

Competitiveness of Bangladeshi Ready Made Garments Industry in global Market

Md Kamal Hossain

Abstract:

Core objective of this paper is to prepare a model on competitiveness for garments sector of Bangladesh by using the theory of Porters domestic competitive advantage. This study also shows how this industry can sustain as a part of a global competitive marketplace by using various internal elements of competitive advantage. Depending on the significant research characteristics qualitative method has been used as a research method for this study. 22 personnel were interviewed who were closely related with this industry over cell phone to collect large part of secondary data. This paper will provide necessary evidence on how internal elements can be helpful for apparel sector becomes more competitive towards global garments trade. This paper also will help the management to find more other important factors that can help this sector to remain competitive at global trade. Moreover it also can help responsible government body by realizing all problems or possibilities exists in this industry and practice appropriate approach in the development of the garments industry of Bangladesh.



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1 INTRODUCTION

Bangladesh is situated in southern part of Asian region. The territory size of the country is 147 570 km² with 162 951 560 2016 population, Bangladesh had \$751.949 billion (ppp) total GDP with 7.1% growth rate in GDP during 2017. Service, industry and agriculture has contribution to the GDP is 53.9% 28.5% and 17.7% respectively. This study is designed to institute structures and explore which will supplement current home trade policy to boost its local competitiveness inside Bangladesh. For sustaining at a large capital business level there are some most vital preconditions need to be exist, such as competitiveness employment and income. Competitiveness conform a process which increased not only nations productivity but also increases in value-addition. According to few researchers competitiveness can be outlined in three different levels. Such as: catching up keeping up and getting ahead. Efendioglu (2009) mentioned that tactical competitiveness can be divided into two main features first is catching up i.e. the adoption capability with the technological changes or innovation and utilization of global production systems. Secondly keeping up which indicate the ability or flexibility to adapt modification in existing and further industries. To facilitate innovation efforts in the national economy there are seven main features indicated by the global innovation index. These are organizations, infrastructure, workforce and improvement, business complexity, marketing complexity, knowledge and technological outputs and innovation outputs. For continuous growth within globalized economics arena without competitiveness will not be possible for any nation or economy. At late seventies Bangladeshi RMG industry was opened their wings within global arena by exporting its garments items. Globalization along with the continuously rising demand for Bangladeshi apparels have shown a way for trade or push this trade towards emerging order across the world. Now several big organizations depend on Bangladeshi RMG products as the out sourcing channel for meeting their clothing demand. Recently some other developing countries as well as even some large economies are also getting some offer from MFA as encouragement for garments export. After Rana plaza tragedy in 2013 Bangladesh lost the GSP benefit form united states (Yesmin, S. 2013). And the European Union also relinquishes GSP benefits from Bangladesh. At such situation this industries need to survive in order to ensure a sustainable growth (Yesmin, S. 2013).

For drawing a model about competitiveness for garments sector of Bangladesh by using Porter's model of domestic competitive advantage is the main motivation of this research. To achieve the external competitive advantage some internal occurrences within this industry was considered as barrier as a result a gap has been generated. Moreover this research will debate how to use internal competitiveness in order to narrow this gap from external competitiveness. The following research questions need to be answered to implement of research goals for this study: 1. how can garments industry of Bangladesh develop its competitiveness in international arena? 2. In what ways the internal elements affect the competitive advantage in the favor of Garments industry? 3. What are the internal elements of garments industry for competitive advantage?

Recently Bangladesh is experiencing the rapid growth in their economy. Garments industries of Bangladesh have played the most crucial role for establishing an image as export oriented nation. So we must need to find out all of those key factors which can help this industry to be competent in global market. This study reveals some factors which are still contributing to be competitive in global arena. On the other hand it also indicates those factors which can be contribute in the competitiveness. This research split up to seven parts such as introduction

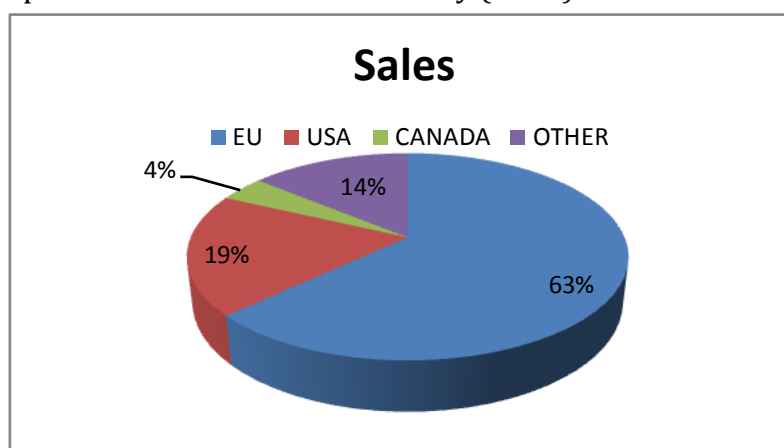
literature review theoretical framework statistical facts methodology data analysis and finding recommendation and conclusion with major limitations.

2 LITERATURE REVIEW

Garments industry in Bangladesh

The role of the garments sector in economics growth over last few decades has been undeniable. This sector has become a crucial part of Bangladesh's economic development process by creating job scope for millions particularly for women labor force. Multi-fiber arrangement (MFA) used to be as vast favorable influence on Bangladesh that allows garments industry to initiate exportation towards North American as well as European markets (Gladys et al, 2012; Lopez-Acevedo, 2015). While Porter (1990) presented the link with demand conditions to explain local demand functions at a primary level as well as at suitable level. He also described that in order to achieve competitiveness; there is a demand for certain components in proportion to local demand related with local demand expansion are needed at the initial level. Rahman and Siddiqui (2015) revealed several vital factors for example as a consequence for high wages and labor shortage china is facing gradual declining trend in bulk production which has facilitated opportunities for Bangladesh to expand their market into global garments trade. Within China as well as some other countries are losing profit because of their capacity limitation problem with high wages, which motivated investors to switch there resource into those country who have cheap manufacturing cost . Bangladesh took this opportunity and became most favorite destination for garments out sourcing. China has four to five time higher labor costs than Bangladesh (China daily 14 jan 2016). Many labor-intensive Chinese industries had already been shifted to Southeast Asian countries. Haider (2006) reveals some significant facts that female apparels are considered as more valuable products compare to the males apparels because they add more value. The main items in to European market for Bangladesh's export earnings are women's clothing, especially pajamas, women's top night wires, etc. During the period 2003-2013, Bangladesh increased its exports to the EU mainly because of lax rules of the original (RoO) regime. Bangladesh accounts for more than 63% of total RMG exports to the EU. Another major market of Bangladesh is the United States. In 2016, its exports accounted for 19% of the total RMG exports.

Figure 1: Total export of RMG in different territory (2016)



(Source: BGMEA)

Domestic and National Competitiveness

Competitiveness provides necessary support to hold the place in the domestic economy,

specifically for global trade (Kharlamova, 2013). Few famous economists contradict against the idea of macroeconomic elements like cost of labor, rate of interest, infrastructure, labor efficiency, and policy of government play a key role in competitive environment. Estimating the level for competitive advantages at both domestic and corporate stage. Murphy (2001) stressed two more components: supply of labor force and the gain from the comparative cost. Heckscher (1991) believed for developed nation it's easy to gain competitive advantage compare to LDC. Consequently, the theory explains different proposition in general, Japan where reconsidered competitive and successful even though it lacks natural resources (David, 1991). "Competitiveness cannot be described by the help of a single indicator" (Hinlopen and Marrwijk, 2004) for a certain country an indicator can be useful in competitiveness, it might not be feasible for another countries. Few theories oppose that micro or macro factors affect comprehensively to those elements in order to study this subject but to overlook previous studies already done on competitiveness of Bangladeshi Apparels sector, from a researcher perspective it was very important for carrying out this research based on previous research by following Michael Porter's Diamond model.

3 THEORETICAL FRAMEWORK

Theoretical Model

The background of the research is clearly representative of the dissatisfaction of Bangladeshi RMG sector due to the recent introduction of rules and trade policies enforced by European Union, US, MFA, and WTO. Thus RMG industry which relies heavily on foreign buyers is strictly related to the modern challenge known as competitiveness. MFA narrated that Bangladesh as well as some other developing countries are losing their respective quota in US market (The World Bank, 2005). Consequently, by year 2005 new rule was introduced to reduce the previous quota facilities for Bangladesh. However, statist indicates even if trades policies are not supportive for Bangladesh still this sector was able not only to survive easily but also maintain the upward growth rate.

Diamond Model of M. Porter

In few occasions' competitiveness deems about a country and sometimes it is considered for a organization. However, Michael Porter efficiently described competitiveness by using diamond model (Brian & George, 2006). Along with that, he highlights the importance of competitiveness for a certain nation and finalizes about accomplishment concerning a country was mainly owing to identical environments which provides opportunity in development for the best suited tactics for any certain field. Michael Porter's diamond model generally stands on basis four factors and those factors are inter-related to each other. Those are factor condition, demand condition, factor of associated and concerning industries and the final factor is firm's structure, strategy and competition. John (2007) extended this model with two more elements those are chance and government role.

Factor condition

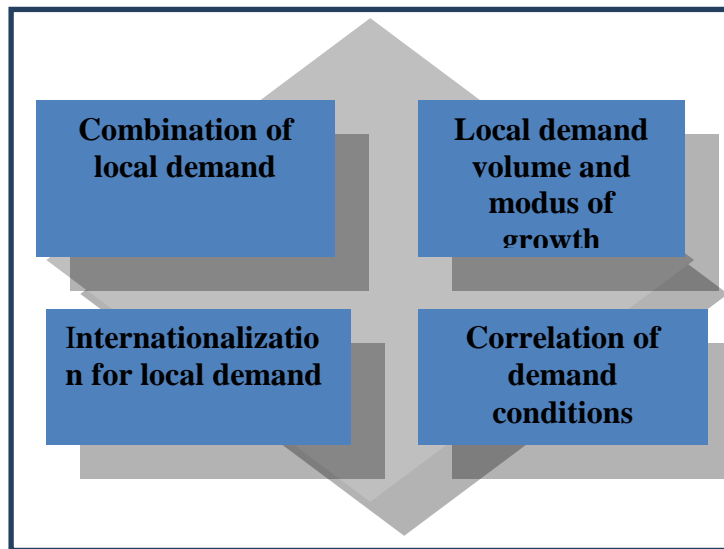
Factor condition is the most important determinant in Porter's diamond model, where factor condition mainly includes manufacturing capacity. Specific production factors which holds economics principle for individual industry or nation. Similarly to accomplished competitiveness Porter believes that productivity is the most important element for a particular nation or industry. Furthermore, factor condition contains various essential production inputs for instance tangible resources namely land, infrastructure, capital, workforce, etc. British industrialization, infrastructure, land, labor and capital based upon modern capitalization are deemed like most vital production elements (Samuelson, 1998). However, Porter was able to divide the conventional factors of production into two kind of category:

general factors and specialized factors. General factors of production are includes natural factors, locations, weather, little trained labor and untrained labor and also capital. “Mutually production specialized factors is composed with educated personnel, digital data, communications, and infrastructure” (Porter, 1990). Furthermore, “advanced/specialized factors contribute more to sustainability in competitiveness than to basic/generalized factors” (Shafaeddin et al, 2012).

Demand Condition

The demand condition suggested by porter depends upon local demand where he approves four features which favor global competitiveness. The four features of demand condition are shown below:

Figure 2: Features of demand condition



(Source: Porter M, 1990)

Combination of local demand

Here Porter described some key issues including local customer's expectation, how sophisticated or demanding the customers are. Moreover, he added local demand is responsible for observation concept of the company on the demand from local customers. At several occasions, huge demand and huge anticipations of local buyers push those enterprises for moving into advanced level or be competitive. On the other hand, if the domestic buyers are not so demanding and their anticipation is also low then obviously native industries are relative disadvantageous in terms of competitiveness.

Local demand volume and modus of growth

Factors like volume of local demand, its growth pattern which is also known as demand conditions and they have an impact on domestic competitiveness (Porter 1990). Local demand quantity is considered as an investment decision maker for a country, investors will be encouraged to invest more when the demand for the home is sufficient. Porter said, a country with a rapid rate of growth promotes toward familiarity with technical innovation in a strong manner. Furthermore, with a rapid rate of growth, home demand is likely to play a vital character regarding the situations where the technology needs to modify frequently.

Internationalization for local demand:

As per Porter (1990), local demand internationalization is a significant indicator in competitiveness. He suggested removing cultural boundary and promoting local demand to

international buyers. Eventually, Suppliers promote products and services in emerging markets by promoting its features as a reference as well as the internal demand for goods (John 2007).

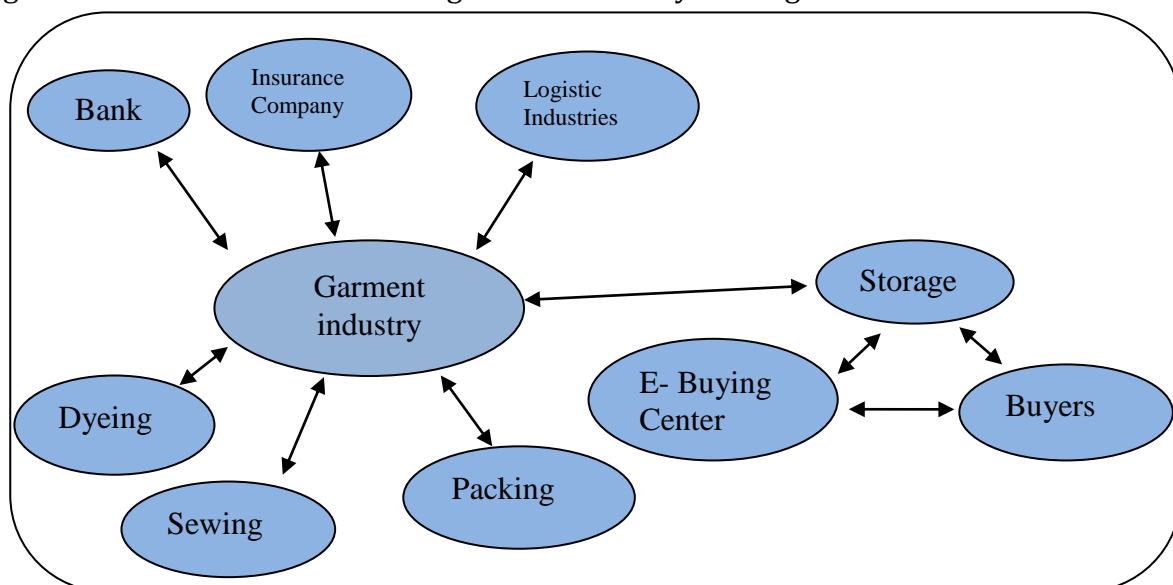
Correlation of demand condition

However introducing the correlation of demand conditions Porter (1990) defined the importance of local demand at beginning level and developed level. He described demand factors such as domestic demand size, local demand growth rate are some elements which require initial competitiveness level. The population density of Bangladesh is very high (world fact book, 2014), obviously garments item is in high demand and it has a prime importance in competitiveness at initial level.

Associated or concerning industries

Here Porter described about the role of associated and concerning industries and their contribution towards domestic competitiveness. Porter further revealed that “supplier and related industries existence within a nation that are internationally competitive provides benefits such as innovation, upgrading, information flow, and shared technology development which create advantages in downstream industries” (Byoungho & Moon, 2006). Nowadays, this industry has experienced extensively with consumers demand getting higher and higher which forced the industry to be more innovative. So, if the industries endorse their associated and concerning industries that are closely related, then enterprises can enjoy the ability for collecting updated information along with modern ideas regarding innovative design. Following figure explains relation between RMG industry and associated or concerning industries at Bangladesh.

Figure 3: Associated industries for garments industry at Bangladesh



Business polices, framework, and other competitors

“The conditions in the nation governing how companies are created, organized, and managed , as well as the nature of domestic rivalry”(Porter, 1998). So, diamond theory describes firm strategy which is different from existing firm strategy. As per Porter (1990), managers and employees are also very important part in company’s structure. The managers and the workers are motivated to extend the effort necessary for creating and sustaining competitive advantage. “Competitions are beneficial in consistent performance for a company which must be taken

with good care" (Clark et al, 1999).

Government Role

According to Porter (1990), it is the responsibility of the company to reach a competitive position, but here government has most significant and influential role to play. Basically, here the government's task is to ensure the other four factors to working properly to achieve competitiveness by regulating tax policy, deploy legislation of antitrust, capital market monitoring are the policies that driven a firms in competitiveness (John, 2007).

Chance

Disturbance in the achievement of competitiveness as a result of any unfortunate events and which cannot be controlled by human may described as Chance factor. Recently in Bangladesh due to low salary there has been labor unrest. Moreover, the situations become worst after the incident of Rana Plaza. After this incident the oversea buyers like US canceled the quota facilities for Bangladesh. However, RMG industry has reformed this chance towards competitiveness. One of the most prominent proofs of this obvious chance was the access into the Chinese market with zero tariffs (Anbarasan, 2012).

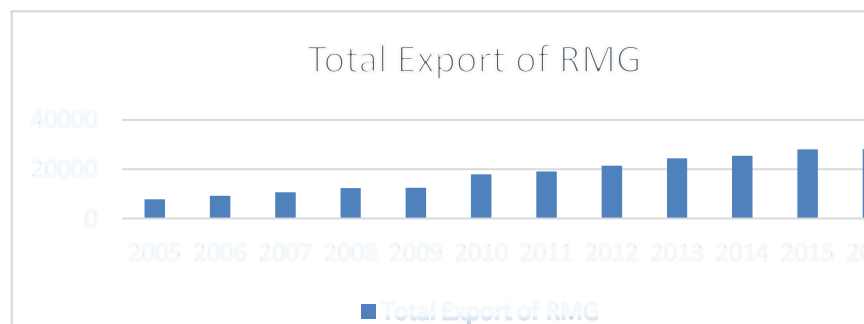
4 STATISTICAL FACTS OF RMG INDUSTRY IN BANGLADESH

In the late seventies, Bangladesh exports the garments item for the first time and exports skyrocketed during the early eighties.

Time series with the growth of garments industry in Bangladesh

It was 1974; North American confirmed launch of Multi-Fiber Arrangement (MFA). Afterward at early 1978, Reaz garments Ltd send their first consignment to USA worth only 69000 USD. This was the time when RMG industry in Bangladesh became an export oriented industry. Following figure (4), tells the story of success for garments industry with time series.

Figure 4 Total export of RMG

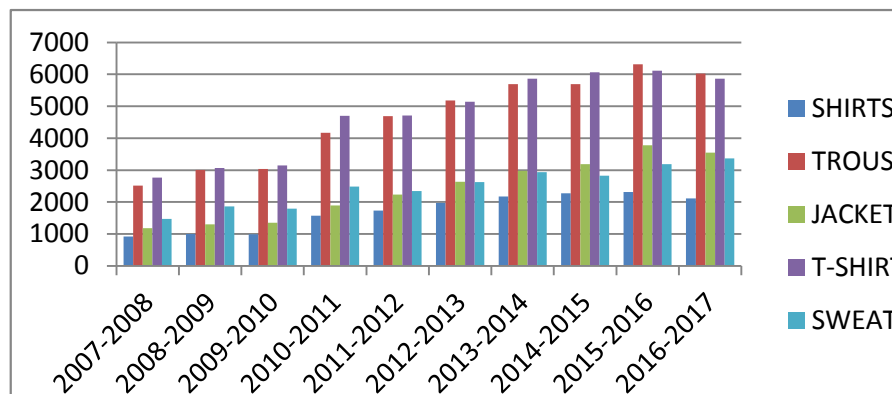


(Source: Export Promotion Bureau, official site, 2017)

RMG products

There were two major commodities such as Knitwear and woven garments which account total export of Bangladesh. Nowadays Bangladesh enlists variety garments items includes T-shirt, shirts, sweater, jackets, trousers, etc. Figure 5 (Bar Chart) indicated different garment apparel items that were exported from 2007 to 2017.

Figure 5: Export of garments items from 2007 to 2017

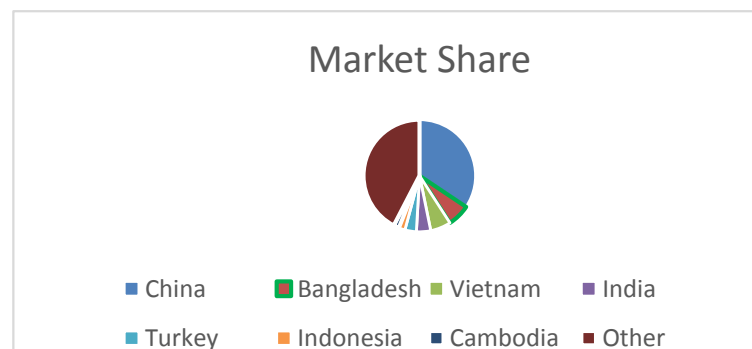


(Data Source: Bangladesh Export Promotion Bureau, final report of BGMEA)

Competitive index for RMG export in EU market

As per World Trade Organization (WTO) report, Bangladesh holds the position as 2nd biggest garments supplier among the world and market share was 6.5%.

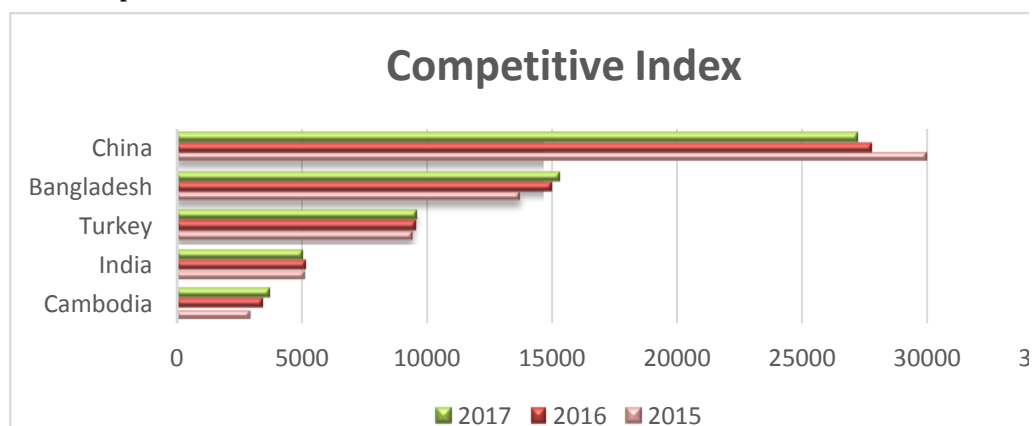
Figure 6: Global market shares in export of RMG



(Source: WTO official web site, 2017)

EU is the main market to export for Bangladesh, where Bangladesh had 60 % in total export of garments item.

Figure 7: Competitive index in EU 2015 to 2017



(Source: European Commission)

5 METHODOLOGY

There are five different research methodologies are commonly known in the research field, such as Qualitative, quantitative, correlation, quasi-experimental, and experimental. However for this thesis qualitative method is appropriate. Focusing on problems for this research, qualitative method would have to be implemented. Qualitative research should included three essential factors, the qualitative research method is the one out of those three, and this method is explained in case there were various changes in social events. And in a situation, where this method demands a change in system, it would be a good idea to conduct this research using a qualitative research method (Berrios et al, 2006). Static research will not be able to produce reliable or appropriate output in this particular case, and this research problem characteristic also required qualitative analysis by interviewing on relevant issue and conducting structural interviews to collect essential data. Therefore, adopting qualitative method was the most suitable option for the research. Broad range of sources will be used for collecting secondary data during this research. RMG related organization's official web sites Bangladesh, Google and VAMK Tritonia web portal are the key sources for secondary data collection in the research. Primary data plays most significant role to estimate proper answer for various important problems during any research work. Initial planning was to collect primary data by conducting interviews by sending email and over the cell phone. Below Appendix 2 listed 22 interviewees who are closely related with this industry. Samples are designed in a way that includes other associate or related personnel from garments sector and selection was on manufacturing capacity as well as the impact of those organizations on total garments trade. Sample size of this study was 22. The design of the questionnaires should be in a sequence. Where preliminary questionnaires may be reveals basis knowledge about this industry. Then it will follow by some questions with spotlight of evidence on influencing elements for garments industry. Next questions pattern will be focusing about dipper perceptions for making an exclusive image of this industry. This interview will ends with asking the interviewees to draw a summery about barriers for this industry. List of question are given in Appendix 1.

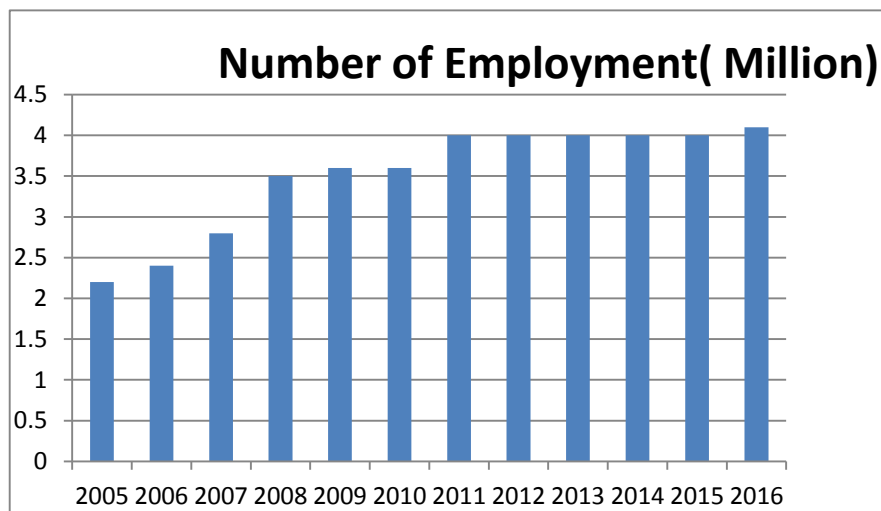
6 DATA ANALYSIS AND FINDING

For the purpose of goal achievement for the research necessary figures and analysis table are presented below along with the basic information.

Domestic competitiveness

Md. Shahidul Haque Mukul, defines cheap labor, experience, a labor friendly environment, small investment, low energy cost like natural gas and land are those initial core features that helped Bangladeshi garments to boom within an incredibly small period with high development ratio. According to Shekhar, there are almost 80 percent of women works working at this sector with minimum salary. Nonetheless, factories were able to produce high volume because of available workforce with cheap cost, which has resulted in the peak of success for this industry. Nowadays there are over 3 million labors working at 4,825 garment factories in Bangladesh.

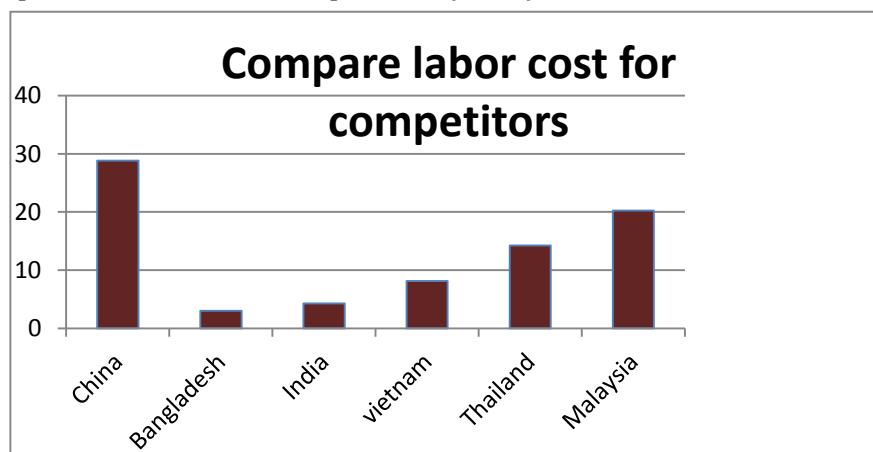
Figure 8 Total numbers of employees in Garments industry of Bangladesh



(Source: BEMEA official site, 2017)

Figure 8, bar chart show that garments industry had 2.2 million employees in year 2005, then it continuously increasing every year and reached to near about 4 million by 2016.

Figure 9 Compare labor cost for competitors (2017)

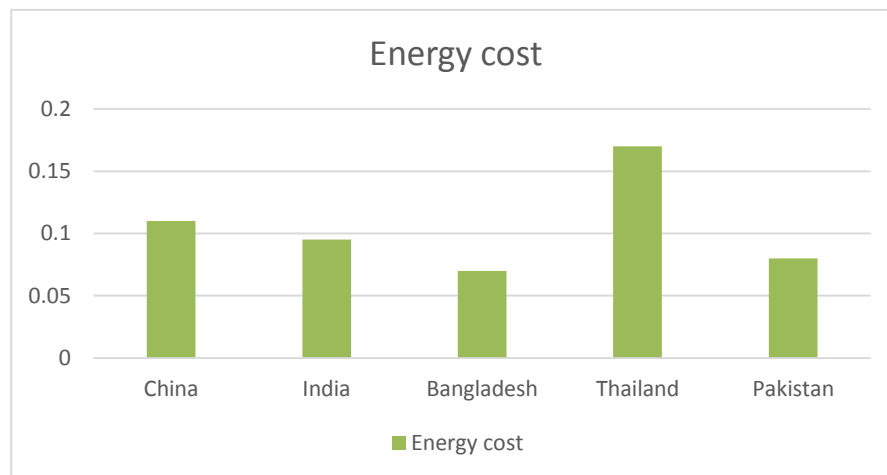


(Source: Trading economics)

Cheap Energy cost

Electricity and natural gases are core energy sources used at garment factories. Bangladesh is abundant in natural resources like natural methane gas. Because of low price methane becomes key energy source for garments industry. During 2017 Petro-Bangla reveal price was 1000 cubic meter of methane gas is 219.76 Bangladeshi taka, which was equivalent to \$2.62 US dollar (Petro-Bangla official site, 2017). Electricity is another major energy source for the garments industry. Compared with other countries Bangladesh has low electricity cost.

Figure 10 Energy cost comparisons



(Source: BKMEA official site, 2017)

Above figure 10 proved that in Bangladesh electricity cost is 0.07 USD kilowatts per hour which is lowest among other competitor country.

Diamond reflection

Porter's diamond concept mainly highlights modern aspects of productivity on conventional factor conditions. Therefore, according to Porter diamond's advanced factor conditions this particular industry has become so successful. During initial period a concept has been established about cheap labor cost lead soiled foundation in the growth of this industry, but now days this cost is increasing continually. In recent times the labor cost increased to 5 times higher than the early days. Line chart in figure 11 also carries the evident;

Figure 11 Minimum salaries for labors in RMG industry of Bangladesh



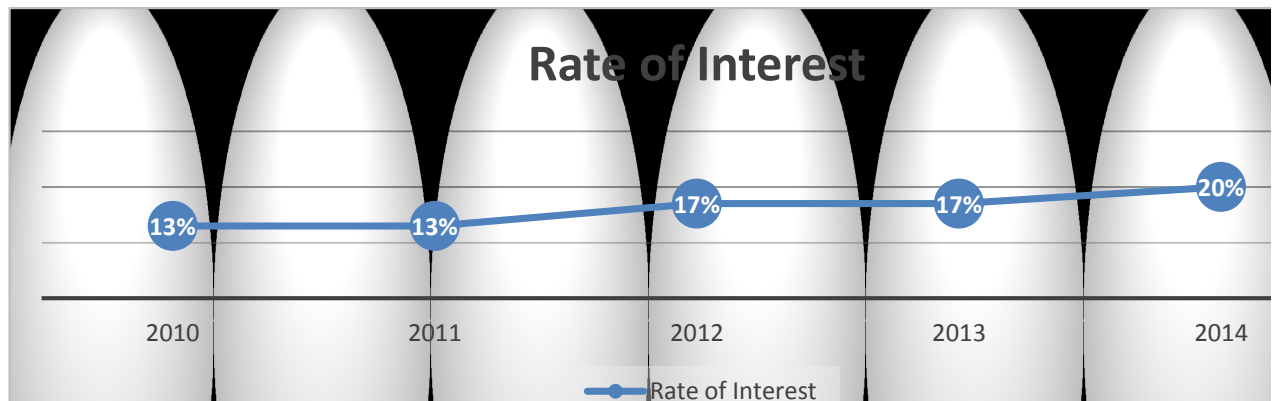
(Source: Yesmin, S. 2018. The daily Star)

Labor safety and Industrial infrastructure

Awareness of international buyers about the infrastructure and security level of the Bangladeshi RMG sector has increased after the Rana Plaza incident; therefore U.S government removed GSP quota advantage for Bangladeshi garments (June 2013 Press release, trade representative Office of U.S). GSP contains several precondition one of them is to have the factory on owned building or the land, as a result It is very difficult for the owners to set up a

garment factory due to the current price of land. And bank loan process is completed with very high interest for this particular industry. Following chart shows the interest trends for the garments sector.

Figure 12 Bank interest trend in Bangladesh



(Source: Official website of Bangladesh Bank, 2017)

Moreover, in term of competitive advantage infrastructure Bangladesh was ranked as 106th out of 137th countries. A country's domestic competitiveness is defined by The Global Competitiveness Index as the organization's production capacity which is composed by policies and factors of the organization. As shown in Table 6.1 based on 10 points, Bangladesh is ranked 106th with a score of 3.91.

Table 6.1 Bangladesh and competitor countries industrial infrastructure ranking

Number	Country	Ranking	Point
1	Bangladesh	106	3.91
2	Pakistan	122	3.67
3	Cambodia	89	3.93
4	Thailand	34	4.72
5	Sri Lanka	71	4.08
6	India	39	4.59
7	China	28	5

(Source: World Economic Forum - Reports 2017)

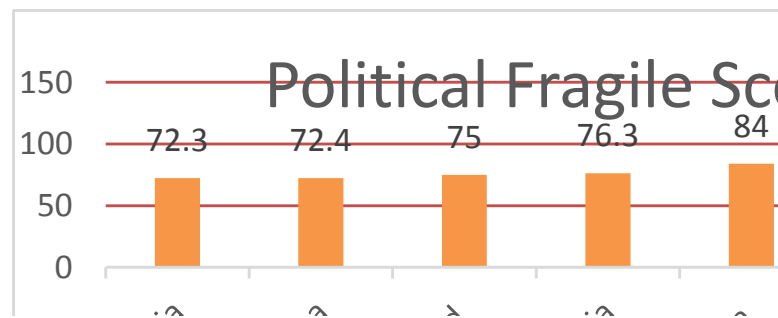
Social compliance in Garments

In Bangladeshi garments sector the social compliance has been noticed by international customers, buyers also forced garments owners for maintaining social compliance. For shifting business towards international marketplace social compliance is considered as one of the major barriers in receiving several advantages. However, on July 15, 2013, the labor law of Bangladesh has been amended and in this case International Labor Organization (ILO) has been followed. As a result, the new labor law is now helping to meet some important regulations for improving the work environment and safety standards in garment factories. Furthermore, Bangladesh Garments Manufacturers and Exporters Association is also looking ways in improving working environment at work place. During phone interview with directors of BGMEA, has shown their willingness to improve working environment for the labor at the factory, as well as mention that they have strong interest to improve the labors' rights.

Political transiency

The political situation in Bangladesh is very unstable and this is considered as one of the main reasons that are hampering the industry. Actually political conflict always had a negative influence on any industry of Bangladesh. 2014 was considered as the worst economical years for Bangladesh within last few years. According to a leading daily newspaper named “Prothom Alo” reported that in 2014 fiscal year Bangladeshi RMG industry had net loss of \$154 million due to 45 days of strike. Most of garments factories were located at Dhaka or Chittagong. When political parties called strike spreads across the country then it turn out impossible for delivery shipment of finished products from the factories, because factories are at Dhaka and the port is in Chittagong.

Figure 13: Score for politically fragile countries



(Source: Wikipedia)

Bangladesh and other competitor's word rank for Political Fragile Condition.

Table 6.2: Politically fragile countries world ranking

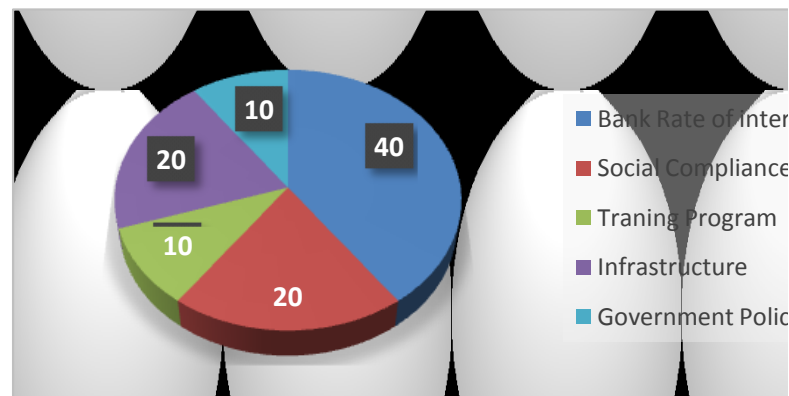
World Rank	Countries
20	Pakistan
32	Bangladesh
53	Cambodia
77	Thailand
72	India
90	China
91	Indonesia

(Source: Wikipedia)

Impact of Other Factors

During cell phone conversation with responsible personnel of garments industry, some key components has came up which enhance this industry towards the growth. Those are governmental policies, interest rate, infrastructure, social compliance and training programs. More than 40% of interviewees point out that high interest is a big challenge for the garments owners, when the market is very competitive. During interview second priority were shared by industrial infrastructure and social compliance. Most of interviewees were disappointed about the role played by Bangladesh government. According to Acevedo, L et al, (2012), “in early 1980s Bangladeshi government initiated back to back L/C through this exporters were able to open L/C in a local bank for the import of inputs against the purchase orders placed in their favor by importers. Thus, by showing export order, firms could get credit to pay for imported inputs”. It was a great move by government in favor of early garments owner. However, few interviewees mentioned about the authorities were unable to ensure few most elementary supports to this industry, which can be very crucial in competitiveness.

Figure 14: Impact of other factors on garments sector in Bangladesh



(Source: Secondary data)

7 RECOMMENDATION AND CONCLUSIONS

Recommendation

By reviewing the answers came up during interview, break out all internal barriers is extremely essential for garments industry of Bangladesh and remains like a strong competitive for others. The following elements are very important to be a strong competitor for the world.

Local supply chain Development

Garments Industry of Bangladesh relies heavily on supply of raw materials input from China, so the productivity of this industry depends on supply of raw materials from other countries. It is affecting garments production process as well as production schedule. Solving this problem this industry needs to focus on development of strong supply source. According to Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) finding raw materials is easy in Bangladesh for Knitted products, but local supply chain may failed in future to provide sufficient support, because there is no development planning for this sector. Short term and long term planning is essential to reduce the dependence for the raw material supply from other countries will help this garments industry.

Ensuring standard level of social compliance

Garments industry of Bangladesh needs to increase its standard in social compliance to reach that level which is set by garments importer, and also always maintain that level at work place can help this sector to turn some more facilities in their favor. Some of those facilities are losing the quotas, unrest of labor and entry facilities from GSP. Social compliance practiced may help garments industry by two ways, firstly labor unrest can be removed by maintaining social compliance. On the other hand, it will help garments industry in competitiveness at international market by retaining quotas and entry facilities.

Infrastructure Development

In productivity development some factors are very important in particular road, commercial buildings for storing products, deep sea port, warehousing and fast delivery. Furthermore, after production finished goods need to preserve in warehouse that is a mandatory requirement in infrastructure development. However, further development of the industry requires infrastructural development. Energy is another core driver for RMG industry. So RMG industry needs to have a stable power supply to gain the advantage of competitiveness.

It is essential to increase training facilities for unskilled workforce. Training centers need to be set up in every district of the country to meet the shortage of skilled workers required in the garments industry.

Branding strategy

Branding strategy is an essential element in competitiveness. During interview a shocking truth came up which are the garments industry of Bangladesh does not maintained any separate division focusing on research and development or improve branding strategy. Having a specific division is important at each and every garments company, which will be focused on research and development or branding. This division will play an important role in market discrimination by finding ways for attracting new customers.

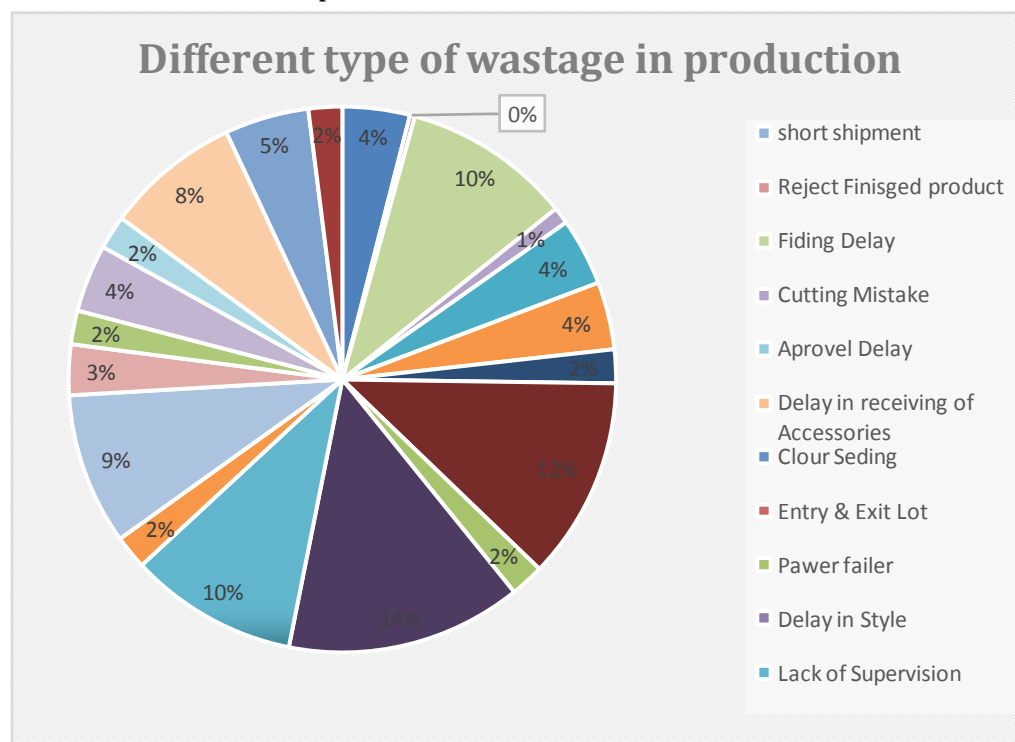
Government support

Government policy is a very important element in developing of any kind of industry. Garments industry may coordinate with government body and draw the structure for future success for this industry. They can work together in solving some bureaucratic complexities to ensure smooth flow in the growth for garments industry. The cost of living in Bangladesh is increasing with time, as a result owners should either cut off profit ratio or government may contribute subsidies by providing low rent house of workers. If government does not have enough funds for subsidies, according to existing law government can get 5 percent of profit from garment companies as welfare funds and use this fund as subsidies for the garments workers.

Increase efficiency and reduce wastage

The most valuable input for production in garment industry is clothes, because value of cloth is 65 to 70 percent in total input cost. The garment production line has been disrupted for a number of reasons, if all these factors are controlled for reducing the waste of clothes, it can help as extra payment for workers. At the same time, it appears that productivity of the factories will rise considerably. A brief introduction of various waste and non-productive time shown below;

Figure 15: Various waste and non-productive time



(Source: Adams Apparels Ltd)

Conclusion

Market entry on preferential treatment, available workforce with minimum salary, cheap energy cost and small capital are no longer perceived as foundation in competitiveness for garment industry of Bangladesh. At the initial stage of readymade garments there were two major indicators that helped garments sector to ensure this rapid developments; those are preferential entry treatment and low labor cost. In this circumstance best suited element is Porter's Diamond model. However, many conventional elements have contributed to the development of the garment industry. The research work highlighted few core areas which can suitably adopt in future research. Garments industry also encourages researcher to study on the impressive feature of sourcing with the most inexpensive apparel manufacturer country. Issues such as political instability and social allegiance are seen as barriers for the RMG industry to gain competitive advantage.

Contribution of the study

The practical application and theoretical application of the study are given below. Being aware of the barriers and motivations, will help Ready Made Garments industry to promote good practice and anticipate the challenges they are likely to face in developing competitiveness within global garments market. This paper will help top management to discover some other important factors to help RMG industry become competitive. Improve the efficiency for productivity by introducing training, new technology in production and technical education. Training along with advance technology can help to reduce wastage in production. Management has to find all the possible way to retain the tag of cost leader in global apparels market. Because garments importer selected Bangladesh as their apparels outsourcing for the cheap production cost. This paper reveals all possible way that can help management to maintain low cost in production. Moreover it also can help responsible government body by realizing all problems or possibilities exists in this industry and practice appropriate approach in the development of the garments industry of Bangladesh.

Nowadays in competitiveness of RMG industry cheap labor is not only element. This paper reveals other essential factors for competitiveness which will help scholars in acquiring knowledge about how garments become successful and how to be competitive at the international trade. For example, developments in the local supply chain will help in not only to be self dependence for raw material supply, but also will cut the manufacturing cost. Specific zone for RMG industry will increase efficiency in productivity. Training can increase the workers experience which can help to reduce wastage and decrease lead time in production. To sustain the competitiveness garments industry need to diversify their product by developing Branding strategy. This paper will help scholar to understand more about the elements of competitiveness and also indicate some more interesting issue to conduct farther research.

Limitations of study

Internal competitiveness is the main focus for the study. And the general thought is garments industry needs to continue in the competitive environment the most feasible way is to ensure internal competitiveness. So, the external competitiveness can be considered as a limitation of this paper because this external competitiveness not been discussed in this study.

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