

Abstract:

There is often substantial heterogeneity in firms in developing countries, but little is known about the process by which workers are matched with firms. We examine this question in the context of the garment industry in Bangladesh, where there is significant concern about wage levels and working conditions. We use a retrospective panel of the wages and working conditions of 990 garment workers (matched to the factories they work in) collected in 2009. Educated and experienced workers work in factories with better conditions, while recent migrants work in factories with worse conditions. We present suggestion evidence that this sorting is driven by differential preferences for wages versus working conditions in migrant workers versus natives.