Employers must note that cheap labor is not a long-term solution as they need to improve productivity through higher-skilled workers. Investments must be made to improve the skills of the current low skilled employees. A higher wage rate encourages workers to stay longer with current employers. By staying longer, they gain more experience from the same organization and this leads to higher skills and higher productivity. Therefore, employers should increase productivity and efficiency and focus on the skill development of employees.

From the theoretical and academic perspective, this study is the first of its kind that carried out an in-depth exploration of the experience and perceptions of low paid employees in the garments manufacturing sector in Bangladesh. From the theoretical perspective, this study found new insights and contributed to the current knowledge. These findings of this study can pave the way for academicians to carry out further studies. Future scholars and academicians can refer to the results of this study and plan future studies in this field.

### **Limitations and Recommendations for Future Research**

Some implications were noted in this qualitative study. Firstly, the data for this study was collected from female employees engaged in the garments manufacturing sector in Dhaka only. The collection of data from multiple sources will provide a better understanding. For future research, it is recommended that data is collected from both males and females. In addition, the age of employees is a crucial factor that may affect the results. Therefore, the collection of data from different age groups will provide a better understanding of the differences that may exist due to age differences. There is also an ongoing debate on the different views between employers and employees relating to minimum wages. A comparative study is recommended to understand the influence of minimum wages from the perspectives of employers and employees. The similarities and differences between employers and employees will provide more insights. Most of the garment manufacturing organizations are small and medium enterprises. The research also did not take the size of the enterprises and the nature of business into consideration. Larger organizations may be having the ability to pay higher wages and invest more in future training and development. Therefore, it is recommended that differences based on the size of the enterprises should be considered in future studies.

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