

ASPIRATIONS FOR THE NEXT 50 YEARS

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Automation is inevitable, we must embrace it



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When people write about automation, they often discuss it as if this is some futuristic development which will change the way we do business. Yet the way to see automation in my view, is something that is ongoing. In fact, the reality is that automation has been taking place at a global level for well over a century. Automation helps us do things quicker and smarter. It helps us operate more efficiently. It potentially helps us operate more sustainably. And it helps to make our businesses more profitable.

Automation does all these things, and much, much more.

So why, when we discuss automation in the context of Bangladesh's ready-made garment industry, do we often hear cries of concern? Why is there a reluctance or reticence to embrace automation wholeheartedly in our garment sector? Why are we still not taking a lead on this critical issue?

These and other questions will be addressed in this article. But first I'd like to offer some context about automation as a broader business topic.

The first point to make is that automation is here to stay. Recently,

the World Economic Forum suggested that by the mid-2030s one-third of all jobs could be automated, based on research by consultants PwC. The World Economic Forum says the sector of the workforce most likely to be disrupted will be those people who have low educational attainment. This, in itself, is a strong argument for placing an increased focus on training and education alongside work in our RMG sector, and this is something our government has thankfully begun to look more closely at in recent years.

What about the issue of job losses? To address this head on, historical context is vital. I said at the start of this piece that automation has been an ongoing process for more than a century. Indeed, anxiety over job losses caused by the increased use of machinery has been around for more than 100 years. With each new technological development, concerns are raised about livelihoods or quality of life being changed irrevocably.

In the UK, the textile industry saw moves towards more automated ways of doing things as far back as the Industrial Revolution. As the Industrial Revolution gathered pace, people moved from rural



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communities into larger, fast growing cities where they found work in textile mills and factories. Increasingly, workers and their unions watched with dismay as work that was once done by hand gave way to steam-powered machines which were driving unprecedented growth in output of items previously hand-crafted by artisan workers.

Some workers rioted, smashing machines and setting fire to business owners' homes. They feared job losses, but these lost jobs never materialised. Instead, automation facilitated increased economic growth which ultimately led to job creation. The fears about automation then were as misplaced as they are now.

McKinsey recently published a report in the wake of the impact of Covid-19 to support this sentiment. It pointed out that in recent years, all advanced economies have experienced major sectoral shifts in employment, first in agriculture and more recently in manufacturing.

Yet the point to note is that, throughout these large shifts of workers across occupations and sectors, overall

employment as a share of the population has continued to grow. New industries and occupations have emerged to absorb workers displaced by technology.

Why has that happened? The reason is that, historically, new technologies and automation boost productivity growth, enabling companies to lower prices for consumers, pay higher wages, or distribute profits to shareholders. This in turn stimulates demand across the economy, boosting further job creation. Isn't that something we all want in Bangladesh?

In economics, it is well known that rising productivity is usually accompanied by employment growth. Using automation to boost productivity raises incomes, which are then spent, creating demand for goods and services across the economy.

Over the long term, history shows us that productivity growth enabled by automation has reduced the average hours worked per week and allowed people to enjoy more leisure time.

Across advanced economies, for instance, the length of the average

workweek has fallen by nearly 50 percent since the early 1900s, reflecting shorter working hours, more paid days off for personal time and vacations, and the recent rise of part-time work.

Now let's come to Bangladesh and our own RMG industry. One of the most notable aspects of this industry is that it remains very people-intensive and provides millions of jobs for garment workers.

The industry has been a boon for our economy and there is no denying that it is a bona fide success story.

But the introduction of technology and automation has been fairly limited up to now. This has meant that, among other things, productivity rates have remained relatively low, certainly in comparison to some of our competitors. Low productivity rates mean wage rates remain low. Going back to the narrative above, as we have seen, higher productivity boosts profits, economic performance and standards of living. It's a virtuous circle, and one which Bangladesh now needs to be aspiring towards.

To put it bluntly, the Bangladesh RMG industry now needs to move onto the next level if it is to prosper and provide meaningful work. Moreover, if we fail to embrace automation in our industry, our very survival will be under threat, given that all of our major competitors—Vietnam, India, China and so on—are now looking to automation in a big way (although China, it has to be said, is ahead of the chasing pack).

So what do I mean by embracing automation? The key here is to think holistically. Automation ties in with embracing technology as well as upskilling our workforce via better education and training opportunities. These issues are all part of the same puzzle.

CONTINUED ON PAGE 25



‘সুশাসন, শুদ্ধাচার, সততা-তিন ইস্যুতে একতা’



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