

## Developing Asia's garment and footwear industry: Recent employment and wage trends

By Phu Huynh | Regional Office for Asia and the Pacific | huynh@ilo.org

**Recent trends in developing Asia's garment and footwear industry have been mixed. Employment growth in the sector has been robust in some key economies but has stagnated or contracted in others. Wages have increased but remain low overall, particularly for women. This brief presents the latest employment and wage estimates in 12 major garment-producing countries in developing Asia.<sup>1</sup>**

### I. Employment estimates and trends

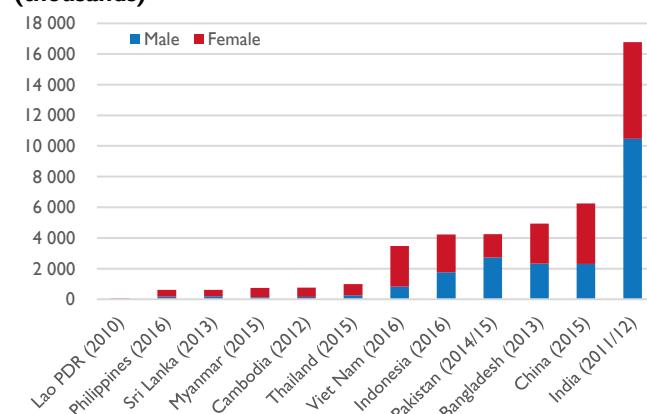
The garment, textile and footwear (GTF) industry employed more than 43 million women and men in developing Asia (Figure I, Panel A). In India, 16.8 million workers were engaged in the sector. In China, where official data are limited in coverage, 6.2 million were employed in GTF public urban production units. Likewise, employment in the sector exceeded 4 million in Bangladesh, Indonesia and Pakistan. In addition, GTF production in many countries remained key for manufacturing. For example, in Bangladesh, Cambodia and Pakistan, GTF accounted for around 50–60 per cent of total manufacturing employment (Annex Table I).

The industry continues to be driven mainly by a female workforce. For example, around 75 per cent or more of the workers in GTF production were women in Cambodia, Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam. Only in India and Pakistan did the industry employ more men than women, reflecting the wider challenge of low female participation in the overall economy.<sup>2</sup>

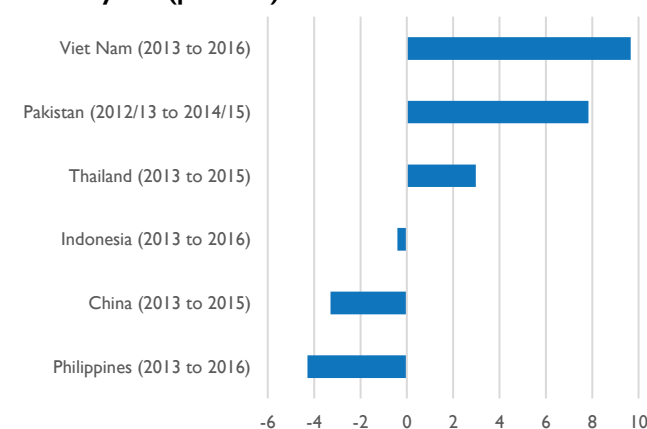
In recent years, employment growth trends were uneven in the countries with comparable estimates (Figure I, panel B). Job growth in GTF has been robust in Viet Nam, expanding on average by 9.7 per cent per annum from 2013 to 2016. Similarly, in Pakistan, employment in the sector grew considerably by 7.8 per cent annually during the period from 2012/13 to 2014/15. On the other hand, in Indonesia, employment trends fluctuated between 2013 and 2016, but

remained mostly unchanged. In stark contrast, the Philippines witnessed the largest contraction in GTF employment, with an average decrease of 4.3 per cent each year from 2013 to 2016. Likewise, across China public urban units, employment levels in GTF contracted by 3.3 per cent on average annually between 2013 and 2015.

**Figure I. Employment in GTF**  
**Panel A. Total employment by sex, latest available year (thousands)**



**Panel B. Average annual change in total employment, various years (per cent)**



Note: Change in employment based on the compounded annual growth rate; China figures cover only public urban units; also see Annex Table I.

Source: Same as Annex Table I.

<sup>1</sup> For earlier employment and wage estimates and trends, see: P. Huynh: *Strong export and job growth in Asia's garment and footwear sector*, Asia-Pacific Garment and Footwear Sector Research Note, Issue 1 (Bangkok, ILO, 2015).

<sup>2</sup> For further discussion on low female labour force participation in South Asia, see: R. Chaudhary and S. Verick: *Female labour force participation in India and beyond*, ILO Asia-Pacific Working Paper Series (Bangkok, ILO, 2014).

## 2. Wage estimates and trends

In developing Asia, employment tends to be informal with a lack of stable wages. The GTF sector, by contrast, continues to be a positive source of jobs with regular wages. Aside from a couple exceptions, wage employees accounted for the majority of employment in the industry (Annex Table I). For instance, nearly nine in ten GTF workers in Bangladesh, Cambodia and Viet Nam were salaried employees. In Indonesia, the comparable ratio was around three in four. Likewise, in the Philippines, Sri Lanka and Thailand, approximately two in three of those employed in GTF production were wage earners.

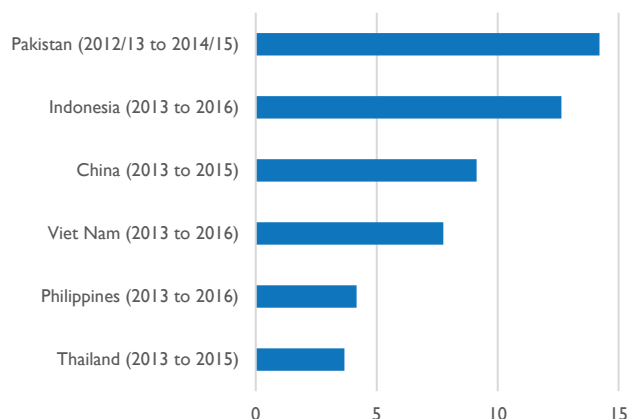
For countries with recent data, wage trends in GTF manufacturing have been mixed since 2013 (Figure 2, Panel A). In Pakistan, nominal wage growth, which does not account for fluctuations in consumer prices, was notably strong, increasing by 14.2 per cent on a compounded annual basis from 2012/13 to 2014/15. Similarly, nominal wages in Indonesia expanded by 12.6 per cent on average each year between 2013 and 2016. In China and Viet Nam, average yearly nominal wage growth since 2013 reached 9.1 per cent and 7.8 per cent, respectively. By contrast, annual nominal wage increases averaged around 4 per cent in the Philippines and Thailand.

Despite the recent progress in some countries, wages in GTF production remain low across developing Asia. The latest estimates indicate that average earnings were less than US\$200 per month in eight of the 12 countries with available data (Figure 2, Panel B). On the high end, nominal average wages in China and Thailand were \$582 and \$267, respectively. By contrast, nominal average wages for employees in the GTF sector were only about \$100 a month in Cambodia, Lao People's Democratic Republic and Myanmar at the time of the most recent labour force surveys, and therefore these estimates do not reflect recent changes in minimum wage legislation. For example, in Cambodia the applicable minimum wage has more than doubled since 2012 and was \$153 as of 1 January 2017.

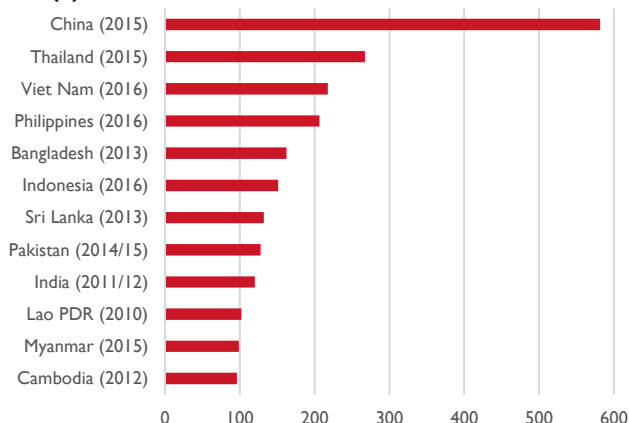
While women account for the majority of jobs in the sector, they continue to face a considerable wage penalty. In all 12 countries, average monthly wages for men were higher than that for women, although the intra-regional disparity was widely heterogeneous (Figure 2, Panel C). The gender pay gap was the highest in Pakistan (66.5 per cent), followed by two other South Asian economies, India (36.3 per cent) and Sri Lanka (30.3 per cent). By contrast, the lowest gender pay gap was recorded in Bangladesh at 1.1 per cent. Likewise, in Indonesia and Viet Nam, the male-female differential in wages was less than 10 per cent.

**Figure 2. Wages in GTF**

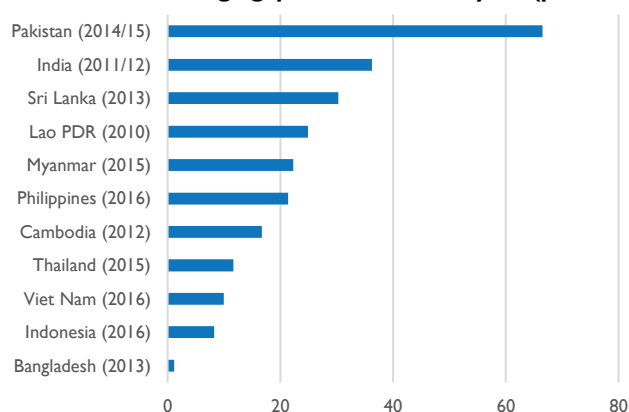
**Panel A. Average annual change in nominal monthly wages, various years (per cent)**



**Panel B. Average nominal monthly wages, latest available year (\$)**



**Panel C. Gender wage gap, latest available year (per cent)**



Note: Change in nominal wages in national currency units based on the compounded annual growth rate; gender wage gap measured as the difference between male and female monthly wages as a share of male monthly wages; China figures cover only public urban units; also see Annex Table I.

Source: Same as Annex Table I.

**Annex Table I. Indicators of employment and wages in the garment, textile and footwear industry by sex, selected Asia–Pacific countries, latest available year**

	Bangladesh (2013)			Cambodia (2012)			China (2015)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total employment in GTF (000)	2 327.4	2 610.5	4 937.9	143.7	605.2	748.9	2 296.3	3 946.9	6 243.2
<i>Textiles</i>	965.4	884.9	1 850.3	16.4	51.5	67.9	829.9	1 229.2	2 059.1
<i>Garments</i>	1 293.0	1 703.9	2 996.9	106.5	508.0	614.5	776.3	1 718.5	2 494.8
<i>Luggage, handbags, footwear, etc.</i>	69.1	21.6	90.7	20.9	45.6	66.5	690.1	999.2	1 689.3
Share of GTF in total manufacturing employment (%)	40.7	69.0	52.0	32.8	74.2	59.7	7.5	19.5	12.3
Share of employees in total GTF employment (%)	86.7	89.5	88.2	85.6	86.0	85.9	n.a.	n.a.	n.a.
Average nominal monthly wages (\$)	164	162	163	111	93	96	n.a.	n.a.	582
	India (2011/12)			Indonesia (2016)			Lao PDR (2010)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total employment in GTF (000)	10 477.7	6 296.9	16 774.6	1 767.8	2 449.3	4 217.0	6.0	37.7	43.6
<i>Textiles</i>	4 786.1	2 938.0	7 724.1	495.9	701.2	1 197.1	1.6	22.3	23.9
<i>Garments</i>	4 720.9	3 182.5	7 903.4	906.4	1 331.8	2 238.2	3.8	15.2	19.0
<i>Luggage, handbags, footwear, etc.</i>	970.7	176.4	1 147.1	365.5	416.2	781.8	0.6	0.1	0.7
Share of GTF in total manufacturing employment (%)	28.7	44.4	33.1	19.8	35.3	26.6	9.3	42.5	28.5
Share of employees in total GTF employment (%)	38.4	14.9	29.6	75.6	69.5	72.1	62.2	30.4	34.8
Average nominal monthly wages (\$)	129	82	120	158	145	151	126	94	102
	Myanmar (2015)			Pakistan (2014/15)			Philippines (2016)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total employment in GTF (000)	125.9	612.1	738.0	2 721.5	1 520.3	4 241.8	164.6	446.4	611.0
<i>Textiles</i>	72.7	238.7	311.4	1 236.4	518.6	1 755.0	33.4	111.1	144.5
<i>Garments</i>	34.2	346.4	380.6	1 311.3	963.5	2 274.8	99.5	285.1	384.5
<i>Luggage, handbags, footwear, etc.</i>	19.0	27.0	46.0	173.8	38.2	212.0	31.8	50.2	81.9
Share of GTF in total manufacturing employment (%)	10.6	51.8	31.2	40.1	84.6	49.4	8.6	30.8	18.1
Share of employees in total GTF employment (%)	57.1	55.7	55.9	71.5	29.9	56.6	72.1	63.0	65.5
Average nominal monthly wages (\$)	123	95	99	146	49	128	243	191	206
	Sri Lanka (2013)			Thailand (2015)			Viet Nam (2016)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total employment in GTF (000)	194.2	424.1	618.3	261.2	736.3	997.6	830.6	2 638.0	3 468.5
<i>Textiles</i>	41.4	68.7	110.1	96.5	183.7	280.2	106.4	169.8	276.2
<i>Garments</i>	144.7	341.6	486.3	109.9	461.8	571.8	416.9	1 618.7	2 035.6
<i>Luggage, handbags, footwear, etc.</i>	8.1	13.8	21.9	54.8	90.9	145.6	307.3	849.5	1 156.8
Share of GTF in total manufacturing employment (%)	24.3	59.4	40.8	8.1	23.5	15.7	20.7	54.3	39.0
Share of employees in total GTF employment (%)	75.8	65.2	68.5	71.5	66.1	67.5	87.6	85.3	85.8
Average nominal monthly wages (\$)	132	165	115	292	258	267	235	212	218

Note: Aged 15+; GTF = garments, textiles and footwear; n.a. = not available; wages include gross remuneration in cash and kind, except Lao People's Democratic Republic (excludes non-cash payments) and Thailand (excludes bonuses, overtime and non-cash payments); wage estimates cover only paid employees except Myanmar (only employees paid on a monthly basis); all China figures cover only public urban units.

Source: Author's estimates based on Bangladesh Labour Force Survey (2013), Cambodia Labour Force Survey (2012), India National Sample Survey (2011/12), Indonesia Labour Force Survey (Aug. 2016), Lao People's Democratic Republic Labour Force Survey (2010), Myanmar Labour Force Survey (2015), Pakistan Labour Force Survey (2014/15), Philippines Labour Force Survey (July 2016), Sri Lanka Labour Force Survey (2013); Thailand Labour Force Survey (Quarter 3, 2015), Viet Nam Labour Force Survey (2016); China National Bureau of Statistics and China Ministry of Human Resources and Social Security: *2016 China Labour Statistical Yearbook* (Beijing, China Statistics Press, 2016); official exchanges rates from International Monetary Fund: International Financial Statistics (2017).

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#### **Contact Information**

ILO Regional Office for Asia and the Pacific  
United Nations Building  
Rajdamnern Nok Avenue  
Bangkok 10200, Thailand  
Tel.: +66 2 288 1234  
Fax: +66 2 288 3062  
Internet: [www.ilo.org/asia](http://www.ilo.org/asia)  
Email: [BANGKOK@ilo.org](mailto:BANGKOK@ilo.org)

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