# Labour unrest threatens to stall Bangladesh’s foreign investment ambitions



Bangladesh is currently on a trajectory of rapid development, gaining attention from international investors due to its export-driven economy, rising GDP growth, a large youthful workforce, and strategic geographic position. The Bangladesh Export Processing Zones Authority (BEPZA), Bangladesh Investment Development Authority (BIDA), Bangladesh Economic Zones Authority (BEZA), and various other development partners are actively working to harness this potential. However, amidst these promising developments, persistent worker dissatisfaction has emerged as a significant challenge that could impede the country’s prospects for sustained foreign direct investment (FDI).

Labour unrest in Bangladesh has repeatedly disrupted production processes and negatively affected the broader economy. Core issues triggering worker dissatisfaction include problems related to wages, working conditions, and management practices. Delays in paying salaries and bonuses, inequitable wage structures, discriminatory treatment, harassment, excessive workloads, and an inadequate grievance redressal system are among the primary causes. Furthermore, concerns over worker safety are exacerbated by insufficient fire safety measures and the lack of personal protective equipment in factories.

Additional factors contributing to this unrest include economic instability, political turmoil, interference by local influencers, limited access to trade unions, and poor living and educational conditions for workers. These grievances collectively undermine the country’s appeal to foreign investors, who typically evaluate political stability, infrastructure quality, legal protections, and the labour environment before making investment decisions. Investors particularly focus on worker efficiency, wage fairness, incidences of strikes or dissatisfaction, and the enforcement of labor laws.

Labour dissatisfaction is not a new phenomenon in Bangladesh. Since independence, worker discontent has periodically surfaced, especially in public sector industries during the 1974 famine and later in the growth phases of the ready-made garment sector in the 1980s and 1990s. Major incidents such as the 2012 Tazreen Fashion factory fire and the 2013 Rana Plaza collapse drew significant attention to worker safety. More recently, the COVID-19 pandemic triggered mass job losses and factory closures, revitalising unrest. Political instability following the events of July 2024 further worsened the situation, disrupting production and delaying salary payments due to some factory owners fleeing the country.

Historically, labour unrest has driven away foreign investors from Bangladesh, with many opting to relocate production to countries like Vietnam, Ethiopia, and Myanmar. Despite government initiatives aimed at improving workplace safety and conditions, foreign investors remain cautious, waiting for more stable and equitable labour conditions before committing significant investments.

Several systemic weaknesses contribute to ongoing labour discontent. The implementation of labour laws is hindered by inadequate staffing, lack of inspection resources, and insufficient enforcement capabilities within agencies such as the Directorate of Inspection of Factories and Establishments (DIFE). Factory-based negotiation committees and joint consultation committees, intended to mediate between workers and management, often meet irregularly or fail to seriously address worker concerns, especially regarding salaries and work conditions. Moreover, many workers have little knowledge of formal complaint procedures or legal remedies, leading to frustration when grievances are ignored.

The industrial police and law enforcement agencies, typically the first responders to labour disputes, often rely on reactive measures such as crowd control rather than preventative negotiation or mediation, partly due to limited training in labour laws and the social dynamics of worker unrest. This approach tends to exacerbate tensions rather than resolve underlying issues.

Dr. Sohel Mia, a labour relations specialist, notes that developing an effective institutional framework is essential to fostering a productive and peaceful labour environment. Recommendations include legally mandating alternative dispute resolution (ADR) processes within the Labour Act to enable timely and effective resolution of conflicts. Enhancing training for the industrial police in labour laws and conflict resolution techniques could equip them to handle disputes more diplomatically.

Additionally, efforts to motivate workers through awareness campaigns might foster a sense of shared responsibility and pro-industry attitudes, aligning workers’ interests with sustainable industrial growth. Reforming the sales and revival processes for closed or defunct factories with transparent, swift mechanisms could also aid in job restoration and payment of dues to workers more promptly.

Dr. Mia also highlights the issue of politically motivated agitators who foment unrest through false rumours and mislead workers, resulting in industrial disruption and job losses, advocating for stringent legal actions against such actors.

Bangladesh's government is actively pursuing policies aimed at boosting foreign investment, including establishing new economic zones, streamlining business services, and implementing guidelines to facilitate industrial growth. However, as Dr. Mia emphasises, “investment is not just about land or electricity, it is a contract of trust—where the state guarantees that the investor's production will not be hampered.” Achieving a labour environment free of discontent is critical to fulfilling these ambitions. Without addressing workers’ rights, safety, and participation, foreign investment may remain tenuous, and overall economic growth could be constrained.

The Financial Express reports that sustainable industrial development and economic progress in Bangladesh hinge on building a stable, fair, and participatory labour framework. The resolution of labour unrest through collective effort by government bodies, employers, and worker representatives is seen as essential for creating a conducive environment that reassures investors and ensures continued growth.

Source: [Noah Wire Services](https://www.noahwire.com)

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