Abdullah Junayed
Fowjia Akter

ECONOMIC GROWTH AND CHALLENGES OF READYMADE GARMENTS IN BANGLADESH

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ABSTRACT

Centria University of Applied Sciences	**Date** 12.2023	**Author** Abdullah Junayed Fowjia Akter
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Bangladesh maintained its position as the EU's second biggest apparel supplier, after only China. The readymade garment (RMG) sector, which is now Bangladesh's top source of export revenue, has played a critical role in the nation's economic development. The research aimed to examine the current landscape of the sector using the porter diamond model to identify its strengths and threats.

An interview and survey approach were used to accomplish the study's goal. A total of 30 employees from the RMG industry were surveyed, and 6 employees were interviewed. Microsoft Excel was used to evaluate the survey-method data and create a meaningful graphical representation.

The first section of the thesis detailed the study's background and goal. The second section was devoted to conceptual frameworks including the Porter Diamond Model. In the third section, an overview of the current situation in Bangladesh's RMG industry was provided. The survey and interview data were analysed in part four. The findings and recommendations based on the study were presented in part five.

Key words
Bangladesh, BGAPMEA, Competitiveness, Dhaka, Europe, Export, HRM, Innovation, Opportunities, Porter, RMG, Safety, Strength, Threats, Weakness.

CONCEPT DEFINITIONS

BEPZA: Bangladesh Export Processing Zone Authority

BGAPMEA: Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association

BGMEA: Bangladesh Garments Manufacturers and Exporters Association

BKMEA: Bangladesh Knitwear Manufacturers & Exporters Association

COVID: Coronavirus Disease

DDLG: Domestic Demand-Led Growth

ELG: Export-led Growth

EM: Emerging market

EP: Export Policy

EPB: Export Promotion Bureau

EPPs: Export Promotion Policies

EU: European Union

FDI: Foreign Direct Investment

FOB: Free on Board

FY: Financial Year

GAAT: General Agreement on Tariff and Trade

IMF: International Monetary Fund

IS: Import-substitution

MNCs: Multinational Corporation

PPP: Purchasing Power Parity

R & D: Research and Development

RMG: Ready-made Garment

SMEs: Small and medium-sized enterprises

WTO: World Trade Organization

HRM: Human Resources Management

CONTENTS

FIGURES

TABLES

1 INTRODUCTION

During the last three decades, Bangladesh has risen to prominence because of its association with the world's most important textiles industry in international markets. For many years after Bangladesh attained its independence in 1971, exports of jute and jute items were the mainstay of the economy and a source of much-needed foreign currency. However, the industry has since fallen on hard times. After the catastrophic decline of the jute and jute products market in export revenues, the ready-made clothes industry is at the helm of the country's economy. The economy of Bangladesh has been bolstered by the ready-made textile industry ever since it began its expansion (Barai 2021). The transition from an import-substituting industrialization (ISI) policy to an export-oriented industrialization policy launched the process of establishing the textile industry at the end of the 1970s. This was accomplished through a series of initiatives taken by the government in sequential order. As a result of globalization, the Bangladeshi textile industry was able to expand into new markets, and after finding great success, it is now on the lookout for a stable setting in which to continue growing (Al Zaabi, Al Dhaheri & Diabat 2013).

The Bangladesh government authorized duty-free imports of clothing production equipment in the 1980s. Creating a rewards program to encourage exporting is a commendable move. The country of Bangladesh is currently the world's second-largest exporter of ready-made clothes. The RMG sector is the leading generator of export revenue, accounting for 85.5% of the total. According to studies, nearly four million lives are tied to this massive industry, and women make up 60% of its workforce (Hasan, Mahmud & Yajuan 2018). The availability of skilled workers at competitive rates was a major factor in the growth of this industry. The textile industry has flourished thanks to several factors, including an abundant labour force and basic materials, strong ties to international trading organizations, foreign purchasing agencies, and domestic buying companies acting as middlemen. In addition to aiding the economy through remittances, this field is also providing abundant job opportunities, particularly for disadvantaged and uneducated women. Bangladesh's exports are on the rise as the country can provide more and more countries with high-quality clothing at affordable rates. In the years following 2013, the development rate rose, but it has since fluctuated within a narrow range. The development of the optimal model is hampered by a few variables. Revolutions in government and excessive growth stand out as the most extraordinary phenomena (Hasan, Mahmud & Yajuan 2018.)

By 2021, the ready-made garment (RMG) industry in Bangladesh is expected to generate $50 billion in sale revenue, according to the Bangladesh Garments Manufacturing and Export Association (BGMEA)

(ATM, Takebira & Jannat 2018). Annual growth suggests success, but there are notable variables slowing export expansion that make that prediction difficult to make. There are several unsteady elements that threaten the industry's future or goal. Since this sector relies heavily on human labour, Bangladesh has a cost edge over its competitors. Unfortunately, weak leadership, graft, and a failure to incorporate new technologies into production have prevented the country from realizing its full potential. It is time to take charge of these problems and make the necessary changes to guarantee the fast and steady expansion of Bangladesh's textile industry (Mottaleb & Sonobe 2011). While RMG has come a long way since its start, there are still obstacles in the way of the industry realizing its maximum potential. The industry's growth in various areas is being slowed by several potential dangers. The ready-made clothing industry in Bangladesh has seen its share of ups and downs over the past decade due to sad events, leaving its future in doubt.

As consumers in the European Union have become more conscious of sustainable development, it has become a problem for Bangladesh's ready-made textile sector. The ready-made clothing industry in Bangladesh appears to be losing its trendiness in the global market, particularly in the United States, the European Union, and less-developed countries. The number of textile companies in Bangladesh grew rapidly beginning in 2000 but has been steadily declining in recent years due to a variety of crises. Most textile mills are violating the ILO's agreements and laws regarding working conditions. Significant variables include a lack of product variety, the pursuit of new markets, the creation of brands, the implementation of a foreign marketing strategy, and the development of new technologies. There are several factors that need to be considered to improve the construction industry's future, including business ethics, graft, lasting customer relationships, political volatility, technical advances in CRM business tools and international business contacts, and outdated construction machinery, ineffective business communication, and stressed mutual relations. After all, the ready-made clothing industry has many possible opportunities to pursue. Following the sad events at Rana Plaza and Tazrin Garments, concerns about worker safety have risen to the forefront (Manik & Yardley 2013.) The Bangladeshi government acted, and non-governmental organizations like the Coalition for Bangladesh Workers' Safety and the Bangladesh Accord on Fire and Building Safety collaborated to ensure the protection of RMG employees across the country (Rakib & Adnan 2015).

The general objective of this research is to examine the potentiality of Bangladesh's readymade garment (RMG) industry by examining its present state, obstacles, and prospects.

Specific objectives:

- To analyse the role that the readymade garment industry plays in Bangladesh's overall economic performance.
- To explore the growth of readymade garment products.
- To analyse the sector's current condition, position, and success in connection to sustainability-related factors.
- To recognize the industry's main issues, difficulties, and future possibilities.
- To draw significant conclusions and offer practical and policy suggestions based on the research findings.

Research Questions:

- What is the present status of the readymade garment sector of Bangladesh?
- How is the sector contributing to the economic growth of the country?
- What are the main challenges in the growth of the readymade garment sector of Bangladesh?
- What are the possible strategies to overcome the challenges?

2 THEORETICAL FRAMEWORK

A theoretical framework is simply a collection of ideas, explanations, and claims that when put together provide a systematic, thorough understanding of a certain event. In brief, a theoretical framework is a set of pre-existing theoretical structures, such as ideas, scenarios, and structures that serve as a basis for fundamental understanding.

2.1 Export-oriented Industrialization

Since the 18th century, trade has been seen as one of the main drivers of prosperity for emerging nations, notwithstanding some reservations regarding the contribution that exports provide to economic progress (Kravis 1970). Import-substitution (IS) policies dominated emerging nations' commerce from the conclusion of World War II until the late 1970s. Tariffs, quotas, and other barriers are used as part of these IS policies to limit the quantity and quality of foreign products entering the country. In the post-colonial period, emerging countries adopted an "import substitutions" trade strategy as a means of economic growth for several reasons. One theory is that import-substitution policies were widely adopted by emerging nations on the assumption that doing so would pave the way for industrialization. Article XVIII of the General Agreement on Tariffs and Trade (GATT) codified import-substitution policies to give developing countries more leeway in their tariff structures and the ability to impose quantitative restrictions to safeguard their industries. The validity of poor nations' "inner-oriented trade policies" was bolstered by this preferential status under GATT. Many developed policies as well as others like the establishment of state-owned enterprises, the fixing of nominal exchange rates, and the encouragement of import-substitution investment, as well as the protection of infant sectors, the enactment of import licenses, the elimination of products from the import list, and extremely high tariffs. These initiatives were difficult to execute with little institutional backing and suffered from their own inherent constraints. Unsound policies and improper institutional organization meant that the International Monetary Fund's (IMF) "stabilization" projects, which aimed to simplify and rationalize import regulations, failed to provide the desired effects. Rent-seeking behaviour was inevitable, and special interest groups always formed in response to new laws and regulations (Belloc & Di Maio 2011.)

Considering the above problems with the import substitution model, the export-led growth model has become more popular in emerging countries. According to Krueger, three bodies of research were crucial in shifting developing nations' trade policy from an inward to an outward orientation (Krueger 1997). The first study looked at the efficacy of import-replacement programs. The second group relied on theoretical frameworks to make sense of the policies, while the last group explored potential alternatives. In particular, the problems associated with depending on import substitution became increasingly apparent, while economist provided evidence, via numerous comparative studies, that export-led development was more successful.

The export-led growth (ELG) program has been widely adopted as a successful growth strategy for developing countries since the late 1970s. Many Asian nations have followed the ELG strategy, speeding up their economic growth by leaps and bounds. The ELG approach was developed by the "East Asian Tigers" (South Korea, Taiwan, Hong Kong, and Singapore) and adopted by other nations in the region, such as Thailand, Malaysia, Indonesia, and China (Jimenez & Razmi 2013). There was a strong correlation between export focus and the economic growth of Singapore, South Korea, and Taiwan from the 1960s through the 1990s, according to the study's authors. Total export contributed anywhere between 50 and 60 percent to GDP in South Korea and Taiwan, 80 to 90 percent in Hong Kong, and 100 to 120 percent in Singapore at that time. Empirical evidence acknowledged the importance of the export industries of Taiwan's electronics, Thailand's garments, and Korea's electronics and chemical industries, and gave policy advice for other Asian nations. Following the ELG growth route, all these nations have made remarkable socioeconomic progress in a very short amount of time.

Most developing nations have experimented with ELG over time, with varying degrees of success. While some Asian nations that adopted the ELG strategy early on (e.g., China, India, Thailand, Malaysia) may have seen the economic expansion and development that they had hoped for, many others that adopted the strategy later (e.g., Cambodia, Laos, Myanmar) have yet to see any significant progress. Even for nations that had been prospering because of ELG, the financial crisis of 2008 and the subsequent recession marked a turning point. As a result, export has been negatively impacted and, for developing markets, the situation is considerably more difficult than it was previously. Considering this, academics have begun disputing the ELG model's effectiveness, and it's crucial to grasp ELG's value as a development vehicle for the economies of the developing world (Jimenez & Razmi 2013). A nation's economic growth is mostly the responsibility of its policymakers, both elected and appointed, which implies that academics, policymakers, and bureaucrats working together might achieve better results.

Many academics, including Palley (2011), argue that the ELG has reached its limits as a development paradigm due to the global economic downturn. They note that fiscal restriction and austerity in Europe are a problem, as are high levels of debt in the United States and Japan's reliance on ELG and low levels of domestic demand caused by the country's aging population. These cases demonstrate the global market's lack of demand and the stagnation of developed economies. Palley (2011) suggests switching from export-led growth (ELG) to domestic demand-led growth (DDLG) considering the gloomy outlook for the global economy. He did clarify that this would not entail a complete halt to exports, saying instead that the country should focus on increasing local demand while decreasing its dependence on export-oriented foreign direct investment. Blecker (2000) proposes a solution to this problem enabling all nations to increase their demand for exports from each other. Blecker (2000) suggests (in the negative) that placing too much stock on export growth is a "fallacy of composition." The reason for this is that the market for exports from developing countries is constrained by the capacity of the industrialized nations if too many countries attempt, concurrently, to depend on export-led development strategies to drive growth under a particular set of global demand circumstances.

UNCTAD's trade and development report cites Palley's (2011) concepts and recommends that emerging market (EM) nations follow a policy that places more emphasis on domestic demand-led growth (DDLG) to spur economic growth. According to the paper, South-South (among the developing nations) commerce may be encouraged if numerous trading partners in the developing world manage to concurrently boost their domestic demand without beggar-thy-neighbour effects (no counterproductive wage and tax composition). DDLG and ELG are not mutually exclusive as import substitution is rather, they complement one another. A growing focus on DDLG is a good trend considering the complicated global economic and corporate climate. However, for a nation to reap the benefits of the DDLG, it must have certain conditions in place. These include a strong dedication to politics, a reasonable per capita income, pleasant governance, developed facilities, a greater supply of public goods (healthcare, education, etc.), a reorganized economy (social security net, just wages, more tax, etc.), and a limitation on the incentives of ELG. Most developing countries lack these factors, making it less probable that they would switch from an export-led development strategy to DDLG.

2.2 The Motivation of Government Support in Export Growth

Export-led development improves a country's economy, but this only happens when the government actively encourages and enables increased resource efficiency and the exploitation of comparative advantage. Developing exports requires the involvement of governments, public-private partnerships, effective policies, and institutions. Countries like those in Western Europe, North America, and more recently in East Asia, which made the transition from an agrarian to a modern economy, had authorities that fostered innovation by providing a hospitable surrounding, organized the major investments of the private sector, and incentivized early adopter businesses (Wade 2004).

Though Adam Smith, Alexander Hamilton, and others in the eighteenth century laid the groundwork for the justification of government interference in trade (Lin & Monga 2013), neoclassical and neo-Keynesian modern macroeconomic philosophers have placed an emphasis on vastly different justifications for industrial strategy and government interference. When market systems, when left to their own devices, do not effectively distribute resources, neoclassical theory concedes the necessity for government intervention. Government intervention is defended by Neo-Keynesians on the grounds that it increases productivity. To wit, evolutionary scholars like Nelson (1995) argue that the state should play a significant role in bolstering the ability of domestic institutions to foresee and adapt to major shifts in the economic landscape and the broader system. Other philosophers have concentrated on providing rewards for business collaboration in technologically advanced sectors, particularly the necessity of pooling financial funds and complementary skills for research in fields where close collaboration is necessary as emerging technologies become more complicated and costly. They claim that a knowledge-based economy's need for information exchange and innovation may be met by cooperative research between commercial yet government-sponsored entities.

The government's role in the export market serves two purposes (i) to improve export flows, and (ii) to choose which industries should get priority attention. Due to market breakdowns, government intervention is necessary in EM economies to fix imbalances in the goods and factor markets. When markets fail, governments use either functional or selective policies. Public investment in physical or human capital, the supply of information and technical assistance, and the creation of knowledge commodities are all examples of functional policies that aim to repair market failures without redistributing resources within the economy. Allocating resources (such as subsidies, tariffs, and capital) to specified industries or areas is the primary goal of selective policies. To recognize the secure sectors, take steps to compensate for market imperfections, promote equivalent high-risk sectors, guarantee information, and study consequences, and safeguard developing intellectual property, government involvement in establishing selective Export Promotion Policies (EPPs) is warranted (Belloc & Di Maio 2011.)

For emerging nations, especially those with minimal export experience, the choice to join new export markets or introduce a new product in destination countries might be difficult. The authors argue that for businesses to successfully export to new markets, they must first get familiar with the relevant dimensions. Exporters have several factors to consider before releasing a product into international markets. These include the availability of suitable distribution networks, the availability of suitable business partners, export market tactics, shipping costs and procedures, tariff, and nontariff policies, technical regulations applicable to their products, and the demands of domestic customers in relation to the benefits to be traded. Companies may need to incur market-specific research expenses, although they are often non-variable expenditures. Furthermore, there may be a "free riders' problem" once this data has been collected and shared. While private companies are less likely to invest in high-risk projects, government-supported Export Promotion Policies (EPPs) have the resources to address this market failure (Wilkinson & Brouthers 2006). Exporting to a new nation or selling new products overseas would be made easier with the help of measures like these that are backed by the government.

Export subsidies and devaluation are two examples of export promotion strategies that help developing nations modernize their infrastructure, increase productivity, create jobs, and alleviate shortages of capital goods. These reforms help the economy overall and encourage local firms to expand into international markets by investing in export infrastructure. If you want to enjoy the advantages of capital investment, the authors also suggest subsidizing capital imports. Wilkinson and Brouthers analyse the efficacy of EPPs and the reasoning behind them from the viewpoint of a business (Wilkinson & Brouthers 2006). Their research suggests that companies that make use of state-sponsored services (such as those that help them discover agents and distributors) tend to have better export success. Research also indicates that small and medium-sized enterprises (SMEs) who participate in export promotion initiatives at the state level can improve the knowledge and expertise of their management teams, therefore making better use of limited company resources.

From this section of the debate, EPPs have a major influence on export performance at the company level and on the ELG of a nation, and that there are sufficient grounds for government engagement in export development.

2.3 Export-Oriented Industries and Examples of Successful Export Promotion Policies

For ELG, governments everywhere have taken a broad variety of initiatives and policy measures (Krueger 1997). It has been suggested that the definition of EPPs might seem either very specific (such as "effective exchange rate policies") or overly general ("any strategy that explicitly or implicitly impacts export performance"), or something in between. Instead of using a predetermined set of tools, governments must instead study what combination of policies would work best in every given situation. Inspiration may be found in the successes of other nations, but ultimately, each nation must forge its own path to prosperity.

Belloc and Maio suggest several effective public-private partnerships (EPPs) for developing countries based on the findings from their study. The authors argue that a government's capacity to create, administer, enforce, and monitor established policies is crucial to the success of an EPP. They also state that the effectiveness of export policies depends on the strategic partnership between various levels of government and the business sector. This fact, the policy mix recommended for every country must be adjusted in accordance with the resources available to the national government and national agencies. Having well-defined priorities aims, and objectives is crucial for any marketing strategy. They suggest that governments create conditions that are conducive to exports, encourage strategic collaboration among all relevant parties, encourage innovation, extend credit to exporters, implement pro-export monetary and fiscal policies, boost the country's reputation abroad, and boost the competitive productivity of export-oriented industries (Belloc & Di Maio 2011).

It is recommended that nations take full use of the public-private partnership model since it is an efficient EPP. Export promotion bureau (EPBs) are shown to increase exports in a statistically meaningful way when they implement effective policy initiatives. EPBs are to expand international network operations via study and assessment of the market, while other suggestions include institutional reorganization, enough funding, etc. When choosing EPPs, the government of any developing country should strike a positive equilibrium between government assistance and market forces. Found that "permissive and favourable policies" in emerging nations with robust export commerce helped speed up export development and diversification (Samen 2013). By removing regulations that might otherwise impede exports, policies that are more permissive allow for more efficient use of resources. "Price, fiscal, exchange rate, and monetary policy tools" are all components of this strategy. New export markets and activities are being encouraged by these pro-growth initiatives. In contrast to selective policies, which target certain companies, sectors, or operations with the express and intentional goal of altering resource distribution, functional strategies apply to the whole economy as a whole and have no such intention. The export competitiveness of developing nations and the incorporation of their sectors and Small and medium-sized enterprises (SMEs) into the global supply chain may be greatly enhanced via the implementation of free trade and targeted transitional security, micro and macro-policies, and public and private collaborations.

The inability of many nations, due to severe supply-side limitations, to fully engage in the international trading system has made trade facilitation a pressing topic in international development policy in recent years. The goal of trade encouragement should be the reduction, standardization, integration, and improvement of trade and customs processes. Although these steps are essential, the authors argue that transportation, trade-related facilities, and transport facilitation should also be a part of the trade facilitation method.

Increased transaction costs, prolonged postpones in the clearance of goods entering and leaving the country, and transit items, and a hospitable atmosphere for corruption in the administration are the results of ineffective border processing structures, procedures, and commercial infrastructure (Lukauskas et al. 2013). Countries need to implement trade promotion measures to fix these issues since they hurt the business climate and international competitiveness. Due to a lack of an appropriate suitable labour force, having a big labour force does not necessarily provide emerging countries with a competitive edge. Low wages alone, as seen by history, are unlikely to ensure a sector's continued viability in the long run. For instance, Japan encroached onto the textile markets of Lancashire (a city that pioneered the sector in England) on the strength of superior trade businesses to obtain raw cotton, more modern equipment, a more integrated process flow, and cheaper labour. Likewise, to this, it was the extensive government assistance in the form of subsidies, such as affordable long-term loans, an efficient exchange rate, ensuring a supply of raw materials, etc., that let Korean cotton-spinning and weaving enterprises compete with Japanese textiles.

For an export plan to be successful, it must adopt a holistic and well-defined approach to trade policy and regulatory processes, with the support of all relevant parties. The writers stress the need of taking a holistic approach to trade policy. It is impossible to "implement an integrated structure that promotes an export program" without such integration. The public and private sectors may work together more effectively under a unified framework for trade policy. Stakeholders should get together to set goals that are "motivated by a shared vision of export impact for good," as they put it. Furthermore, they suggest that approaches require to be developed in relation to international trade to meet requirements set forth by the World Trade Organization (WTO) and other regional and bilateral arrangements (Amsden 1992).

Given the diversity of developing nations, it is clear that no one model, or policy package can be seen as a panacea for export-led development. Policymakers should not just import broad outlines of foreign policy but should instead do their own research using data from their own nation. It is important for a country's export promotion strategies to consider its unique requirements, resources, and potential.

2.4 Nation's Competitiveness (Porter's Diamond Model)

To determine what makes certain countries more competitive than others, this body of work examines the principles and ideas associated with national competitiveness using Porter's Diamond framework and the Global Competitiveness Index model. Since most trade concepts only considered price, Porter claims that a new theory is required to account for the complexity of modern competition, which contains niche markets, specialized products, technological advancements, and economies of scale (Porter 1998). He goes on to argue that the new theory ought to shed light on why businesses in certain countries prefer to use superior methods while competing in each market niche. Over the course of four years, Porter surveyed businesses in ten different nations, including eight industrialized nations (Denmark, Germany, Italy, Japan, Sweden, Switzerland, the United Kingdom, and the United States) and two newly industrialized nations (South Korea and Singapore). Michael Porter's group split up the research into two parts. Based on statistical information, extra publicly available information, and field interviews, the researchers initially selected all sectors from the relevant country that looked to be successful in international marketplaces. Porter and the other members of the study team collected longitude data at three distinct epochs and analysed trends in the prosperous sectors. In the second stage, the researchers looked at the data historically to understand the origins and development of the sector in various nations, as well as the process of globalization and its competitiveness globally (Porter 1998.)

The Porter analysis clarified why certain sectors and nations have become more competitive. Ultimately, Porter proposed a 'national competitiveness' framework to evaluate a country's competitive advantage. According to Porter's analysis of data from over a hundred selected case studies in these nations, four aspects of the domestic environment—factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry—play a significant role in creating the conditions under which domestic firms can gain and maintain competitive advantage. Michael Porter's early studies looked at the factors that made certain companies in certain countries so successful. That's why he made sure to exclusively work with prosperous businesses based in the nations of interest. Through his investigation, he discovered many factors operating on a national scale that contributed to the success of corporations. To help nations with these economic circumstances grow their industries in a targeted manner, he suggested the "National Competitiveness" framework or model. These four interconnected factors are the "national diamond" at the heart of his idea. Porter also lists "chance" and the government's functions as influences on how these four main factors operate. Following is a short summary of the main points regarding Porter's attributes of country competitiveness.

2.4.1 Factor Condition

In the classic theory of international comparative advantage, factor endowments are seen to play a crucial role as the theory's foundation. Porter provides a more in-depth examination of the determinants of production, including their origins and impact on a company's competitiveness. Porter classifies factors that contribute to competitive advantage as either basic (biological resources, geographical position, climate, unskilled and semiskilled workers, and debt financial capital) or advanced (extremely talented/educated personnel, reputable research infrastructure). He believed that foundational elements are either passively inherited or may be created with just rudimentary private and public resources. He went on to say that these characteristics eventually become irrelevant to a country's competitive edge or create an advantage to the enterprises inside the country that is unsustainable (Porter 1998.)

According to Porter, the idea of factor endowment must be investigated more thoroughly than the classic theory of international comparative advantage articulated by the words — land, labour, and capital — to comprehend the role of variables in the competitive advantage of a country. Porter advises classifying factor strengths into the following five major categories to get insight into the dynamics and competitiveness of any strategically different industries (Porter 1998.)

Human resources personnel (including management), considering their number, quality, and cost, in the context of a standard daily schedule and company culture. The quantity, quality, availability, and price of the country's resources (land, water, mineral, electricity, etc.). Location, size, and weather patterns are all factors that might be thought of as physical resources. What a country knows about its products and services in terms of science, technology, and the marketplace. Standards are set by academic institutions, public and commercial research institutes, market research organizations, trade groups, and other similar institutions. The cost of capital and its availability in the financial sector. It is including the availability, quality, and user cost of relevant facilities, which in turn influences market dynamics. Everything from supplies and transportation to ports and communications to the quality of life is a part of this.

How well a country uses its factor endowments is what ultimately determines its competitive advantage, not just having access to them. Porter advises splitting the elements influencing a country's competitive advantage in a sector into two groups to fully grasp their long-term effects. The first viewpoint is to classify the factor endowments into two categories. The first set serves as the foundation, while the second set represents the cutting edge. Another way of looking at it divides the elements into two camps the overarching and the specific.

Natural assets, untrained and semi-trained workforce, location, debt financing, etc. are examples of basic variables, while advanced variables include significantly trained and educated personnel, cutting-edge research facilities, top-notch educational and training facilities, etc. Transport networks, financial resources, and pools of educated and motivated workers are all examples of generic elements that may be use in a variety of contexts. Factors developed for a restricted scope or even a single business include highly trained staff, infrastructure relating to certain industries, knowledge bases in specific subjects, and so on. It asserts that conventional necessities, such as low-skilled labour and regionally available raw resources, may be minimized or avoided altogether by creative problem-solving. Automation, for instance, may reduce the amount of work required, while novel materials may render some older ones obsolete. Second-order advantages, such as lower failure rates and higher product quality, were occasionally a by-product of innovation. The benefits gained through basic variables are not hard to replicate by others, making them unsustainable. Investment and innovation, on the other hand, develop brand-new or improved specialized factors. Unlike basic factors, whose supply relies on external 'endowment,' advanced factors are a result of investment by people, organizations, and governments, making them the more decisive and durable foundation for national competitive advantage (Oz 2002).

It's not easy to tease out what's fundamental and what's cutting edge. Advantages gained by investing in basic elements may be magnified and solidified by incorporating more advanced factors, and vice versa, when basic factors provide drawbacks, it may be necessary to increase spending on advanced factors to offset such issues (Huggins & Izushi 2012). However, factors that provide the most lasting basis for the competitive advantage of nations tend to be specialized rather than generalized, and so the success of any given industry heavily relies on the capability to create specialized factors related to that sector. Many academics, including Porter, support this proponent. It has been argued, for instance, that advanced/specialized elements are more important to the maintenance of competitive advantage. Scholars have empirically shown that favourable circumstances for specialized factors boost the international competitiveness of a company. To maintain viability and competitiveness, however, Porter emphasizes the need to constantly improve the circumstances of the factors involved. If a factor pool is not regularly updated, its value will decline. This is true of our human and intellectual capital. Therefore, a nation's long-term success cannot be explained by a factor advantage at any given time in its history.

2.4.2 Demand Conditions

The composition, the magnitude and pattern of growth, and the internationalization of domestic demand are three major qualities that Porter argues have a significant impact on competitive advantage. Most of a company's rivals in any market come from inside that market, thanks to consumer demand. Firms are motivated to produce high-quality goods that meet or surpass customers' requirements of the complexity and amount of demand within the local consumer market. According to Porter, the make-up of the housing market's demand determines how companies analyse and provide consumers' wants and requirements. To keep up with the high standards in product quality, feature sets, and service expectations, domestic enterprises are under constant pressure to innovate and enhance their competitive edge (Grant 2011).

2.4.3 Associated and Complementary Businesses

The capacity to create and maintain competitive advantage is strongly influenced by the presence of globally competitive and supporting industries inside a country (i.e., clustering). It alludes to the international-standard suppliers and associated sectors that have a physical presence in the country. Successful industries inside each nation tend to cluster together into "clusters" of related and supporting industries, which is one of his most generalized discoveries. The actual sources of a country's lasting competitive advantage are its specialized labour force and its sticky (not readily movable) geographical advantages. The central industry will become more competitive because of the cluster's emphasis on innovation, upgrading, information exchange, and shared technological progress. When all the institutions that foster learning, innovation, and competitiveness, as well as economic agents, are linked, the resulting synergies are thought to be maximized, making these clusters essential to the success of a given industry within a nation. There are three basic reasons why specialization occurs in each location specialization driven by available resources, economies of scale at the business level, and external economies because of local clustering (Rasiah, Nolintha & Songvilay 2011). The innovation and globalization processes rely on contributions from related and supporting sectors.

2.4.4 Competition, Organizational Structure, and Company Strategy

Firm strategies and structures, together with the level of domestic competition, make up the fourth major factor. What we mean by "domestic rivalry," "firm strategy," and "firm structure" are the national factors that determine the formation, structure, and management of businesses inside a given country. Structure as the degree to which an industry is concentrated or dispersed, competitive or monopolistic, global, or local, and so on is as much a part of the strategy as the sorts of activities organizations take to attain both long-term and short-term objectives. The main idea here is that companies' competitive advantages and survival rates vary greatly depending on the national environment they operate in. This is because there are systematic differences between the business sectors in different countries. Indicative of a company's overall health, the capacity to seek expansion both locally and abroad should be correlated with increased competitiveness (Porter 1998.)

The competitive advantage of a country in a certain industry is often the result of the country's management techniques and organizational structures being well-suited to that industry's unique competitive advantages. He went on to say that local competition is a key factor in driving innovation and, ultimately, global success for American businesses. Competition is a window into the organizational makeup and business goals of a rival company. Nearby businesses can generate competitive pressure, pushing each other to develop goods and procedures that can stand up to the scrutiny of global markets. The level of international competitiveness of a country affects the level of international competition that enterprises engage in. Intense competition on the home front is especially valuable since it drives businesses to invest in innovation.

2.4.5 Potential and the Responsibility of the Government

To further strengthen the national competitiveness system, Porter suggests two more factors luck (exogenous shocks) and government action. Random occurrences are always out of a company's hands, yet they may generate industry-altering pressures and position adjustments. The industry is very susceptible to the effects of unforeseen events (such as accidents, wars, unintended consequences, political instability, and sudden technology discontinuities or innovations).

In his discussion of the government's function, Porter (1998) argues that it plays a significant role as a catalyst and challenger of industry, pushing businesses to improve their competitive performance. If we want to increase productivity, the government must take the measures that are essential to ensure that businesses have access to the appropriate pool of highly skilled workers, modern facilities, relevant scientific and economic data, and other components of production. When external circumstances are favourable, businesses are motivated to modernize by adopting cutting-edge practices and expanding into more advanced markets. When corporations are unable to respond or when externalities have led to underinvestment, Porter advises a direct role for government to restore competitiveness.

Each factor that contributes to a country's competitive advantage is subject to governmental intervention (either favourably or adversely). Governments may encourage and facilitate the expansion of industries by doing things like ensuring access to high-quality education and training and enhancing the physical infrastructure that these industries rely on. In addition to bilateral or regional trade discussions and pushing local businesses to implement required legislative steps, governments may also promote global and local needs for products via a variety of programs. The government may devise a plan and implement the appropriate regulatory measures for linked and supporting sectors to consolidate the businesses (such as suppliers, distributors, training, and research institutes) that service the sector. The government may also promote internal rivalry by, for example, enforcing anti-trust rules and restricting direct support. By lowering the obstacles to entry for foreign firms, globalization may also be emphasized in the areas of company structure and competition (Watchravesringkan 2010.)

According to Porter, a country's ability to innovate and improve its industries is crucial to its competitiveness. Competition-related requirements are rising quickly. For instance, it is no longer seen as advantageous to hire a workforce with merely basic reading skills. According to Porter, there are certain factors that give a more solid foundation for success than others. Porter argued that the existence of specialized and premier institutions for factor generation is more important than the existing pool of factors. It is more necessary to have conditions that provide dynamic advantages (rapid innovation, early mover benefits, incentives for upgrading) than those that confer static advantages (low factor costs, a large home market, etc.) (Porter 1998.)

As countries compete on a global scale, governments must play a larger role in shaping their domestic environments to ensure that their companies thrive. According to Porter, businesses may obtain an edge over their rivals when their home country creates favourable conditions for them to quickly amass specialized assets and abilities. Businesses have an edge when they have access to reliable, up-to-date data about consumer demand for their products and services on a national scale. Finally, when enterprises are compelled by the national environment to innovate and invest, they do so, gaining an initial competitive edge and then improving upon it.

The goal of government policy should be to facilitate the introduction of new technologies and procedures into existing sectors and the penetration of advanced markets. The government is seen as the primary engine of factor development, with its primary responsibility being the production and improvement of factors such as educated labour, physical infrastructure, economic data, and foundational scientific understanding. Unless there is a special institutional system that upgrades nations constantly, they would not benefit much from the current situation. A standard vocational and technical education system, in addition to specialized industrial training, might give maximum power to update a country's industry, which is crucial for maintaining competitiveness. Scholars have voiced concerns about how Multinational Corporation (MNCs) and FDI are handled, as well as how less competitive sectors are handled. While Porter and his associates used historical data to examine the variables that contributed to the success of certain industries in certain countries, further investigation into the reasons why other industries in those countries failed, as well as comparisons of the successes and failures of various industries, may shed light on the competitive benefits and drawbacks of various nations. Yet, this study accepted Porter's structure to investigate the competitiveness of the RMG market and designed to provide policy guidance for the subsequent sustainable development of the business, considering the research setting of the RMG sector (Porter 1998).

2.4.6 The Opinions of Critics Regarding the Diamond Model of Porter

Both acclaim and criticism have been levelled at Porter's "diamond model" and his idea of national competitiveness. The economic school dismisses Porter's thesis of national competitiveness out of hand, whereas the management school strongly endorses it. For instance, Nobel winner economist Paul Krugman warns against the perils of being obsessed with regional competitiveness and insists that business rivalry and international competition are fundamentally different. He contends that economic competitiveness alone is insufficient to assess whether a country or area is prosperous. He refers to it as "the elusive concept of national competitiveness" since there is no agreement on how to assess, explain, or forecast a country's ability to compete internationally (Krugman 1988). However, Peng cites Porter's diamond structure as the most current framework that describes the competitiveness of nations on the world stage. Management experts typically hold this view that nations are in some way in rivalry with one another (Peng 2014). Earlier theories only function on one or two levels, but this one is the first multilayer theory to link businesses, industries, and countries.

While many of the theories make intuitive sense, they have never been put to the test. The "diamond model" developed by Porter has been criticized by several academics, who have pointed to a few key problems. Scholars have questioned Porter's diamond's originality and criticized its lack of certified, thorough modeling. While Grant (2011) points out the absence of specific descriptions of variables and several essential terminologies, Gray criticizes Porter for the manner he "treats" the macroeconomic strategy (Gray 1991). Some academics have pointed out that Porter pays insufficient attention to the contemporary theory of trade, while others have pointed out that he ignores the significance of national culture. Even Porter's methods for studying the competitiveness of nations have been called into question. Some academics have claimed that Porter places too much emphasis on exports as a metric of international competitiveness. Others have criticized Porter's handling of multinational corporations and FDI, as well as his insufficient consideration of comparatively less competitive sectors.

Porter's diamond model has been called into question by certain academics. It is suggested that Porter adds government as a fifth factor to his model since the one he includes is inadequate. Porter fails to adequately account for the impact of multinational enterprises (MNEs) on the global economy, and he proposes adding "transnational business" as a third external component alongside "chance" and "government" to better explain globalization. There is a strong indication that the diamond arrangement in countries other than the MNE's home country affects the competitiveness of MNEs, which may have repercussions on the competitiveness of the home country. According to academics, a company's capacity to benefit from the geographical advantages of other countries is severely undervalued in Porter's model. Porter disregards the qualities of his country's main economic partner. Rugman and others came up with the "Double Diamond" idea to solve this problem; this model considers both domestic factors and those of the country's most important trade partner. Within this 'double diamond approach,' Rugman shows that both national and international diamonds are both necessary for competitiveness and that national company management must comprehend and use both diamonds if their enterprises are to become or stay internationally competitive (Rugman 1990).

By analysing the competitiveness of Japanese and Canadian businesses in future studies, Porter was able to clarify his earlier claims, provide more justification for the Diamond model, and demonstrate the model's generalizability to the global competitiveness of many industries in a variety of nations. Within Japan's dual economic framework (i.e., competitive vs. uncompetitive sectors), exceptional industries like electronics and autos depended on conventional Diamond conditions as the foundation of their competitiveness. While the 'Japanese Industrial Convoy System' was essential to the survival of non-competitive industries including agriculture, food, finance, and retail. In a similar vein, while evaluating the competitiveness of 25 Canadian sectors, Porter said that, although traditional diamond characteristics offered initial sources of competitive advantage, those Diamond elements need to be strengthened to preserve Canada's competitive edge (Sölvell 2015.)

3 RESEARCH METHODOLOGY

This section describes the method that is used to achieve the objective of the study. Research approach and data collection method has been selected on the basis of the requirement of the study.

3.1 Research approach

A study design's processes are given direction by the research approach, often known as strategies of inquiry. Quantitative, qualitative, and mixed approaches are the three distinct research designs that may be used. Depending on the nature of the study, a suitable strategy must be chosen. For instance, a qualitative approach is used for narrative, case studies, etc., a quantitative approach employs experimental or survey-type research and a mixed-methods approach is used for convergent, exploratory sequential, transformational, or multiphase research (Creswell 2014).

To achieve the goals of the study, this research used a mixed-method approach. A mixed-method approach to research involves gathering, analyzing, and integrating quantitative and qualitative data to meet the goals. A study topic may be better understood with a mixed method approach than by using just quantitative or qualitative data. The limitations of both qualitative and quantitative approaches would be made up for by the combination of the two. The qualitative technique offers genuine insights into current concerns, while the quantitative method gives a solid theoretical framework. The mixed method technique is a helpful strategy for doing social science research and is often utilized in pragmatism philosophical assumptions.

3.2 Data collection

Secondary data and information were gathered through the perusal of a variety of journals, studies conducted by various donor and development agencies, Bangladesh export statistics reported by the Export Promotion Bureau and Bangladesh Bank, Economic Review of Bangladesh, annual reports of Bangladesh Garments Manufacturing and Exporting Agency (BGMEA), Ministry of Commerce, Bangladesh Knitwear Manufacturing and Exporting Agency (BKMEA), Research Organizations, World Bank. Material that has appeared in recent publications and online sources was also taken into consideration.

Primary data was collected by using survey and interview methodology. Survey and interview questions were prepared based on the relevant literature. For survey analysis, the survey questionnaire was distributed among 42 RMG employees using an online platform. Among them, 30 employees responded to the questionnaire. The data collected from the survey questionnaire were analysed using Microsoft Excel to prepare meaningful graphical interpretations.

The interview data were collected by utilizing a digital platform. A total of 6 individuals participated in the interview process, they work in different ready-made garments companies. The details of the interviewees are given below:

TABLE 1. Interviewees' details

Name of the participant	**Company name**	**Designation**
Shofiqul Islam	Epyllion Group	Marketing Manager
Md. Arif Hasan	Pakiza Group	Senior Cutting Officer
Shakib Khan	Pakiza Group	Fabric Store and fabric sourcing
Jara Islam	Beximco Apparels Ltd.	Chief Executive Officer
Rafiqul Islam Khan	Pakiza Group	Chairman
Abdur Rahim Bhuiyan	Next Collections Limited	Quality Control Department

4 OVERVIEW OF THE READY-MADE GARMENT SECTOR OF BANGLADESH

This section provides details about the current scenario of the RMG sector of Bangladesh. The internal and external factors that contribute to the growth of this sector are mentioned below. This section also includes the challenges that are faced by the RMG sector of Bangladesh.

4.1 Ready-made Garment Industry in Bangladesh

As a result of competitive pressures, large retailers and brand marketers have increasingly turned to Bangladeshi RMG factories to produce their outsourced clothing. The labour-intensive RMG business arrived in Bangladesh at a time when consumers from industrialized nations were seeking fresh vendors and when emerging industrialized nations (such as South Korea and Taiwan) were looking for new sites to transfer their sectors. The framework or backdrop of the market, sourcing arrangement, and purchasers' motives have all been continually shifting, and RMG producers in Bangladesh have little to no influence over these factors.

As was discussed in the preceding section of this chapter, Bangladesh has seen rapid economic development, the foundation of which is the country's robust export-led expansion, with the readymade garment industry today accounting for more than 80% of total exports. Now, Bangladesh is the world's second-biggest exporter of clothing. Bangladesh's RMG industry has seen extraordinary development, with double-digit annual increases for more than two decades.

While the RMG business in Bangladesh has grown tremendously in recent years, it still faces several obstacles that threaten its viability. In this part, we will use secondary sources to try to grasp the dynamics and competitive standing of Bangladesh's RMG business.

4.1.1 Historical Status

Bengal (now a part of Bangladesh) has a rich history in the textile industry and was internationally renowned for its textiles even before the English industrialization. Dacca was the hub of India's thriving textile industry, and its specialty product, muslin, a superfine cotton fabric, gained international renown. There is evidence to imply that Dhaka's cotton goods were exported as early as the second century A.D. to places like Arabia and Europe (Islam 2001). There were approximately 8,000 looms in Dacca (now called Dhaka) in the 18th century, spinning out a muslin for the Great Mogul's court and the worldwide market (including the surrounding kingdoms and Europe). The 'muslin' came from textiles of unique karpas, and the soil and temperature of the Bengal area were ideal for growing cotton. Weaving muslin required a lot of time and effort and the quality of the finished product varied widely. The production of a standard size of 20 x 1 yards, for instance, may just take a few days, while the weaving of the very best pieces might take as long as ten months. In 1753, Dacca shipped goods valued at a total of 2,850,000 Arcot rupees (Thornton 1825).

The rise of the East India Company after the war of Palassey in 1757 (a war that essentially marked the beginning of 200 years of British rule in India) led to a drop in the prestige of Bengal textiles. The Company's approach became more and more oppressive as it eradicated its competitors and progressively enslaved weavers to its procurement method. Ultimately, as Britain's textile industry grew in response to industrialization, the British grossly misapplied their authority to forbid the usual manufacturing of textiles in India. By the 1820s, they achieved their goal of dislodging cotton goods by shutting down Bengal's textile industries. Ironically, India and Bengal quickly shifted roles, becoming both a market for British textiles and a source of raw materials for their manufacture (Islam 2001). Approximately one million people lost their jobs when the East India Company closed all of its textile businesses in Bengal in 1825. Sir Charles Trevelyan, an East India Company official, wrote something with a similar tone in 1840. Dacca, formerly known as the "Manchester of India," is now a destitute and relatively small town. As a result, by the early nineteenth century, Bengal textile was no longer a major player in the global textile market (Caspersz 2001). Even so, by some stroke of fortune or historical incident, readymade garments have returned to Bangladesh and become the country's primary economic driver after being absent for close to two centuries.

4.1.2 Initial Development of Bangladesh's RMG Industry

As we've already shown, Bangladesh's economy was tiny and unstable after independence. In the 1970s, jute products were the primary exports, and the country was highly reliant on international help. Later, jute exports saw a declining trend as global demand slowed in the early 1980s, and nearly simultaneously, the RMG industry rose to prominence and became Bangladesh's primary export. Bangladesh's garment industry has a fascinating history. While the broader social and economic backdrop was not conducive to commencing such a business, it was launched in a very informal fashion by a handful of visionary entrepreneurs in the late 1970s. Export was not a top priority for Bangladesh's government at the time, since it followed the import substitution strategy popular among emerging countries at the time. Bangladesh's economy was at a crossroads when the RMG industry unexpectedly emerged as a viable option for growth as jute's popularity waned abroad. In 1978, there were just nine factories producing clothing specifically for export, resulting in less than US$1 million in revenue. Some of these factories were rather little, yet they nonetheless produced clothes for both the home and international markets. Customers in Hong Kong have made orders with these businesses, specifying which fabrics should be used. As a result, local businesses faced a generally hostile environment (Quddus & Rashid 2000).

But the late Noorul Quader, who started Desh Garments Ltd. (despite being a former senior government officer with no commercial expertise), has accomplished the first real milestone of this sector's growth. As the former head of Daewoo Corporation, a South Korean corporation, this chance presented itself while as part of their worldwide objectives, in 1977 Mr. Kim Woo-jung proposed a massive joint venture to the government of Bangladesh that would see them establish and run tire, leather product, cement, and textile plants (Rock 2001). Noorul Quader signed a consignment agreement between Desh Garments and Daewoo on July 4, 1978. The arrangement spanned five years and included commission-based marketing, technical training, equipment and fabric purchases, and facility construction and setup. In exchange for Daewoo's assistance in training Desh Garments' personnel, Desh Garments agreed to pay Daewoo an 8 percent commission on all exports. Thirty-one employees and supervisors from Desh Garments were dispatched to Daewoo's Pusan facility in South Korea in 1979 to learn about the company's cutting-edge techniques. After six months of training, the 130 Desh who had been chosen as trainees went home to become the backbone of the country's garment industry's innovation and key human resource basis. Desh's cutting-edge manufacturing facility, as a result, was built according to Daewoo's guidelines and with the company's technical support. There were six assembly lines, 500 employees, a yearly output of five million units, and an investment of $1.3 million (Quddus & Rashid 2000).

The partnership between Desh and Daewoo had several benefits. First, Desh Garments' export value climbed at a compound annual rate of 90% in its first five years of operation, reaching $5+ million by 1986–1987. Second, thanks to Daewoo's global marketing muscle, Bangladesh was introduced to the global garment industry, and its reputation as a reliable supplier was bolstered among international customers. Third, since the proprietor of Desh Garments was a senior bureaucrat with access to the highest authorities, the partnership between Desh and Daewoo was crucial in swaying government interest in the RMG industry. And finally, the training that these workers gained from Daewoo extended across the nation since many of the 130 trainees who travelled to South Korea eventually departed Desh Garments Company to start their own competitive garment businesses (Rahman 2014).

Another South Korean company, Youngone Corporation, has had a significant impact on the growth of the RMG industry in Bangladesh via the establishment of the first equity joint venture garment factory with a local company, Trexim Ltd. The company was founded by a group of Bangladeshis with 51% of the stock, and it delivered its first batch of jackets to Sweden in December 1980 under the name Youngone Bangladesh. Aside from this, in 1977, Reaz Garments, a forerunner in the garment exportation sector, sent 10,000 pieces of Bangladeshi-made garments (men's shirts) to a Paris-based corporation for FF13 million, ushering in a new era in the Bangladeshi export industry. The early 1980s also saw a notable contribution to the growth of the RMG sector in Bangladesh via entrepreneurial endeavors including Bond Garments, Paris Garments, Sunman Group, and Aristocrat Limited (Yunus & Yamagata 2014). The businesspeople are widely regarded as the forefathers of Bangladesh's RMG sector since they took enormous risks with little to no experience in the field. In contrast, a second wave of entrepreneurs entered the clothing industry in the 1980s, this time comprised of former factory workers. These workers quit their employers after gaining industry expertise to start their own clothing businesses. The RMG business in Bangladesh was first established and has since grown due to the sowing of industry expertise by the pioneers from Korean-owned garments. Ex-workers were able to become successful business owners by acquiring and using such tacit knowledge of the RMG sector. But they worked tirelessly and with an entrepreneurial spirit to make money by their own initiative and the resources at their disposal. In the 1990s, when the industry was finally secure and flourishing, a new crop of clothing producers emerged. At the time, many different types of individuals entered the RMG industry because it offered the possibility of rapid financial gain. The majority of Bangladesh's RMG company owners are young, college educated, and come from a wide range of professional and educational backgrounds (including the bureaucracy, the armed forces, politics, university teaching, and the trading, exporting, and manufacturing industries) (Quddus & Rashid 2000).

4.1.3 Development of the RMG Industry in Bangladesh (Internal variables)

From what can be deduced from studying the evolution of Bangladesh's RMG business, it seems that early external pressures have played a crucial role. But there are also external elements, and the following are some of the internal aspects that have produced a favourable atmosphere in expanding the RMG sector of the nation.

Since the late 1970s, Bangladesh has followed an export-led development strategy rather than an import substitution policy, opening its economy far sooner than other nearby nations like India. The RMG sector of freshly industrialized nations like South Korea, Taiwan, and Hong Kong was searching for relocation or joint venture opportunities, and this opening up progressively produced a friendly climate for export expansion. Consequently, Bangladesh has taken advantage of this window of opportunity, allowing the RMG industry to establish a foothold in the nation. In addition, Bangladesh took several steps to compete in the global market at the time, including liberalizing the financial sector in the mid-1980s, which loosened restrictions on foreign direct investment, and liberalizing trade in the early-1990s, which, along with a significant depreciation of the currency and multiple fiscal and economic advantages, prompted a rapid growth of labour-intensive garments businesses in Bangladesh (Islam 2001).

Bangladesh, being one of the world's most populous countries, can provide a large pool of cheap labour. One of the main reasons for the growth of the RMG business in Bangladesh is the abundance of cheap labour available there. With such a large labour base, Bangladesh is in a good position to keep its RMG industry supplied with the workers it needs. In 2021, Bangladesh had a workforce of 72.54 million, much more than neighbouring countries like Vietnam, Cambodia, and Sri Lanka. The population and labour force of the world's top garment-producing nations are shown in the table below.

TABLE 2. Labour force (The World Bank 2022)

	Bangladesh	**China**	**India**	**Indonesia**	**Vietnam**	**Pakistan**	**Cambodia**	**Sri Lanka**
Population (Million) as of 2021	169.4	1412	1407	273	97.4	231	16.5	22.2

Labor Force as of 2021	72.54	780.4	507.7	134.4	55.4	76.9	8.9	8.8

Bangladesh has a cheaper cost of labour than most other nations because of its large labour pool. The following table shows the monthly minimum wages for Garments workers in 2020. It indicates that Bangladesh's labour cost is lower than that of competing nations producing textile items.

TABLE 3. Monthly minimum wages (von Kameke 2023)

Country		**Monthly minimum wages ($)**
Bangladesh		95
Pakistan		104
Sri Lanka		105
India		145
Myanmar		157
Cambodia		190
China		208
Indonesia		243

The RMG sector of Bangladesh has grown tremendously, both in terms of the number of plants and their production capacity. This massive amount of manufacturing capacity attracts consumers, who in turn contribute to the industry's ongoing expansion. Green industries that adhere to international standards have proliferated during the last three decades. As of this past May, the United States Green Building Council (USGBC) has certified 90 factories in Bangladesh as LEED (Leadership in Energy and Environmental Design) compliant, of which 24 were platinum-rated buildings and 6 were ranked in the top 10 in the world.

Approximately 384 RMG factories existed in FY1984-85, providing jobs for approximately 0.12 million people. Over the last 30 years, the number of manufacturers has expanded to 4328, creating over 4 million direct employments, of which roughly 80% are held by women (Hossain & Uddin 2021).

Bangladesh's RMG sector relied heavily on imported raw materials (including textiles and accessories) from the outset. In subsequent years, it began to foster the growth of backward linkage factories and ancillary service providers. There are now several composite manufacturing facilities in existence. By developing this capability at home, the government has lessened its reliance on foreign supplies of key inputs including yarn, textiles, dyeing, processing, printing, and similar items. All of these efforts contributed to the production of more valuable items and increased their marketability. Knitwear has greater backward connections than woven, and over 90% of RMG's yarn demand is fulfilled by local textile suppliers, whereas only 35%-40% of woven RMG's yarn need is met. Over 70% and 35% extra value are achieved in knit and woven RMG, respectively (BTMA 2019).

In 1991, the number of people living in the U.S. was almost the same as the current number of people living in the U.K. In 2021, there were around 1834 companies in Bangladesh that produced trimmings and accessories. It's incredible how quickly the accessory manufacturing sector has expanded. These manufacturers can provide the RMG sector of Bangladesh with high-quality accessories such as buttons, zippers, cartons, poly, main labels, price labels, care labels, sizing labels, hang tags, bar tags, and more. The following chart displays the growth rate of RMG-related accessory firms in Bangladesh over the course of a year.

TABLE 4. RMG-related accessory firms (BGAPMEA statistics 2022)

Year	Total Members
2000	425
2001	508
2002	552
2003	599
2004	665
2005	710
2006	764
2007	799
2008	873
2009	932
2010	999
2011	1075
2012	1155
2013	1232
2014	1310
2015	1399
2016	1514
2017	1610
2018	1683
2019	1736
2020	1778
2021	1834
2022 (up to 30th Nov)	1902

TABLE 5. RMG-related accessory firms (BGAPMEA statistics 2022)

Item Name	**No. of Unit**
Back Patch (Leather/paper)	2
Button	33
Chemical	2
Corrugated Carton	707
Elastic & Drawstring	147
Embroidery	5
Gum Tape	10
Hang Tag	5
Hanger	14
Interlining	13
Multi Items	533
Packaging & Printing	54
PU Patch	1
Paper Box	1
Poly Bag	157
PP Band	3
Label	72
Ribbon	1
Sewing Thread	90
Screen Print	10
Waist Belt	1
Zipper	31

Bangladesh's ready-made-garment (RMG) sector produces affordable goods in comparison to other global clothing producers. According to the Bureau of Statistics in Bangladesh, polo shirts, tee shirts, and pullovers manufactured in Bangladesh may be purchased for relatively low costs in the European Union and the United States. In 2015, a polo shirt produced in Bangladesh cost $3.63 and $3.39 in the EU and USA markets, whereas the same item made in China cost $7.36 and $5.47. Shirts manufactured in Vietnam cost $6.06 and $4.74, while those made in Cambodia cost $5.02 and $3.25 (Mohibullah et al. 2019).

The following graphs show that Bangladesh FOB prices are lower compared to other countries in the US market.

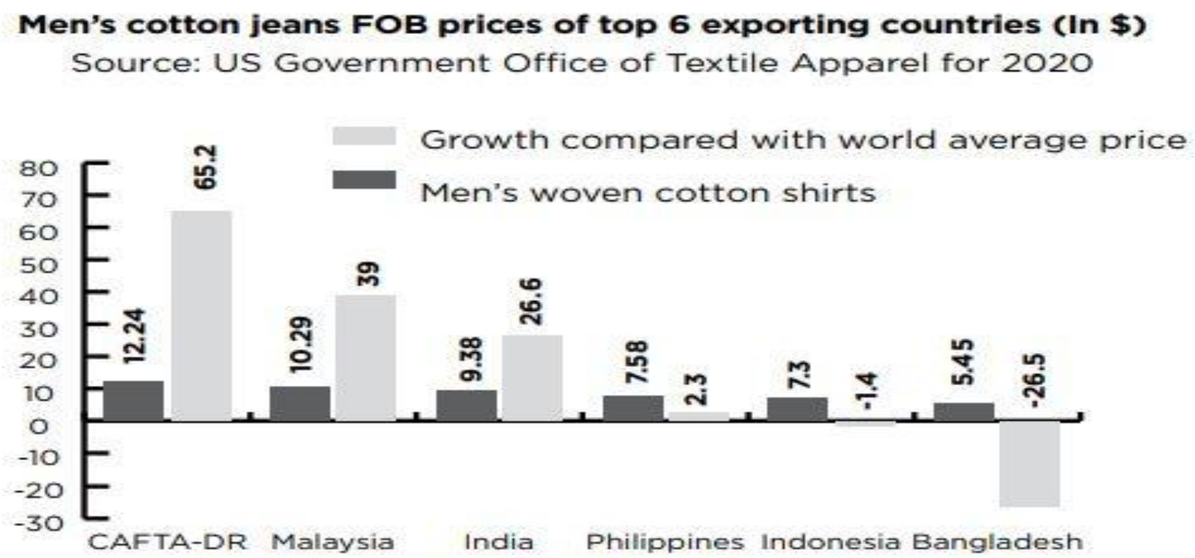

FIGURE 1. Men’s cotton jeans price (Abdullah 2023)

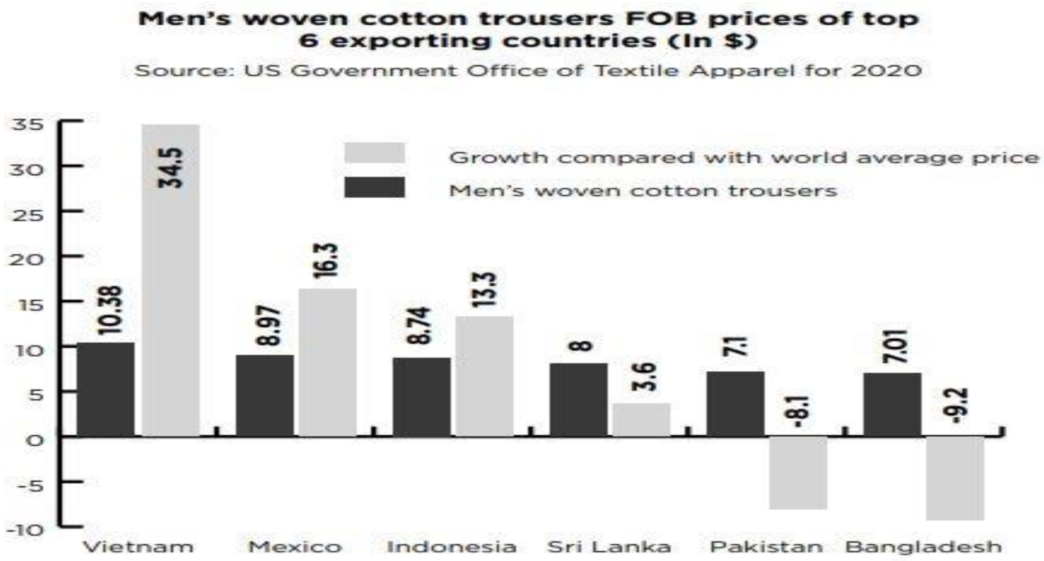

FIGURE 2. Men's woven cotton trousers price (Abdullah 2023)

FIGURE 3. Men's MMF woven shirts price (Abdullah 2023)

The RMG business in Bangladesh got its start with the support of the availability and supply of natural gas. Investors were enticed to build composite manufacturing facilities and water treatment systems. Natural gas is less expensive than other forms of electricity, which boosts the competitiveness of

Bangladesh's RMG exports. However, proved accessible natural gas is low, and gas shortages have been seen in the manufacturing sector.

Since the beginning of the RMG business, the government of Bangladesh has created and enacted several policies to meet the needs of the sector. However, the back-to-back letter of credit (L/C) and the bonded warehouse were two particularly helpful government regulations throughout the RMG industry's formative years. The export growth of the RMG business is widely believed to have been greatly aided by these two policies (Yunus & Yamagata 2014). Both foreign and local commerce makes use of back-to-back L/Cs. Small business owners may fulfil export orders with no outlay of capital and no need to spend money on importing raw materials or accessories. A back-to-back L/C is an agreement between the purchaser and their bank, the seller and their bank, and the vendor of the manufacturer and their bank. To fulfil orders from overseas customers, garment exporters may make use of the back-to-back L/C plan provided by commercial banks. This allows them to import materials (such as fabrics and accessories) in exchange for payment for previously exported goods. When the seller/manufacturer has to buy an ingredient but may not have the cash on hand to pay for it, they might utilize this form of documented credit transaction. This is how the L/C9 in reverse works. When an exporter receives an order on a master (export) L/C, he or she will go to his or her bank (a local bank) to create an import L/C to purchase the necessary materials and trim. The exporter makes the clothes and ships them to the customer after receiving the imported materials. The owner of the clothing business will get the export proceeds, less the amount spent on imports and the bank's fee after the transaction has been finalized. The import price is another service the bank provides to its clientele. The RMG business in Bangladesh has benefited in two ways from this kind of L/C program. Initially, it helps Bangladeshi exporters prevent spending their own money on working capital and helps them get around problems getting the imported supplies they need. Second, the mutually beneficial nature of this L/C system has helped to further cement the relationship between financial institutions and the garment industry's business owners (RAHMAN 2014).

The RMG business in Bangladesh has advanced greatly thanks in large part to the government's ground-breaking bonded warehousing system. The RMG sector, which focuses on exports, may now import garment accessories duty-free. Because the area within a bonded warehouse is considered foreign territory, imports may be cleared by immigration against export orders without having to pay an import tax (Yunus & Yamagata 2014). All imported supplies must be utilized for export in the garment business since this is a requirement of the bonded warehouse. Garment manufacturers choose the bonded warehouse arrangement over a duty drawback warehouse. Unlike the bonded warehouse system, which allows export-focused garment companies to avoid paying duty on imported materials from the get-go, the duty drawback system requires payment of the duty and subsequent claims on those taxes. The exporter may save money on working capital and become more profitable because of this strategy.

Export growth in the textile and garment industry has been supported by a variety of monetary incentives offered by the government from FY1999-00. After the first three years, the percentage dropped from as high as 25 percent to as low as 15 percent. For the 2015–16 fiscal year, RMG offered monetary incentives of 10%, consisting of 4% for the use of domestic textiles, 4% for small and medium entrepreneurs in the textiles industry, and 3% for the introduction of new goods or new markets outside of the United States, the European Union, and Canada (Knit Communique 2015.)

The garment industry in Bangladesh also benefits from the following fiscal and policy assistance, in addition to the monetary incentives (Knit Communique 2015; Export Promotion Bureau 2022).

All necessary heavy machinery and tools may be imported free of customs duties. Tariff-free imports of 10% of capital machinery spare parts are permitted. Effluent treatment plant (ETP) equipment imports are exempt from customs duties. Since 2015, firefighting and safety equipment has been exempting from Value Added Tax (VAT). Banks may provide loans to exporters of up to 90% of the value of their irrevocable letter of credit (LC). The Export Processing Zone Authority (BEPZA) provides advantageous incentives (such as a tax vacation, a tax refund, or a complete repatriation of investment funds) to attract FDI from overseas. When businesses use American-grown crops and textiles, they are rewarded with a five percent cash rebate on their export value. Gas used in the export manufacturing process receives a 100% VAT refund, while water used in the export production process receives a 60% VAT refund. The government authorizes duty-free importation of prefabricated construction materials to ensure factories are compliant. If an exporter buys yarn on the domestic market using a Back-to-Back LC against their master LC, the VAT on the purchase is waived for two years. The government's expenditures on infrastructure improvement, such as the building of new roads, ports, and power plants. The government announced updated labour regulations and legalized union organizing. Improved the workability of the Department of Industry and Commerce. Employees of RMGs may make contributions to a welfare fund. Fewer efforts have been made to provide affordable housing and regulatory compliance funding. The government has implemented several PPP programs to better educate the workforce.

4.1.4 Development of the RMG Industry in Bangladesh (External variables)

The globalization of the textile and garment industries has provided a historical backdrop for the development of Bangladesh's RMG sector. Many nations that focus on exporting have had their start in the apparel sector, which is one of the oldest in the world (Aggarwal & Aggarwal, 1985). The United Kingdom's textile and garment sectors were among the first to lead the charge of the industrial revolution.

In the decades following World War II, the RMG industry's labour-intensive downward procedure (especially sewing) migrated to various Asian nations as part of a systemic "flying geese" sequence of industrial development. However, most industrialized countries (Global North) have their own clothing and textile sectors, and they have a long tradition of safeguarding. Since 1961, many developed nations, including the United States, Canada, and several European nations, have voluntarily imposed numerical and/or duty barriers on the export of RMG goods from various nations to safeguard the nation's textile and garment industries. A Short-term Cotton Textile Trade Agreement (STA) was followed by a Long-term Cotton Textile Trade Agreement (LTA), the Multi-Fibre Arrangement (MFA) was developed in four stages beginning in 1974 as part of the General Agreement on Tariffs and Trade (GATT), and the Agreement on Textiles and Clothing (ATC) was negotiated during the Uruguay Round, which also led to the formation of the World Trade Organization (WTO) (Keesing & Wolf 1980).

Over the course of its four stages, the MFA included about one hundred bilateral agreements negotiated within a multilateral framework and encompassing nearly 80% of global textile and garment exports. The quotas will be phased out gradually, and the Agreement on Textiles and Clothing (ATC) will facilitate this. It should be noted that the MFA assisted developing nations in gaining smooth entry to the global market, despite its original goal of protecting local textile and apparel businesses of industrialized nations briefly while allowing them time to adapt to global competition (Aggarwal & Aggarwal 1985).

The guaranteed market is especially helpful to developing nations like Bangladesh. Bangladesh's clothing sector benefited unexpectedly from MFA's less stringent import limitations relative to those of conventional garment exporters. The quota system imposed on Hong Kong, Singapore, South Korea, and Taiwan prompted business owners in those regions to go elsewhere for production and to form partnerships with their counterparts in nations that did not impose such restrictions (Feldman 2009).

Daewoo would not build an alliance with Desh Garments and Youngone Corporation would not opt for a joint venture with the Bangladeshi firm if there were no restrictions on South Korean garment export to the foreign market, respectively. The constraints imposed by industrialized nations on the RMG sector throughout time are summarized in the following table up to the point when the quota system is completely done away with. Many RMG sectors in low-income countries, including Bangladesh, were predicted to collapse following the MFA phase-out and the abolition of the quota system. Bangladesh was the most successful LDC in maintaining growth in the post-MFA era. However, the gradual elimination of MFA presented possibilities for those who were prepared for it. Since the MFA was phased away, Bangladesh's RMG exports have surged dramatically.

Bangladesh adopted the strategy of export-led development in the late 1970s, a full decade before India did so. The 1980s were a particularly violent decade for Sri Lanka's ethnic minorities. Therefore, investors chose Bangladesh as a safer manufacturing location in South Asia around that time because of the anti-export atmosphere in India and the political upheaval in Sri Lanka (Feldman 2009).

The rising cost of manufacturing (especially labour) for labour-intensive businesses like RMG is a direct result of the rapid industrialization of the Asian Tigers and other East Asian countries (Indonesia, Thailand, and Malaysia) alongside China, which has driven up the need for their labour force. The ready availability of low- and middle-skilled workers in Bangladesh has helped foster the growth of the RMG industry there (Feldman 2009).

When Bangladesh satisfies the EU's rules of origin (ROO), it is granted duty-free and quota-free entry to the EU market under the Generalized System of Preference (GSP) system, which has assisted in the development of Bangladesh's apparel exports to the EU market. Importers from the European Union may have their entire duty (an average of 12.5%) drawn back on goods from Bangladesh thanks to the GSP program. Most wealthy nations now allow duty-free imports of RMG from Bangladesh, and the countries of India, China, Korea, and Malaysia have signed preferential trade agreements (PTAs) with the country (Knit Communique 2015).

4.2 The Present Situation in Bangladesh's RMG Industry and Its Recent Performance

Since 2010, Bangladesh has maintained its position as the world's second-largest exporter of clothing (World Trade Organization 2016). According to the World Trade Organization (WTO), Bangladesh increased its share of the global garment trade from 6.23% in 2010 to 6.40 % in 2021, maintaining its position as the world's second-largest exporter of clothing. Last year, the country's apparel exports totalled $34 billion. In 2020, Bangladesh accounted for 6.26 percent of the global clothing market. According to the 2022 World Trade Statistical Review, Bangladesh remained in second place globally, only behind China. The report showed that China's garment exports totalled $176 billion, maintaining its leading position and capturing 32.8% of the market share. With a 5.8 percent market share and $31 billion in garment exports, Vietnam is now the third biggest garment exporter in the world. Last year, Turkey surpassed China to become the fourth biggest garment exporter, with a 3.5 percent share, shipping almost $19 billion in clothing abroad. According to WTO data, between 2020 and 2030, the top 10 garment exporters had a significant increase in their export value, from $378 billion to $460 billion. In 2019, the worth was estimated at $411.0 billion (RMG Bangladesh 2022).

Recently, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) hosted the largest garment industry event in the country's history, with the goal of increasing Bangladesh's share of the global clothing market to double digits in three years and generating $100 billion by 2030. The BGMEA's goal is to increase the country's present 6.26 percent share of the global clothing market to 10 percent by the year 2025. In the fiscal year 2021-22, clothing exports increased by 35.47 percent over the previous year, totalling $42.61 billion. The plan laid forth by the BGMEA is meant to broaden its exposure to potential customers and reduce any potential dangers. Seventy-three percent of Bangladesh's garment exports go to only nine countries the United States, Germany, the United Kingdom, Spain, France, Italy, the Netherlands, Canada, and Belgium. The BGMEA would want to have the Asian market join the European Union (EU), the United States (US), and Canada as one of the main export destinations (RMG Bangladesh 2022).

Major merchants in North America and the European Community are known to outsource to manufacturers throughout the world in search of the lowest available prices, and this is largely responsible for the expansion of Bangladesh's RMG industry. Since the Bangladeshi RMG sector already had the capability to deliver the volume anticipated by these outsourcing businesses abroad, no aggressive market development activities were necessary for them to react to the requests of these corporations at the lowest possible cost. Products from RMG are manufactured to meet the specific needs of individual customers. When it comes to buyer-driven commodity chains, few industries are as characterized by power imbalances as the garment sector. This has allowed certain lead corporations to have considerable influence over the when, where, and how of manufacturing by dictating sourcing choices alongside design, branding, and marketing. By dictating how fundamental value-adding operations are spread throughout the value chain, leading corporations have been able to exert control over where value is expected and to whom profit accrues at each level (Gereffi 2019).

The outsourcing of garment items by large retailers and brand marketers has, as we've seen, prompted the emergence of a thriving RMG business in Bangladesh. It arrived in Bangladesh when quota-strapped newly industrialized nations (such as South Korea and Taiwan) looked for new locations to transfer their labour-intensive RMG business. RMG producers in Bangladesh have very little influence on the external market, which is constantly shifting in structure or context, sourcing pattern, and purchasers' motives. Many large retailers and manufacturers have thus set up shops in Bangladesh or dispatched agents there to ensure the smooth running of their operations.

Since the business began, the export market for RMG from Bangladesh has relied mostly on the European Union and North America. About 85 percent of Bangladesh's RMG exports go to these two areas. Bangladesh's RMG business has challenges expanding due to the country's reliance on a few export markets. This puts the industry at risk since exports are very sensitive to the economic and political climates of individual nations. The growth of exports has also been affected by the policies and relationships of competing nations with the countries that ultimately buy their products. A possibility of beggar-thy-neighbour techniques has emerged since all textile manufacturing states have been attempting to grow their market dominance to the same areas. For instance, the actions of the United States government have created severe rivalry in the USA market for the Bangladesh RMG industry. In particular, the RMG business is especially at risk since GSP facilities were cancelled in the wake of the Rana Plaza catastrophe due to a perceived lack of safety compliances. As a result of its bilateral trading agreement, Bangladesh's three main competitors—Vietnam, India, and Cambodia—enjoy a discount of some kind. As a result of regional and bilateral agreements, countries like Mexico, Honduras, Nicaragua, and El Salvador are also afforded special privileges (Export Performance 2022).

Despite Bangladesh's success in the European Union market, the country may face compliance conditionality. Since the 2013 tragedy at Rana Plaza, consumers have become more safety conscious. Furthermore, after Bangladesh graduates as a medium-income nation, maybe in 2021, it will lose its duty-free access to the EU markets. The RMG industry's ability to export to the EU Market has been hit hard by the ongoing Brexit impasse. Because of the new circumstances, Bangladesh must now negotiate with the government of the United Kingdom to keep its RMG goods duty-free in that country. To protect the RMG industry and Bangladesh's standing in international commerce, the government must implement new measures to deal with the scenario.

The RMG business in Bangladesh has been cranking out the same assortment of low-quality, standardized items year after year. After more than three decades in business, the RMG sector in Bangladesh should have a wide range of items available, including several of a higher quality standard. Bangladesh, being the world's second largest RMG exporter, really ought to have achieved some headway by now in terms of delivering its own brand items. However, because of the accessibility of cheap labour, company owners have been increasing their ability to produce by utilizing the same items and participating in profit-maximizing actions that have a short-term focus. This is since RMG manufacturers may keep their processes the same and need almost any qualitative upgrades in skills due to the constant influx of low-end product mix. Capital broadening is what Amsden refers to when describing this method of increasing production capacity; that is, adding many, smaller components that all use the same technology and capital/labour ratio. As salary rates are increasing rapidly and the minimum wage level has climbed more than double during the previous five years in Bangladesh, such a short-term plan is unsustainable. Due to the consequences of the beggar-thy-neighbour policies of other competitive nations, profit margins are being squeezed as competition has grown and product prices have remained steady or even decreased (Amsden 1989).

The Bangladesh RMG factories that produce both woven and knitwear have narrowed their product offerings to only five low-priced items trousers, T-shirts, jackets, sweaters, and shirts. These five product types have dominated the RMG industry in Bangladesh since its start. The five categories make up 77.28% of total RMG exports in FY2015-16; trousers make up 23%, T-shirts 22%, jackets 13%, sweaters 11%, and shirts 8% of this total. Time series data demonstrates that the five goods have accounted for over 90% of Bangladesh's RMG exports over the last decade (Export Performance 2022).

4.3 Major Barriers to Bangladesh's Export of Ready-Made Garments

To become more competitive and boost its export performance, the sector must overcome several impediments and persistent problems. The issues of RMG sector are described in the following chapters:

4.3.1 Tragic fire

The RMG industry is extremely competitive, and cost-cutting is highly valued; nevertheless, due to the lack of a national safety culture, cost-cutting measures often come at the price of workers' safety. Fire is one of the most frequent and costly accidents in the Bangladeshi garment industry because clothing is so flammable. Workplace fires are a leading source of death and injury in this industry. Given the existing working conditions in manufacturing sectors in developing nations, which are subject to anxiety in most industrialized countries, every new fire and associated tragedy tarnishes the sector's image on the worldwide market. The government, the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), and global buyers of garments goods have all worked together to improve the fire safety culture, which has led to a considerable drop in fire accidents and losses given the importance of fire safety in the clothing industry. However, victory has not been declared just yet. Fires in garment factories continue to be a serious problem despite the many policies, rules, and regulations that have been implemented over the years to prevent them. In 2020, there was a five-year high in the number of fires that broke out at facilities producing ready-made clothing. However, the number of fires in factories has decreased during the last five years. The RMG industry accounted for 273 of the 383 total industrial fires in Bangladesh in 2020, according to the Fire Service and Civil Défense. In Dhaka's Mohammadpur, a fire at Garib & Garib Garments killed 21 people, another fire at Ha-Meem Garments killed 29 people, and a fire at Smart Export Garments Limited killed 7 women (February & Amin 2021).

4.3.2 Lengthened Waiting Period, Manual Work, Reduced Pay Scale, Negative gender disparity

Bangladesh's RMG industry maintains its competitive edge over other nations because of its short lead times. However, the lead time for importing raw materials is much greater than the lead time for exporting goods in Bangladesh's RMG business. Inefficient management of ports, airports, and other physical infrastructure is a major contributor to transit times (Hossian, Kabir & Latifee 2019).

For an industry to thrive, it must have access to enough skilled workers. The RMG sector in Bangladesh has a substantial requirement to upgrade the capabilities of its operatives and executives because of the free market competition in the Bangladeshi garments industry since the quota system was abolished in 2005. Growth in this sector is being stymied by a lack of qualified people, especially at the middle management level. About 80% of the 4.2 million individuals working in the industry are women, and most of these women are uneducated, unskilled, and natives of rural and remote locations. A substantial gap exists between the top rivals' productivity (India at 92%, Vietnam at 90%, and Pakistan at 88%) and the country's own, at 77%, due to a lack of competence. Bangladesh's forward connection must be strengthened despite the country's improved backward connectivity over the last year.

Most manufacturers of ready-to-wear clothes do not have their own in-house educational resources. Due to a dearth of properly qualified instructors, present training facilities are of poor quality (Yeasmin Chowdhury & Keya 2022.)

The readymade garment industry is the main source of export revenue for the low-wage labour-focused economy. Having access to low-cost labour allows a nation to compete more successfully on the global market for ready-made clothing. Bangladesh's reduced manufacturing costs may make it a more attractive alternative for foreign consumers. To remain competitive in the global market, it is essential for garment companies to pay their employees modest salaries. Thus, the garment industry continues to employ the lowest-paid employees in the entire globe. Employee dissatisfaction is also brought on by several elements, such as poor pay, obligatory overtime, and insufficient overtime pay, a lack of inspiration, long workdays and night shifts, a lack of recognition for their contributions, inconsistent raises and promotions, job insecurity, and few opportunities for developing one's own skills. Therefore, RMG employees across sectors have been holding annual violent hartals, acts of vandalism, and roadblocks to enhance their base pay, attendance bonus, and other incentives. As a result, the country's total exports suffer because of lower output and a tarnished reputation among international consumers. Worker agency and the gender gap are other critical problems the sector must solve. The number of workers receiving their wages electronically has increased, and their legal protections in the workplace have strengthened. The gender gap is still a problem when looking at opportunities for promotion beyond the entry-level. There is now a greater push for gender equality, skill development, and more professional opportunities (Berg, Chhaparia & Hedrich 2021).

4.3.3 Growing competition, Repercussions of the Global Pandemic on the RMG Industry

There has been a lot of rivalry for Bangladesh's RMG industry in recent years from other South Asian and Southeast Asian nations including Vietnam, India, and Myanmar. India and Myanmar are two of these nations that have already taken action to improve their standing in the international RMG industry. Bangladesh's 6.3% share of the world apparel market in 2020 was worth $28 billion, down from 6.8% the year before. Furthermore, by 2020, Vietnam had increased its share of global RMG exports to 6.4%. By the year 2020, Vietnam's market capitalization had reached $29 billion (Hossian, Kabir & Latifee 2019.)

In both poor and developed nations, COVID-19 poses a serious threat to public health. Due to a lack of resources and preparation, Bangladesh is at imminent risk of contracting a potentially fatal virus. Those who were already the weakest and least fortunate in the nation were hit hardest by the epidemic. Workers at RMG in Bangladesh are a prime illustration of this. Workers are particularly defenceless because of issues including illiteracy, lack of education and training, lack of skills, low socioeconomic status, and weak negotiation positions. The Bangladeshi government declared a nationwide lockdown on March 26, 2020, due to the steadily increasing number of COVID-19 infections, and it lasted until May 30, 2020. The Bangladesh Garment Manufacturers and Exporter Association (BGMEA) shut down operations in response to government demands. Therefore, RMG workers who had relocated to Dhaka returned home in search of employment. The working poor will be forced to leave their houses because of the COVID-19 shutdown and the resulting economic collapse, breaking isolation restrictions and putting themselves and their families in danger of sickness (Ali, Rahman & Frederico 2021.)

4.3.4 Lack of Sufficient Facilities, Energy, Storage Space, and Necessary Materials

Poorly planned and built infrastructure may be risky for financial gain. Bangladesh is facing a major challenge. When the RMG business first began, garment factories sprung up inadvertently, often in repurposed or shared structures rather than brand-new construction. Over two thousand individuals lost their lives and many more were wounded in the Rana Plaza and Tazrin textile catastrophes, both of which were caused by unforeseen worries. Buyers in the EU and the US are becoming more concerned about these issues. They are increasingly concerned with the security of their buildings and workplaces. If Bangladesh wants to expand its garment industry, it will need to invest in modernizing its transportation, electricity, and digital infrastructure (Yeasmin Chowdhury & Keya 2022).
RMG's attempts to reduce lead times are jeopardized by the subpar state of the roads that have resulted from inadequate building and maintenance. The principal route of transit between Dhaka and Chittagong, the Dhaka-Chittagong expressway, is continuously clogged with heavy traffic and may take up to 12 hours to traverse. The railroads are underutilized despite their enormous capacity to carry cargo and provide continuous travel. Inadequate rail container storage facilities between Chittagong and Dhaka have dampened exporters' and importers' enthusiasm for the area. Problems with worker unrest, inefficient administration, and a lack of critical equipment and infrastructure have hampered the Chittagong port, which handles around 85% of the country's goods. The national and local political agendas also play a role in the development of transportation issues. The free-market investment approach

in the Bangladeshi garment industry has mostly failed due to the country's ongoing power crises and inadequate utility infrastructure. Examples of resources necessary for the growth of the industry include gas, oil, electricity, and water. The industrial sector saw a dramatic fall because of the cut in electrical supplies, which in turn affected export demand. Chittagong's port manages roughly 85% of the country's commerce commodities, but it's plagued by worker issues, poor administration, and a shortage of tools. Due to the absence of a deep-water seaport, the lead time for maritime freight has risen by around 10 days. Infrastructure and services in Bangladesh's transportation logistics sector are severely insufficient. RMG's growth might be hampered by the dismal condition of the roads.
The free-market investment approach in the Bangladeshi garments industry has mostly failed due to the country's ongoing power crises and inadequate utility infrastructure. Examples of resources necessary for the growth of the industry include gas, oil, electricity, and water. The industrial sector saw a dramatic fall because of the cut in electrical supplies, which in turn affected export demand. The unexpected rise in the price of electricity has raised the cost of manufacturing. Because of the regular blackouts, factory owners must utilize expensive backup power sources like generators, driving up production costs. The significance of energy is magnified in the case of Bangladesh, a rapidly developing country with an expanding economy that is simultaneously experiencing a protracted energy crisis phase. The energy and power needs of the rapidly developing economy of Bangladesh are on the rise (Haque & Rahman 2021.)

RMG in Bangladesh confronts a significant issue in running their businesses sustainably due to a shortage of wastewater treatment procedures and waste material recycling. More urgent is the need to apply sustainable measures as the sector grows at a fast pace. Sustainable models consider the impact of industries on environmental, social, and economic concerns because of advances in technology (Zaman & Khan 2021). Managing a warehouse properly requires setting up systems to track incoming orders and dispatch completed packages. Finding innovative approaches to warehouse inventory accuracy and layout may save time and money while increasing sales and happy customers (Zaman & Khan 2021.)

When it comes to imported raw materials, cotton is by far the most important and ubiquitous. Since cotton is essential to the RMG industry in Bangladesh, the country is the largest importer of cotton in the world. In 2016, Bangladesh spent $5275.67 million on cotton, which was 10.8 percent of world export and ranked second only to China in terms of cotton imports. Both China and India, its two primary cotton import partners, are also major rivals to Bangladesh in the RMG export market (Hossian et al. 2019). Due to its dependence on imports, Bangladesh is exposed to greater sourcing risks and longer lead times. Woven textiles in Bangladesh typically have a lead time of seven days, while fabrics sourced from India and China might take up to fifteen and thirty days, respectively. Cotton and other raw materials used in Bangladesh's textile business are also vulnerable to large price swings.

4.3.5 Lack of Stability in Politics, High Bank Interest

Security planning, political turmoil, strikes, and corruption are among the most prominent problems impeding economic progress. The downfall of the garment industry in Bangladesh, and other industries within, may be directly attributed to the country's unstable political climate. The RMG business is already struggling due to the negative effects that political upheaval, muddled regulations, and a corrupt government have on production and public perception (Haque & Rahman 2021.) High-interest rates make it more expensive to borrow money, which in turn reduces output. The quick rise in the interest rate has exacerbated the problems already facing the business sector by raising the cost of doing business. Exporters of ready-made garments from Bangladesh faced disadvantages in foreign markets due to high service costs and interest rates on bank loans (Berg et al. 2021.)

5 DATA COLLECTION AND ANALYSIS

This section includes the analysis of data that were collected by using survey and interview methods. Necessary tables and figures age given to provide meaning representation of the collected data.

5.1 Based on survey

To accomplish the research's goal, 30 persons from Bangladesh's RMG industry were surveyed through an online survey questionnaire. Their contact information was collected with the help of some friends who work at reputed RMG in Bangladesh. Microsoft Excel was used to analyse the responses and create a meaningful diagram of the data.

5.1.1 Demographic profile

Demographics is a word used to provide details about a population. The term originates from the Greek terms demos (people) and image (graph). Age, race, gender, ethnicity, religion, income, level of education, and other similar factors are all examples of demographic traits. For the goal of generalization, it is important to have information about research participants' demographics to assess if the participants in each study are a representative sample of the target community.

The number of persons to whom the survey was given and how many of them responded are listed below:

Number of surveys mailed	**Number of respondents**	**Percentage**
42	30	71.43%

The demographic profile of all 30 respondents is presented below:

TABLE 6. Gender of respondents

Gender	**Frequency**	**Percentages**
Male	19	63.33

Female	11	36.67
Total	**30**	**100**

Out of 30 respondents, 63.33% of the respondents were male and 36.67% were female.

TABLE 7. Age group

Age	Frequency	Percentages
Below 20 Years Old	2	6.67
Between 21 and 30	12	40
Between 31 and 40	11	36.67
Between 41 and 50	4	13.33
Above 51	1	3.33
Total	**30**	**100**

The highest percentage (36.67%) of the respondents belongs to the age group of 31 to 40.

TABLE 8. Level of education

Level of education	Frequency	Percentages
S.S.C	1	3.33
H.S.C	4	13.33
Diploma	3	10
Graduate	17	56.67
Postgraduate	5	16.67
Total	**30**	**100**

56.67% of the respondents are graduated which made up a large portion of the target group.

TABLE 9. Service year

Service year	Frequency	Percentages
0-1 year	5	16.67

1-3 years	9	30
3-5 years	10	33.33
5-8 years	3	10
8-10 years	2	6.67
10+ years	1	3.33
Total	**30**	**100**

33.33% of the respondents have been working with the garments for 3-5 years, and 30% of the respondents have been working for 1-3 years.

TABLE 10. Job type

Job type	**Frequency**	**Percentages**
Full-Time	26	86.67
Part-Time	4	13.33
Total	**30**	**100**

86.67% of the respondents belonged to the full-time job category while 13.33% of the respondents belonged to the part-time category.

5.1.2 Data analysis

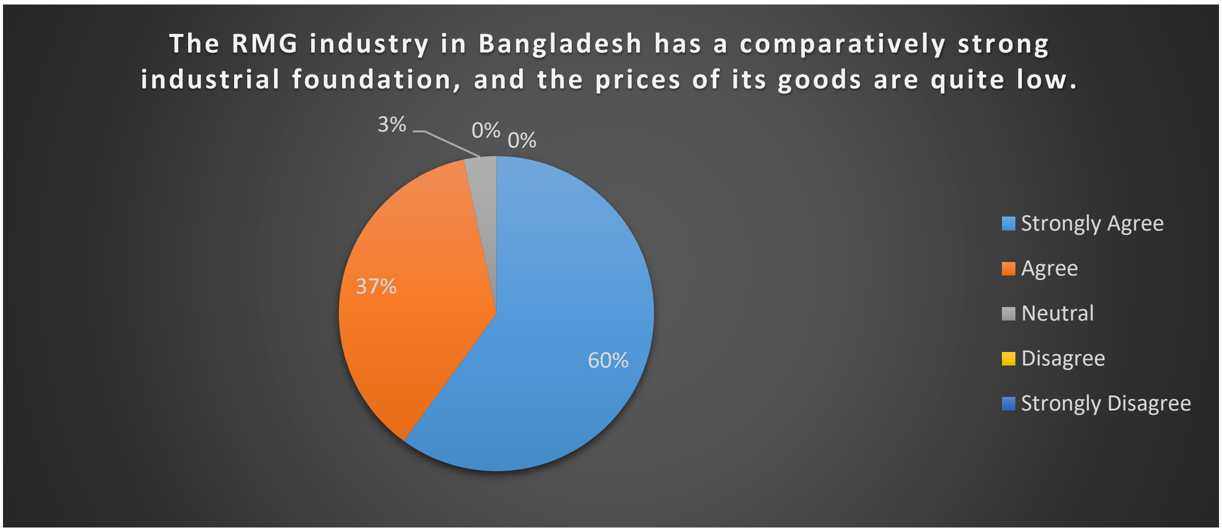

FIGURE 4. Strength and opportunities of the RMG sector of Bangladesh

60% of the respondents strongly agree that the RMG industry in Bangladesh has a comparatively strong industrial foundation, and the prices of its goods are quite low.

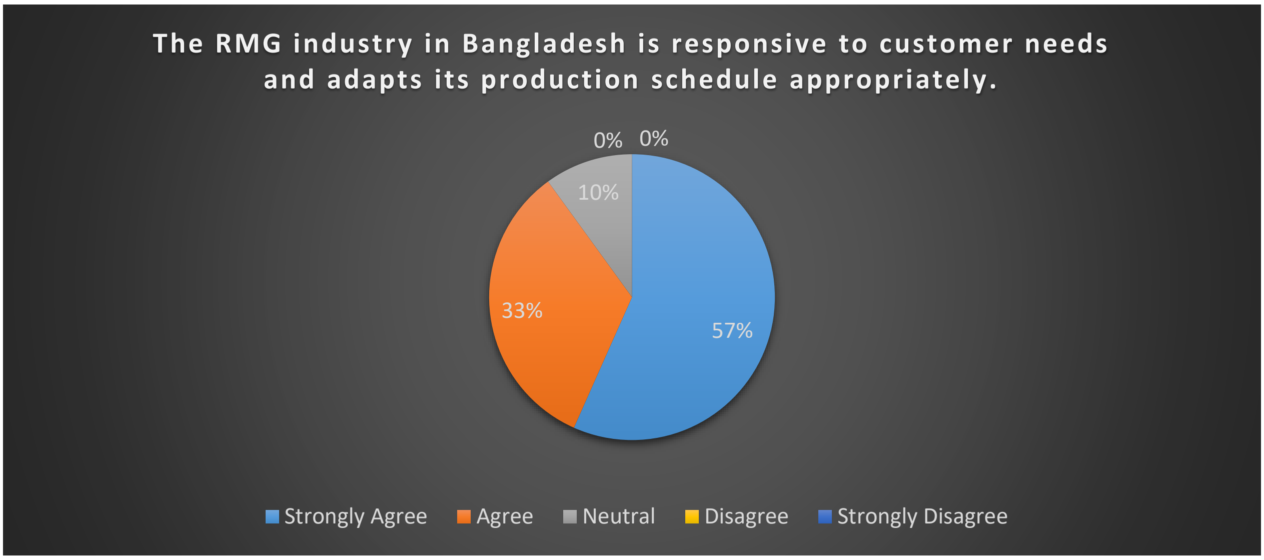

FIGURE 5. Strength and opportunities of the RMG sector of Bangladesh

57% of the respondents strongly agree that the RMG industry in Bangladesh is responsive to customer needs and adapts its production schedule appropriately.

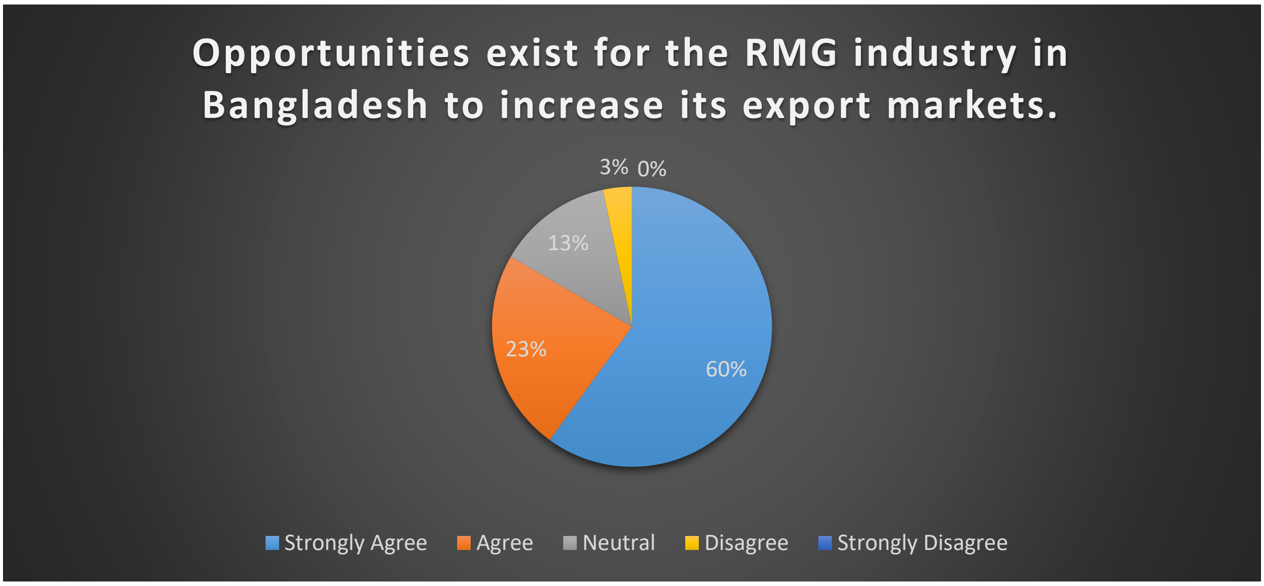

FIGURE 6. Strength and opportunities of the RMG sector of Bangladesh

60% of the respondents strongly agree that opportunities exist for the RMG industry in Bangladesh to increase its export markets while only 3% of the respondents disagree with that.

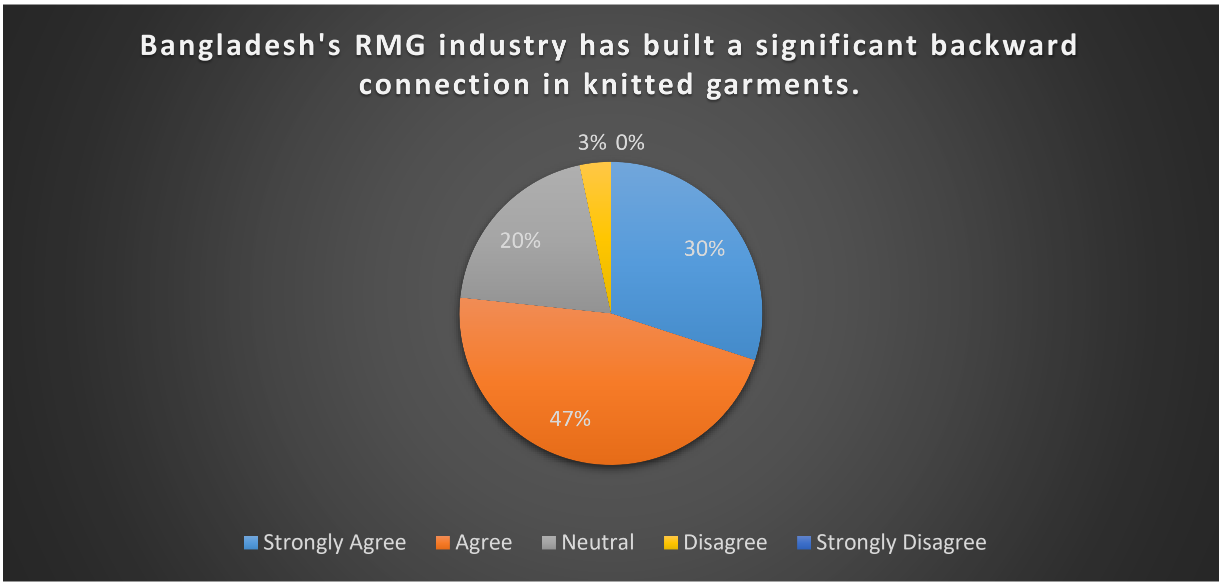

FIGURE 7. Strength and opportunities of the RMG sector of Bangladesh

30% of the respondents strongly agree and 47% of the respondents agree that Bangladesh's RMG industry has built a significant backward connection in knitted garments. Only 3% of the respondents disagree with the statement.

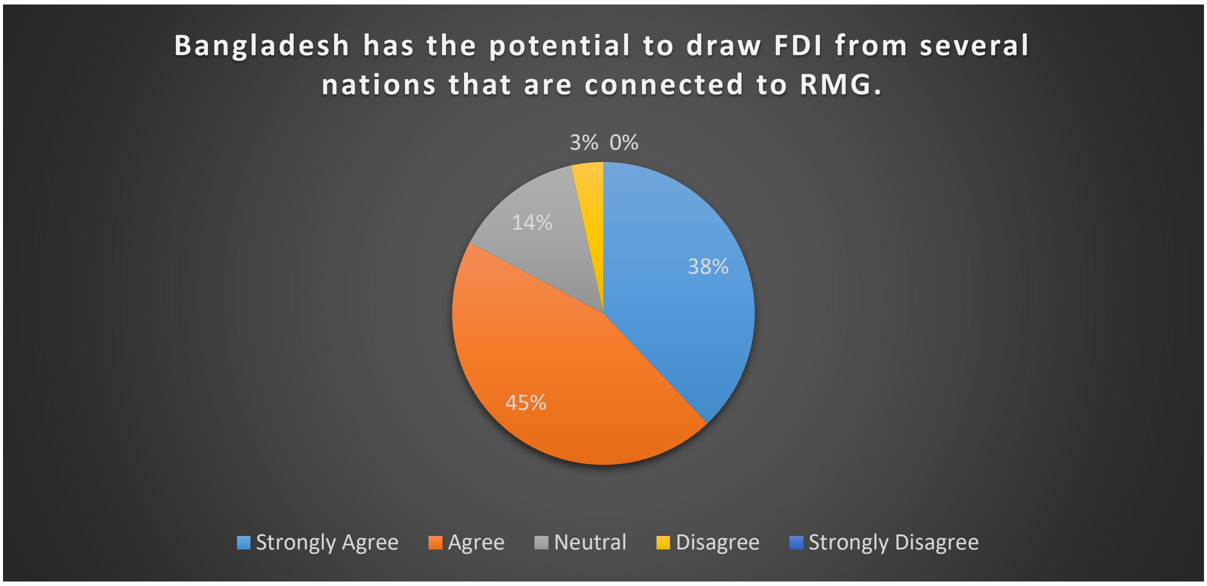

FIGURE 8. Strength and opportunities of the RMG sector of Bangladesh

38% of the respondents strongly agree and 45% of the respondents agree that Bangladesh has the potential to draw FDI from several nations that are connected to RMG. 3% of the respondents do not agree with the fact.

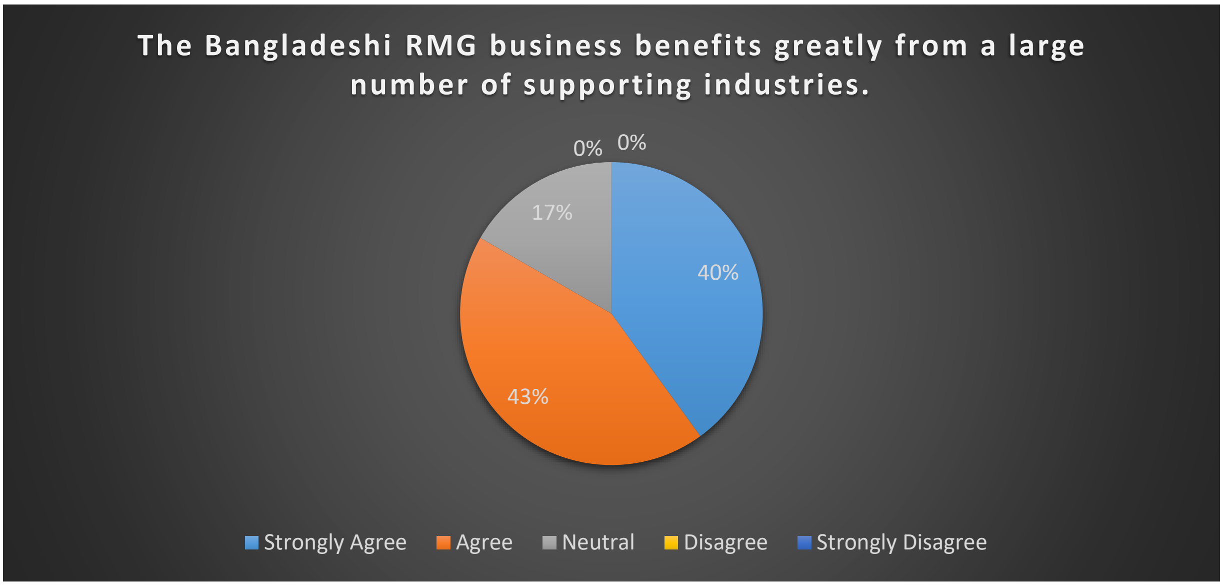

FIGURE 9. Strength and opportunities of the RMG sector of Bangladesh

40% of the respondents strongly agree and 43% of the respondents agree that the Bangladeshi RMG business benefits greatly from many supporting industries.

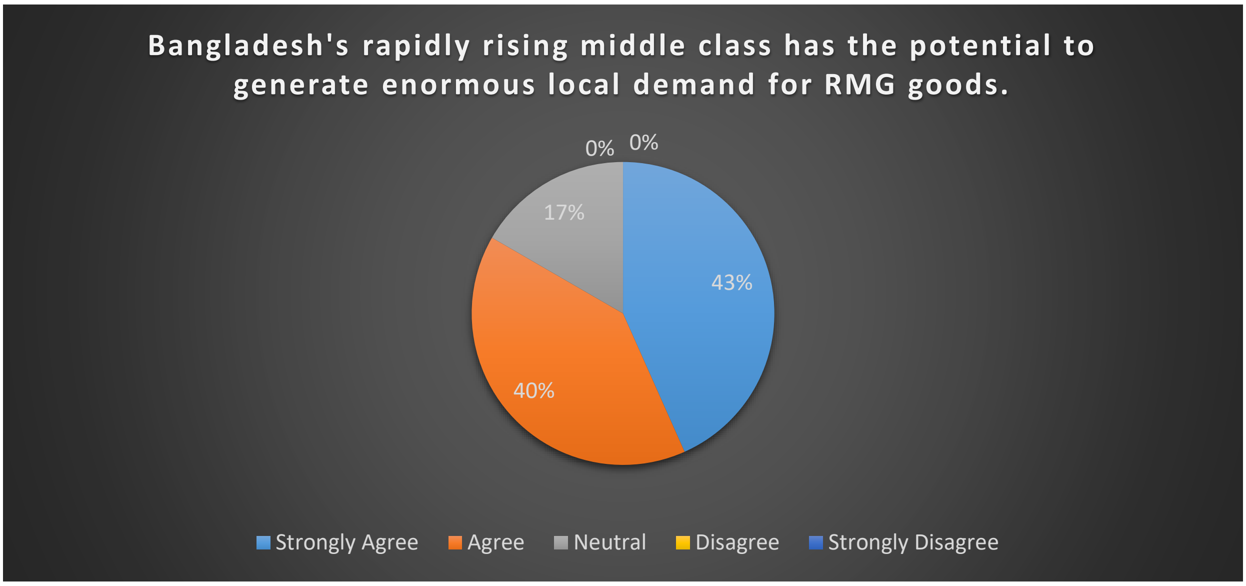

FIGURE 10. Strength and opportunities of the RMG sector of Bangladesh

43% of the respondents strongly agree that Bangladesh's rapidly rising middle class has the potential to generate enormous local demand for RMG goods while 17% of the respondents do not agree with the statement.

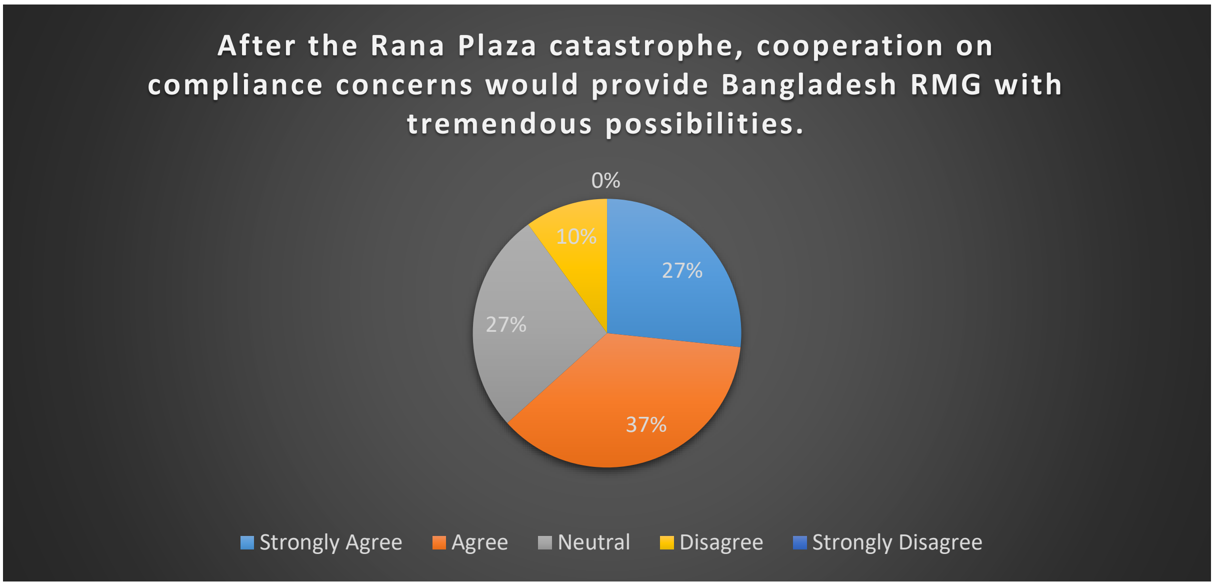

FIGURE 11. Strength and opportunities of the RMG sector of Bangladesh

37% of the respondents strongly believe that after the Rana Plaza catastrophe, cooperation on compliance concerns would provide Bangladesh RMG with tremendous possibilities while only 10% of the respondents disagree with the statement.

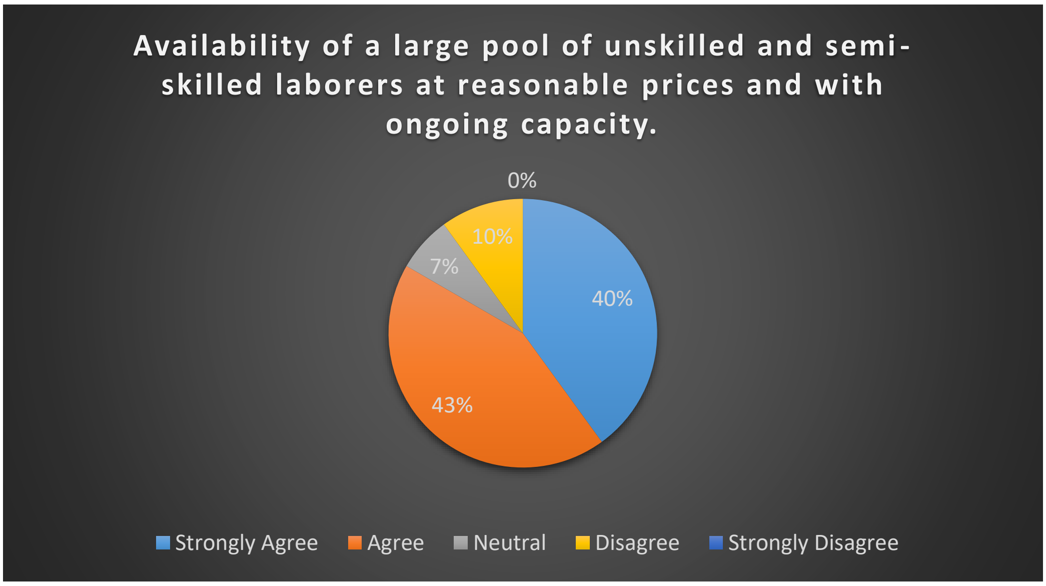

FIGURE 12. Strength and opportunities of the RMG sector of Bangladesh

40% of the respondents strongly agree and 43% of the respondents agree that the availability of a large pool of unskilled and semi-skilled laborers at reasonable prices and with ongoing capacity is a great opportunity for the RMG sector of Bangladesh, while only 10% of the respondents disagree with that.

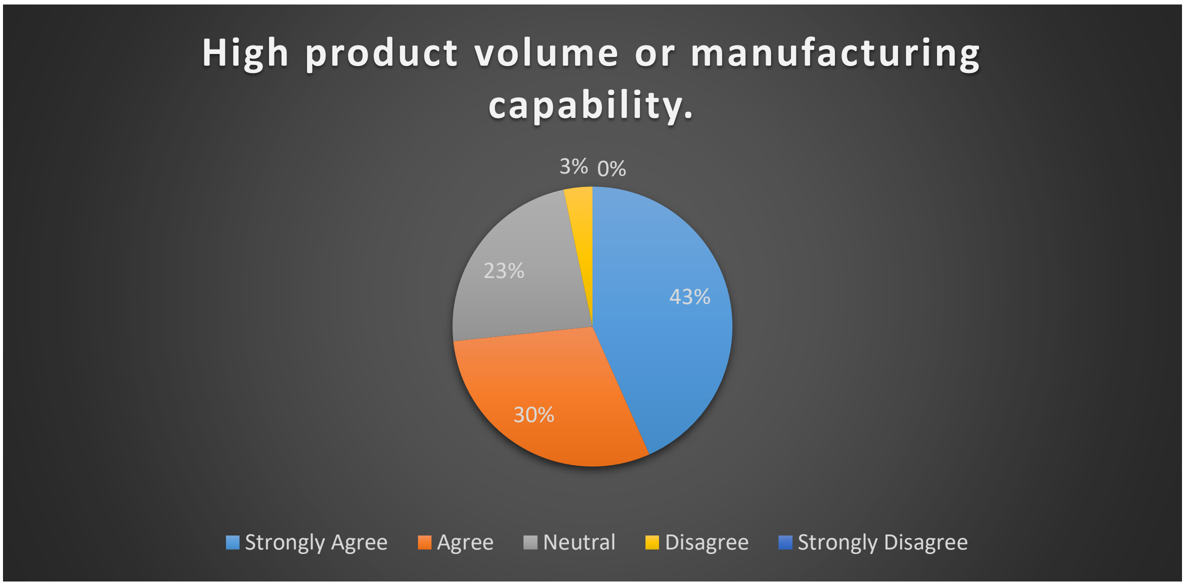

FIGURE 13. Strength and opportunities of the RMG sector of Bangladesh

43% of the respondents strongly believe that high product volume or manufacturing capability is the strength of the RMG sector while only 3% do not agree with that.

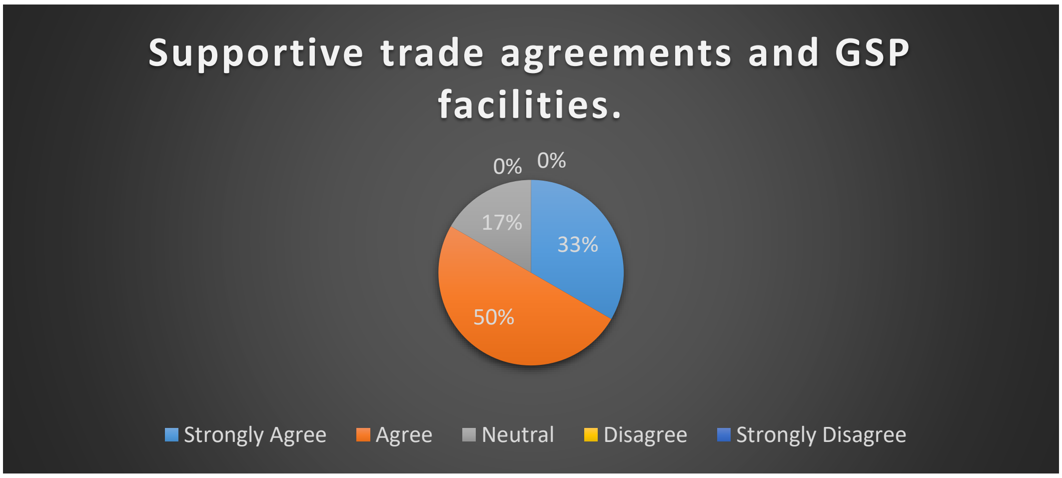

FIGURE 14. Strength and opportunities of the RMG sector of Bangladesh

33% of the respondents strongly believe and 50% of the respondents believe that the RMG sector of Bangladesh is benefited from supportive trade agreements and GSP facilities.

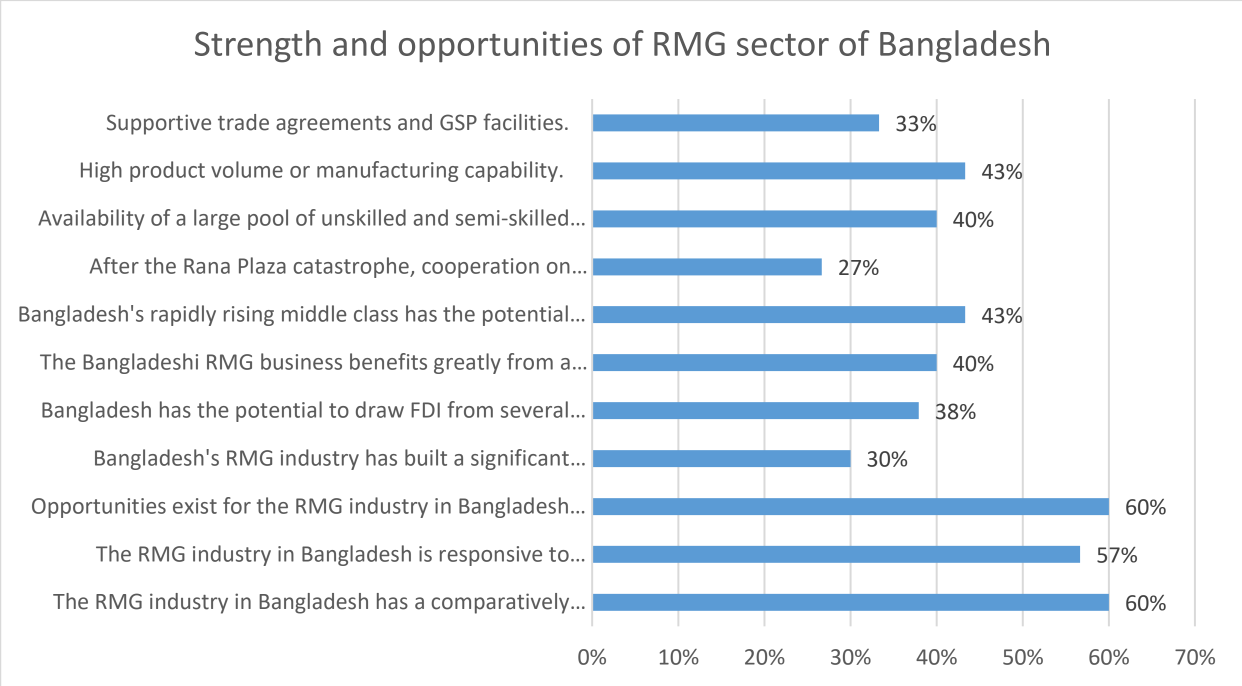

FIGURE 15. Strength and opportunities of the RMG sector of Bangladesh

The majority of respondents (60%) think that the relative strength of Bangladesh's industrial base, the relatively cheap pricing of its products, and the possibility of expanding the export markets for RMG products are the primary advantages of the country's RMG sector.

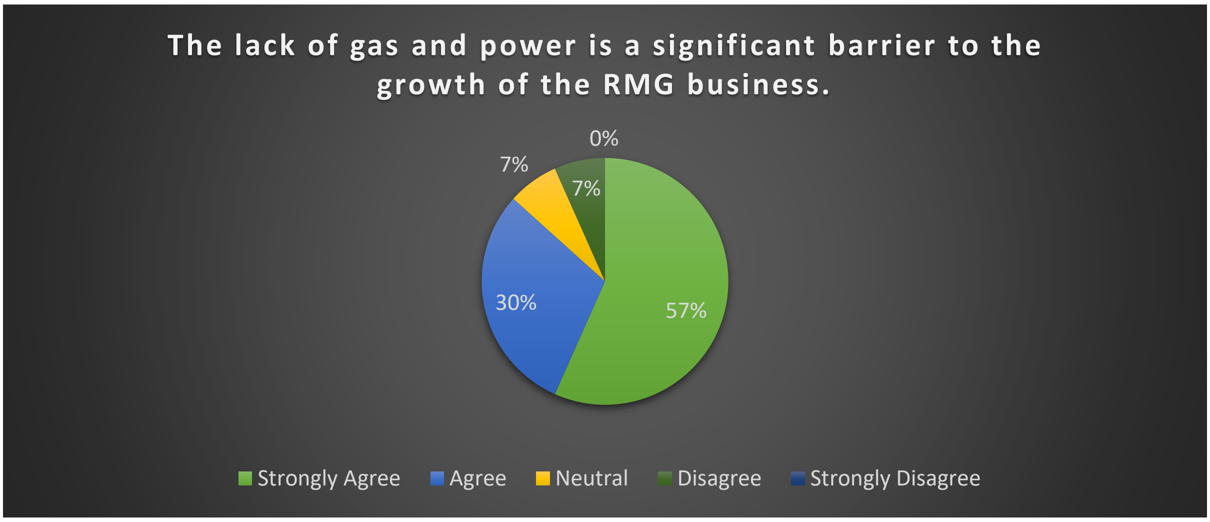

FIGURE 16. Threat and weakness of the RMG sector of Bangladesh

A key hurdle to the expansion of the RMG firm, according to 57% of respondents, is a shortage of gas and electricity, while just 7% of respondents disagree.

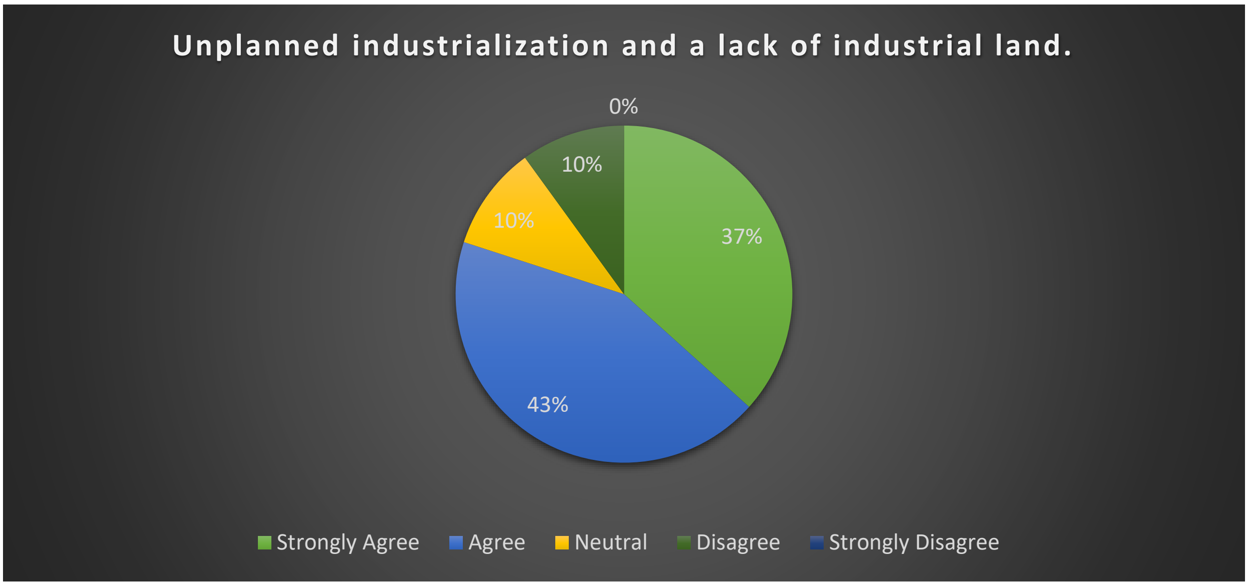

FIGURE 17. Threat and weakness of the RMG sector of Bangladesh

37% of respondents strongly agree and 43% of the respondents agree that unplanned industrialization and a lack of industrial land.is a challenging factor for the RMG industry of Bangladesh while only 10% of respondents disagree with that.

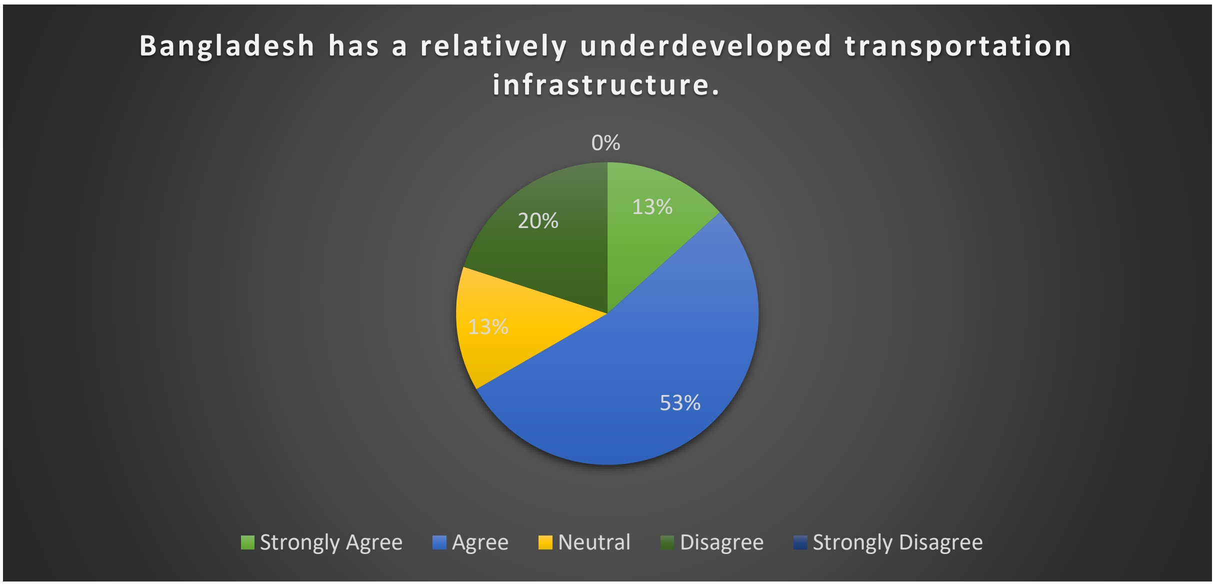

FIGURE 18. Threat and weakness of the RMG sector of Bangladesh

13% of respondents strongly agree and 53% of respondents agree that Bangladesh has a relatively underdeveloped transportation infrastructure, and it is a threat to the RMG industry. 20% of the respondents disagree with the statement.

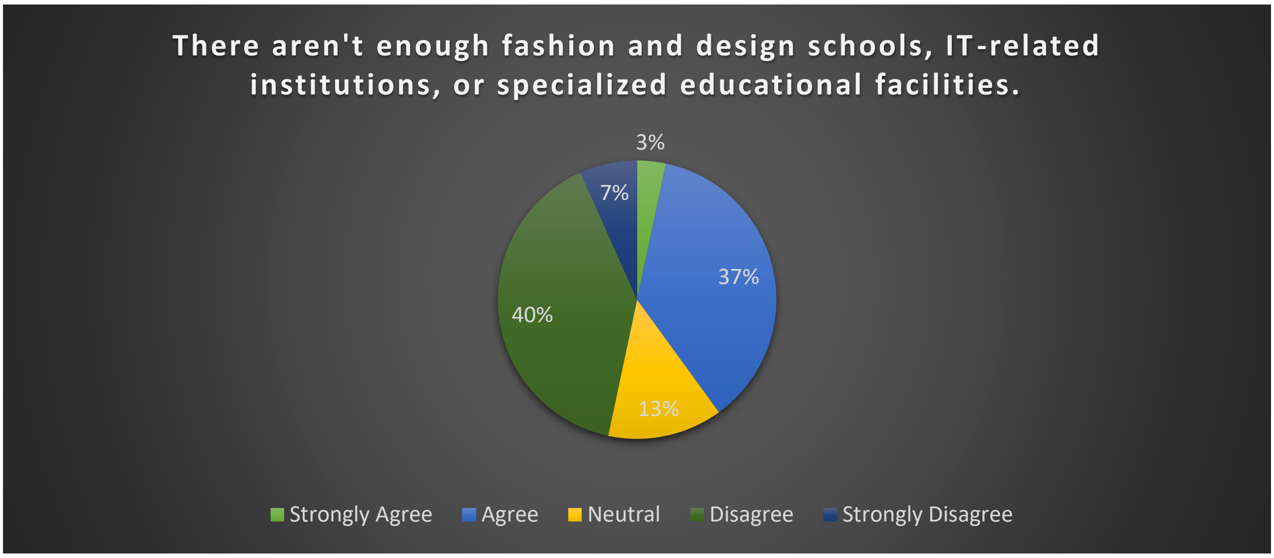

FIGURE 19. Threat and weakness of the RMG sector of Bangladesh

Bangladesh's lack of adequate fashion and design schools, IT-related institutions, and specialized educational facilities is not seen as a danger to the RMG industry by 47% of respondents and by 7% of those who strongly disagree.

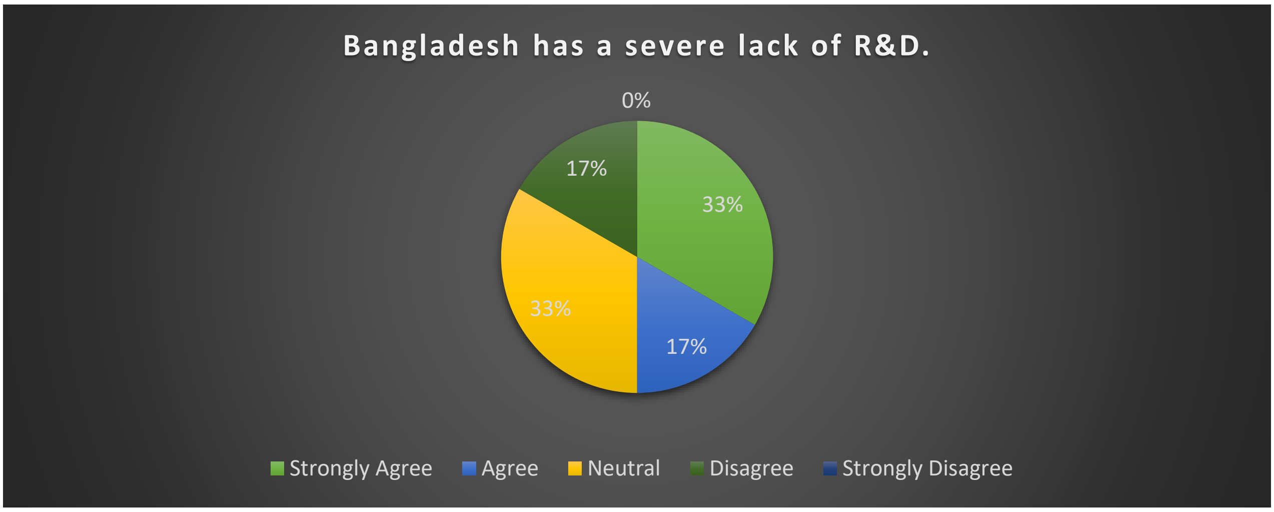

FIGURE 20. Threat and weakness of the RMG sector of Bangladesh

According to 33% of respondents, Bangladesh has a serious deficit in terms of research and development. 17% of survey participants disagree with this viewpoint.

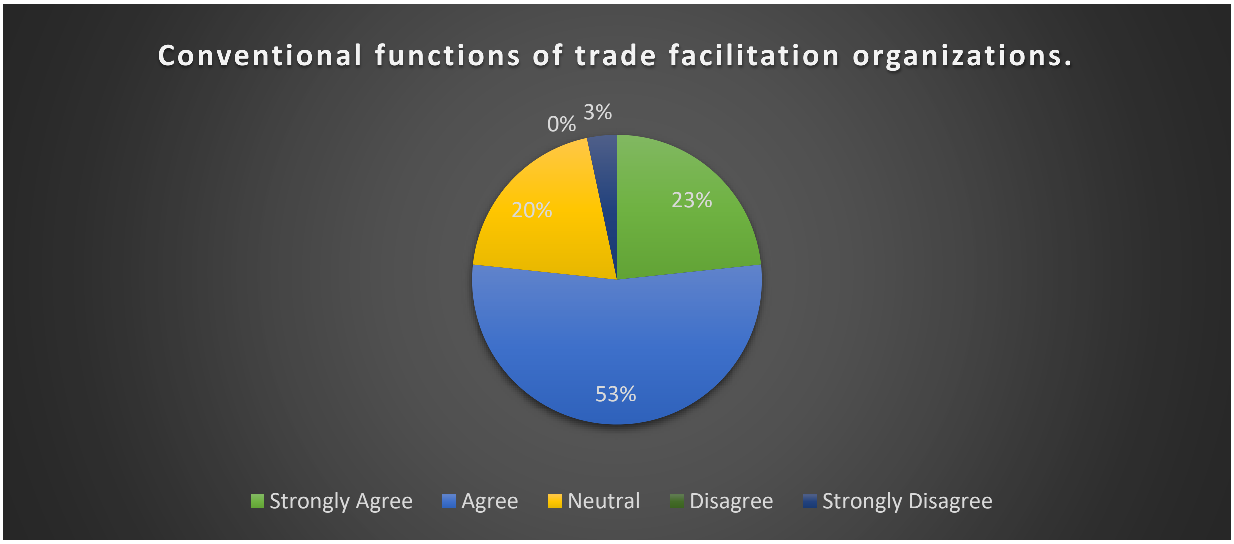

FIGURE 21. Threat and weakness of the RMG sector of Bangladesh

23% of the participants strongly agree that the conventional functions of trade facilitation organization are a threat to the RMG sector of Bangladesh while 20% strongly disagree with this point.

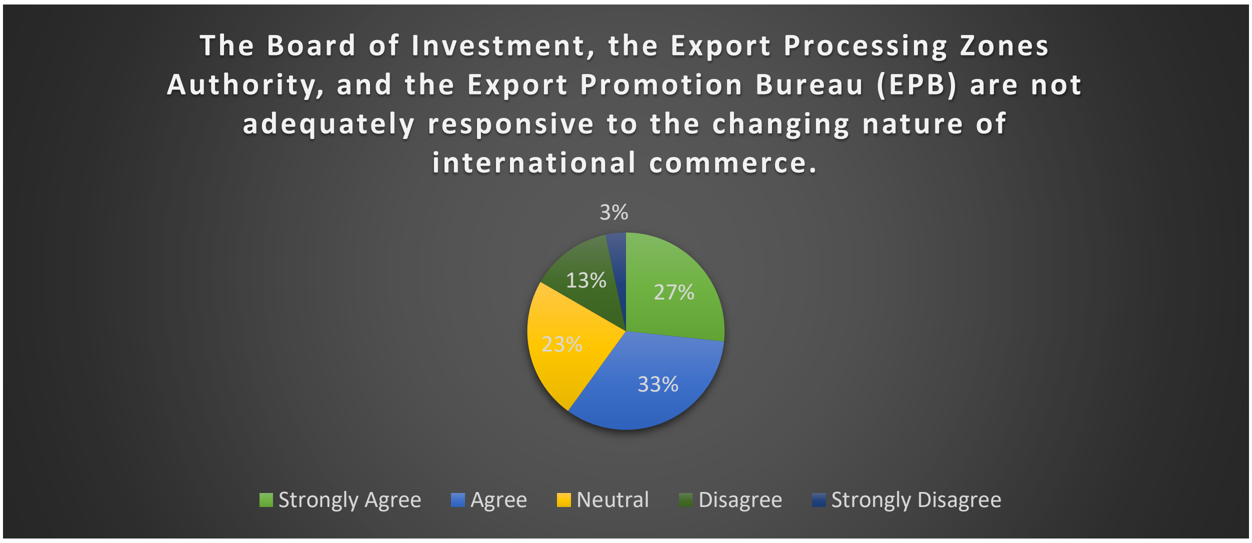

FIGURE 22. Threat and weakness of the RMG sector of Bangladesh

It was found that 27% of respondents strongly agreed and 33% agreed that the Board of Investment, Export Processing Zones Authority, and Export Promotion Bureau (EPB) are not sufficiently responsive to the evolving nature of international trade. While 3% of respondents strongly disagree and 13% disagree with the statement.

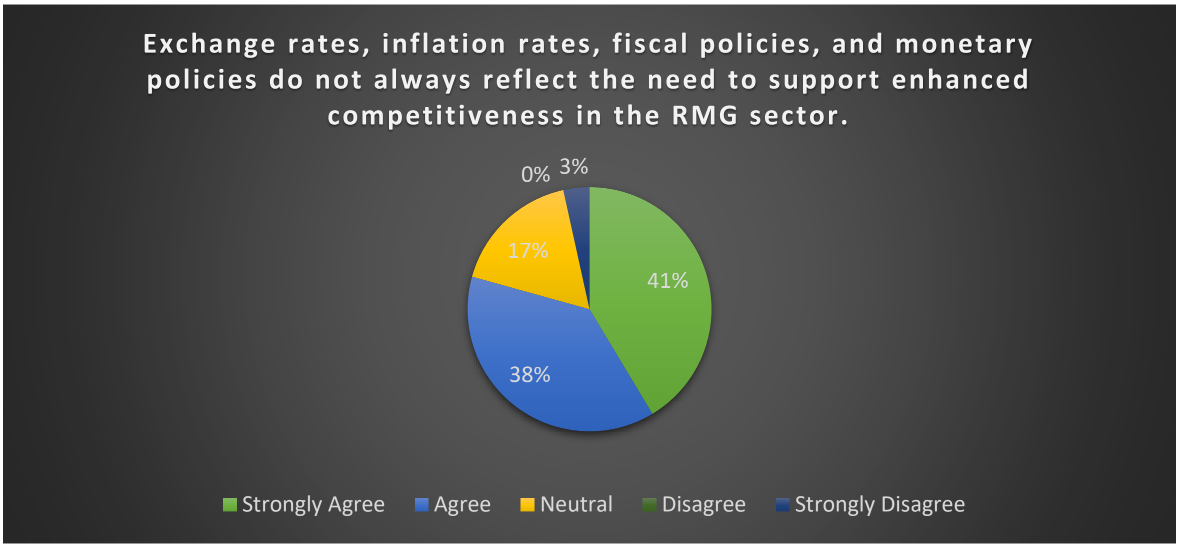

FIGURE 23. Threat and weakness of the RMG sector of Bangladesh

It is believed by 41% of participants that exchange rates, inflation rates, fiscal policies, and monetary policies do not always reflect the need to support enhanced competitiveness in the RMG sector.

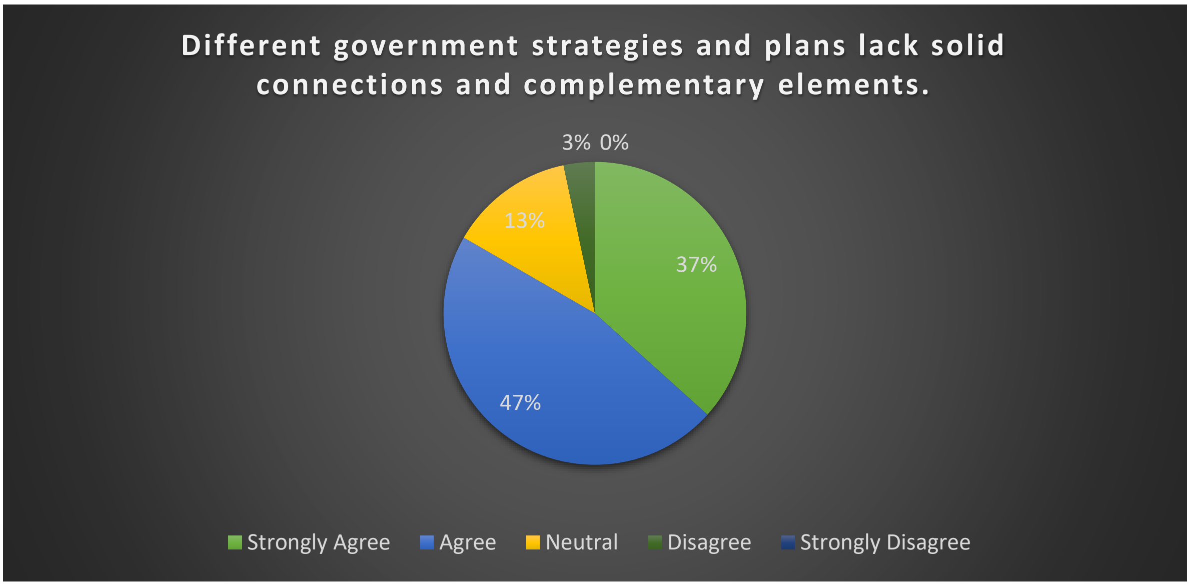

FIGURE 24. Threat and weakness of the RMG sector of Bangladesh

The absence of strong links and complementing aspects among the various government policies and plans is a significant barrier for Bangladesh's RMG sector, according to 37% of respondents who strongly agree and 47% of respondents who agree.

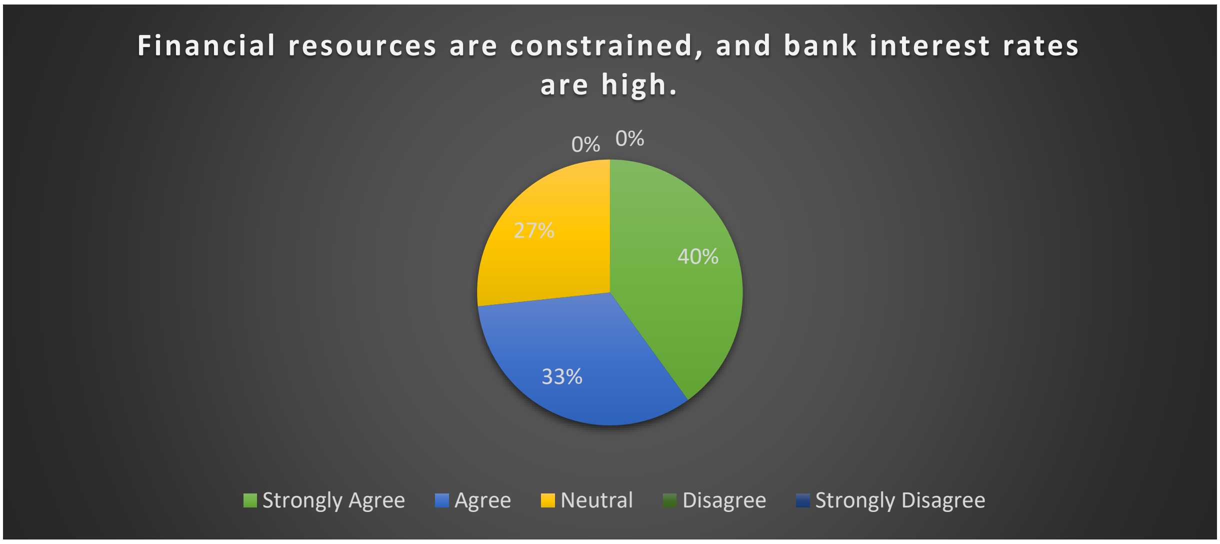

FIGURE 25. Threat and weakness of the RMG sector of Bangladesh

40% of respondents strongly believe and 33% of respondents believe that high-interest rates and limited financial resources are common challenges faced by the RMG sector.

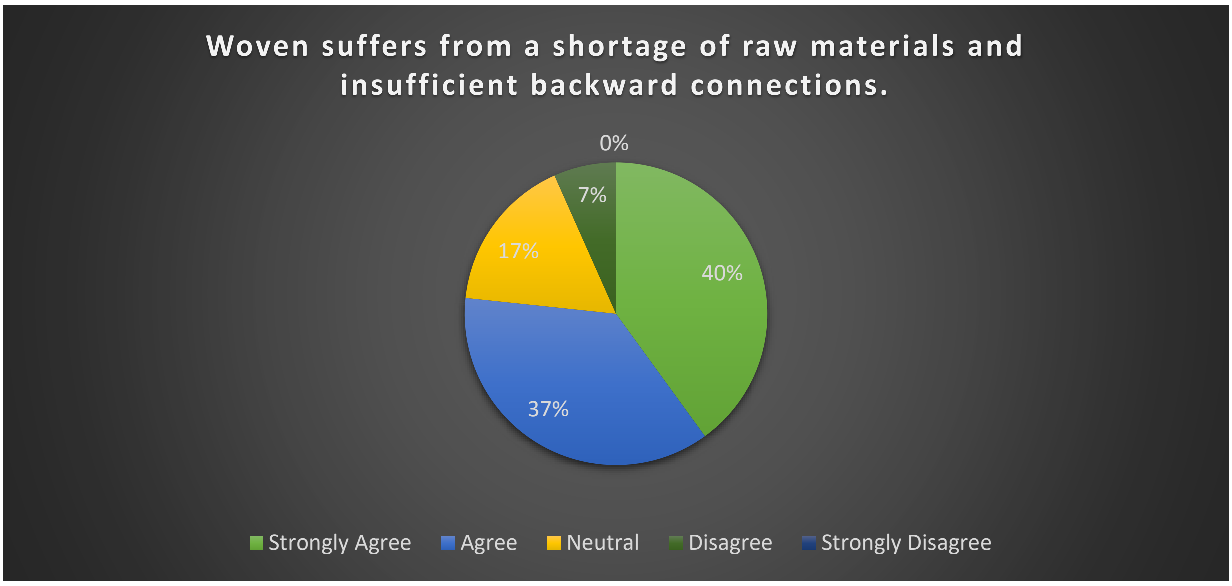

FIGURE 26. Threat and weakness of the RMG sector of Bangladesh

One of the threats of the RMG sector is that woven suffers from a shortage of raw materials and insufficient backward connections. The statement is strongly agreed by 40% of respondents.

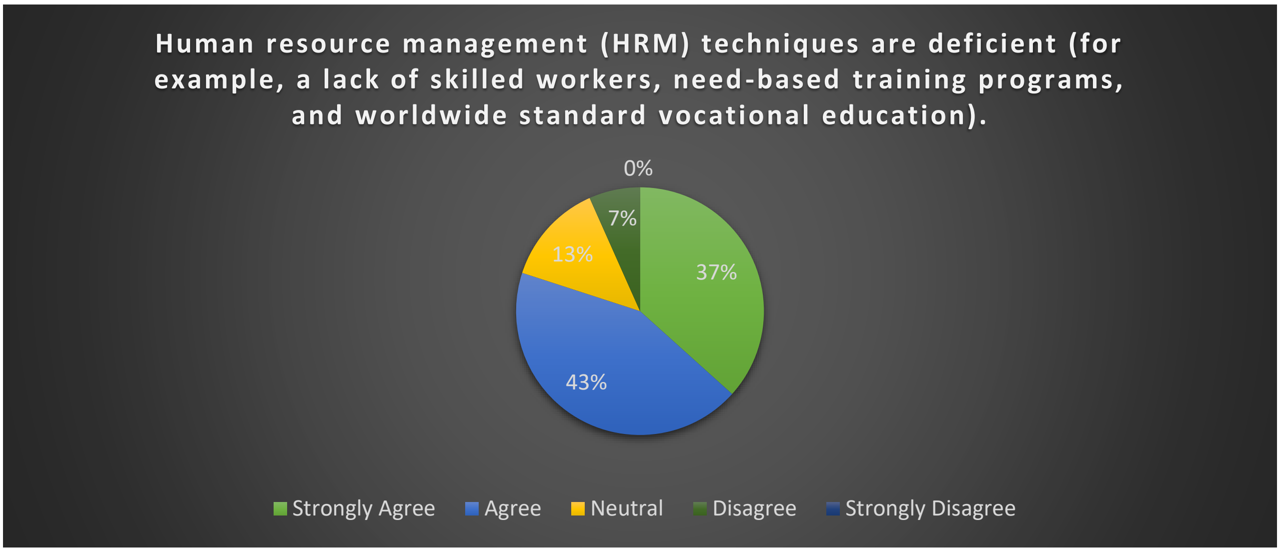

FIGURE 27. Threat and weakness of the RMG sector of Bangladesh

37% strongly agreed and 43% of respondents agree that HRM techniques are not appropriate.

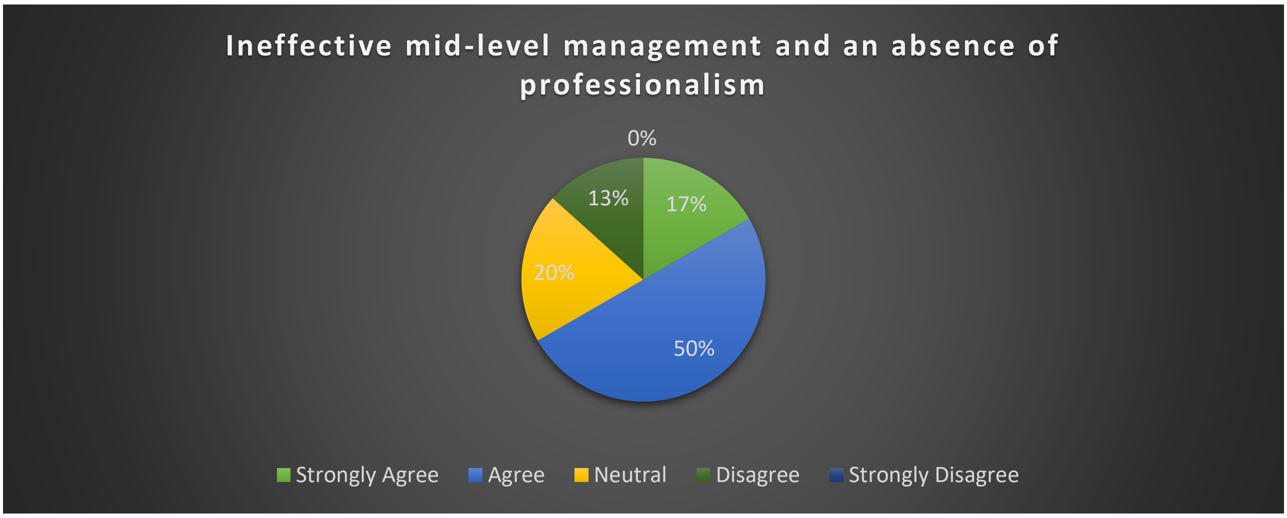

FIGURE 28. Threat and weakness of the RMG sector of Bangladesh

It is strongly agreed by 17% and agreed by 50% of respondents that ineffective mid-level management and an absence of professionalism possess a huge challenge for the RMG industry.

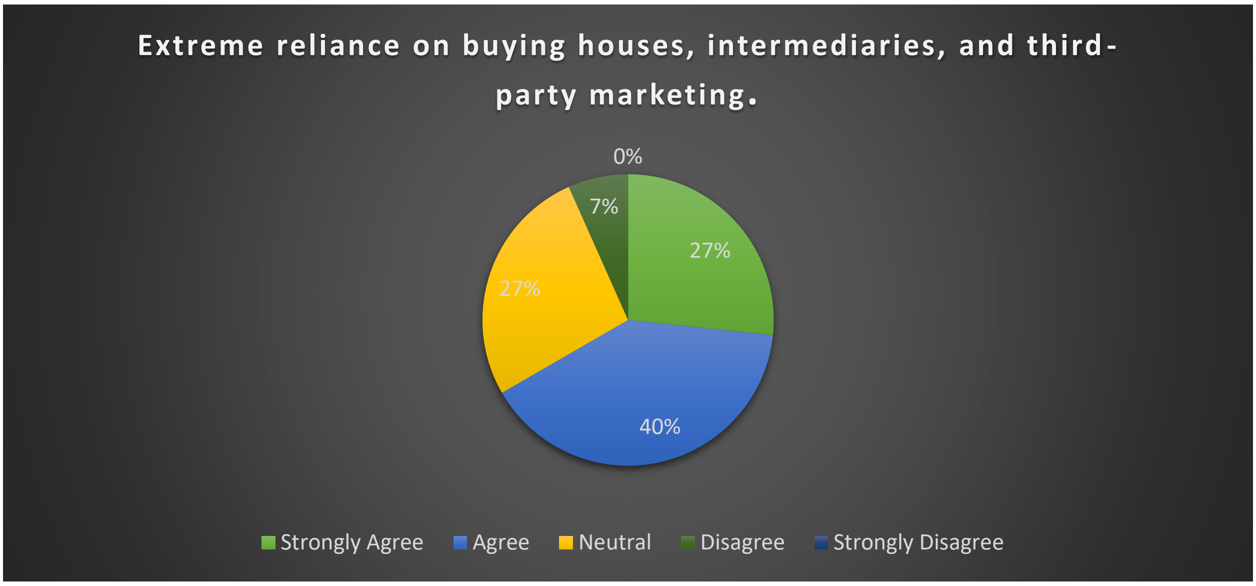

FIGURE 29. Threat and weakness of the RMG sector of Bangladesh

27% of respondents strongly agree and 40% of respondents agree that extreme reliance on buying houses, intermediaries, and third-party marketing is a challenging factor for the RMG industry of Bangladesh. Only 7% of the respondents oppose it.

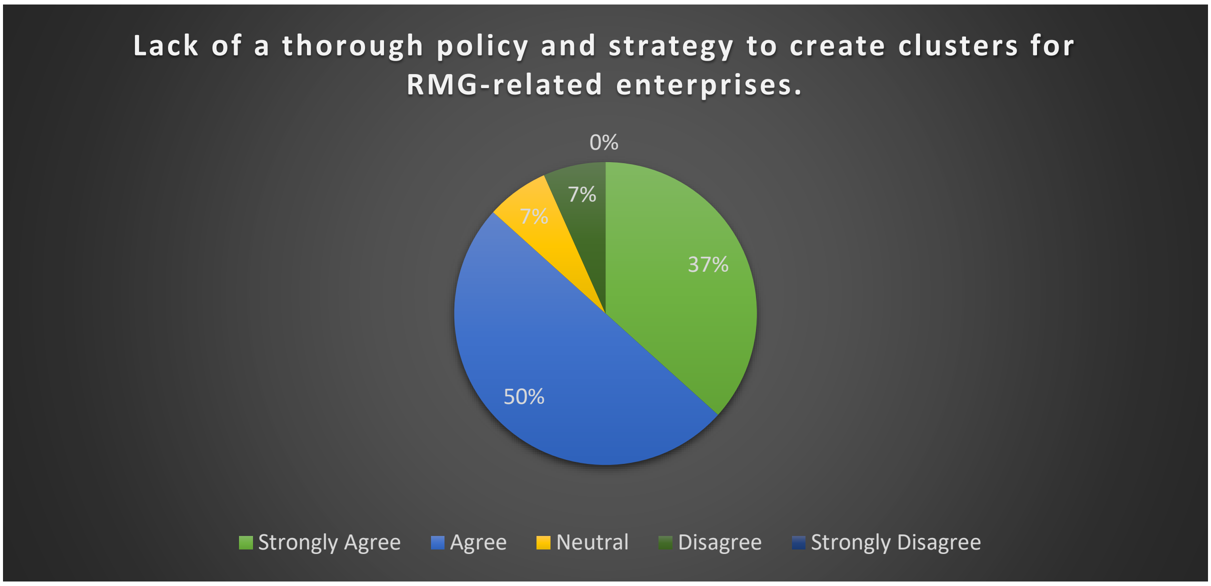

FIGURE 30. Threat and weakness of the RMG sector of Bangladesh

Only 7% of participants disagree with the statement, while 37% strongly agree and 50% agree that the absence of a comprehensive policy and plan to build clusters for RMG-related firms is a danger to Bangladesh's RMG sector.

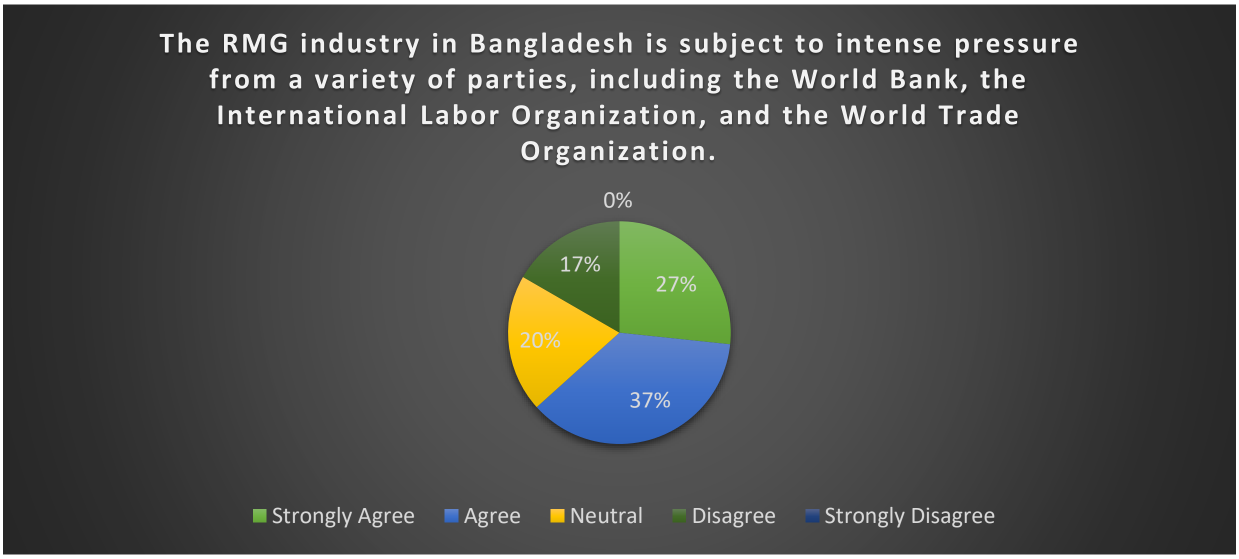

FIGURE 31. Threat and weakness of the RMG sector of Bangladesh

It is strongly agreed by 27% and agreed by 37% of respondents that the RMG industry in Bangladesh is subject to intense pressure from a variety of parties, including the World Bank, the International Labour Organization, and the World Trade Organization.

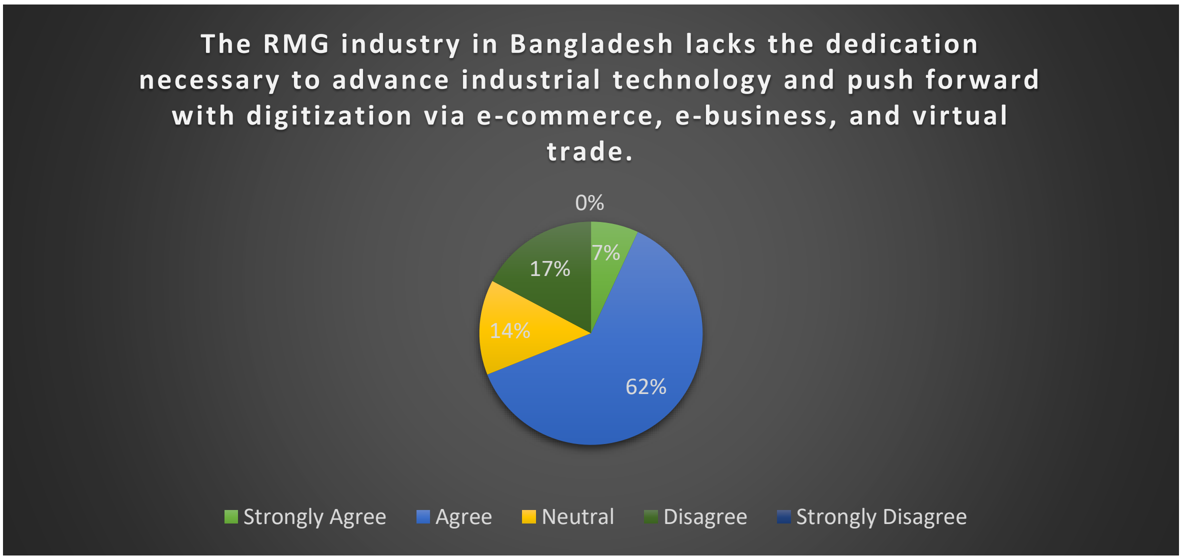

FIGURE 32. Threat and weakness of the RMG sector of Bangladesh

According to 62% of the survey participants, Bangladesh's RMG sector lacks the dedication required to improve industrial technology and progress digitalization through e-commerce, e-business, and virtual trade which possess a huge threat to the sustainability of the industry.

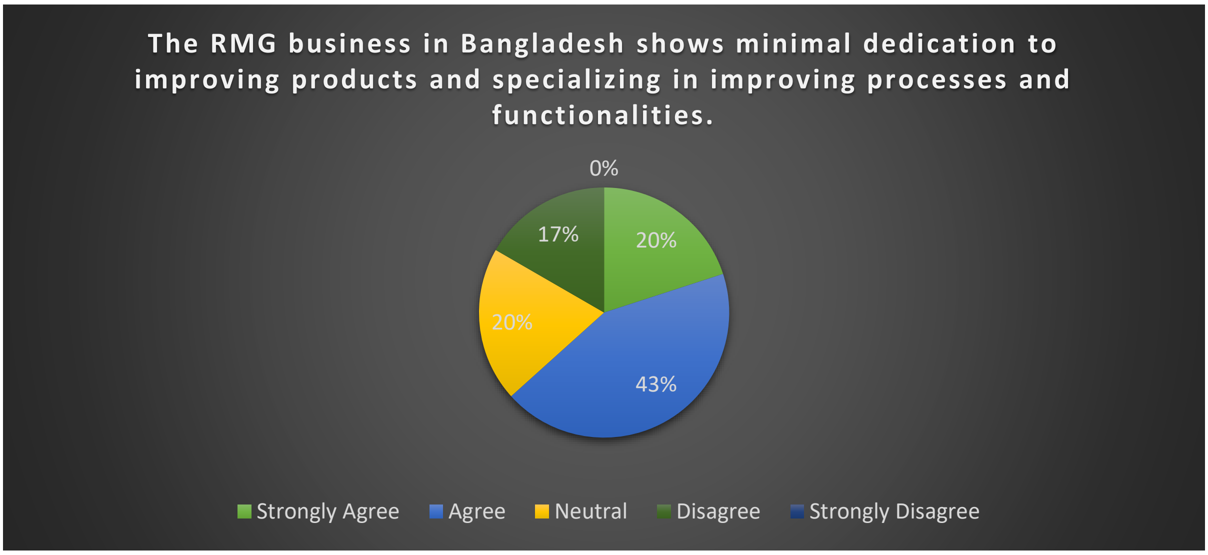

FIGURE 33. Threat and weakness of the RMG sector of Bangladesh

20% strongly agree and 43% agree that the minimal dedication to improving products and specializing in improving processes and functionalities is a threat to the RMG business in Bangladesh. Only 17% of participants do not have a similar point of view.

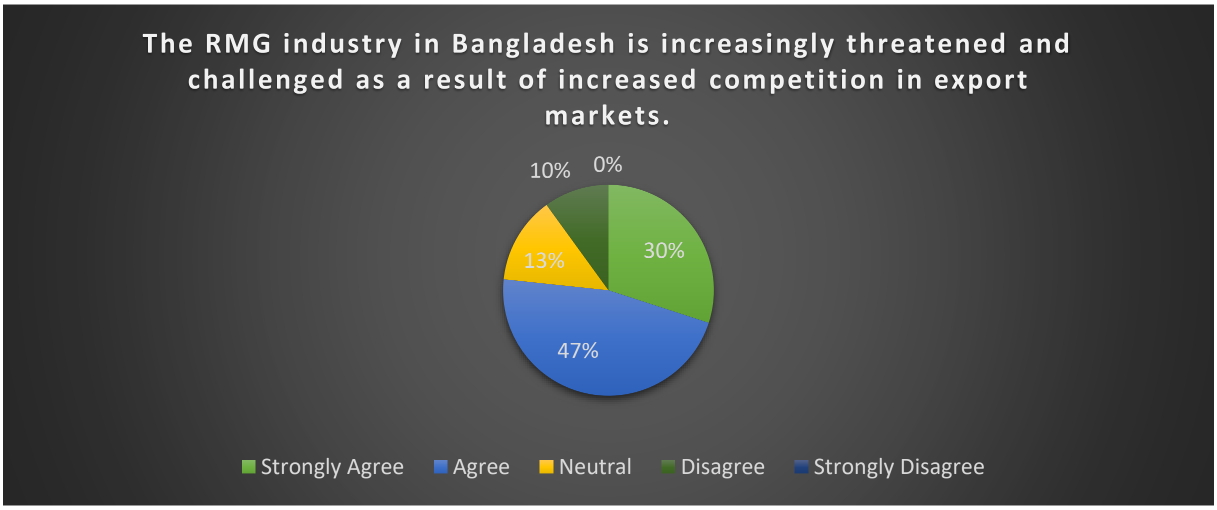

FIGURE 34. Threat and weakness of the RMG sector of Bangladesh

It is strongly believed by 30% and believed by 47% of the participants that the RMG industry in Bangladesh is increasingly threatened and challenged because of increased competition in export markets.

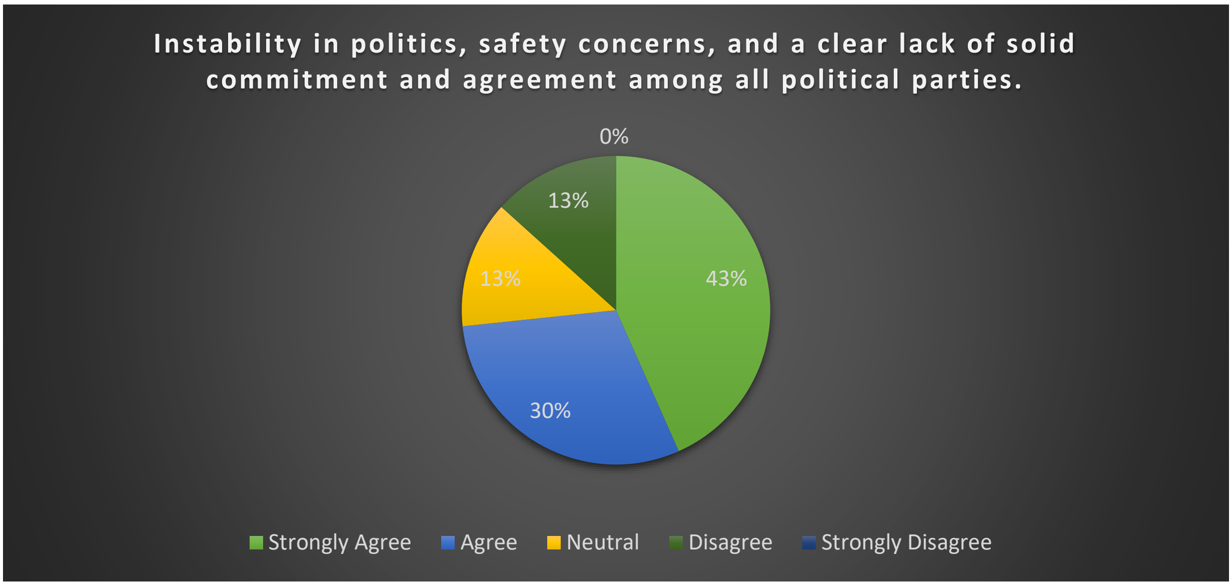

FIGURE 35. Threat and weakness of the RMG sector of Bangladesh

Political instability, safety issues, and a lack of firm commitment and consensus across all political parties pose an obvious danger to the RMG sector of Bangladesh, according to 43% of respondents who strongly agree with this statement and 30% of respondents who agree.

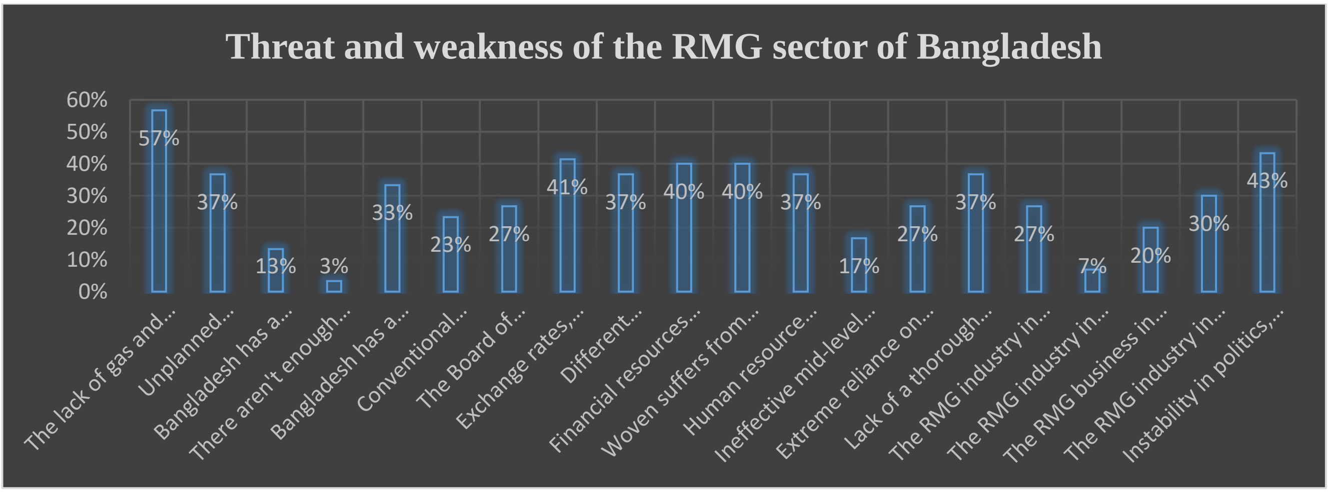

FIGURE 36. Threat and weakness of the RMG sector of Bangladesh

The shortage of gas and electricity, according to most respondents (57%), is the biggest obstacle facing Bangladesh's RMG industry. The second largest group, 43%, sees political instability, safety worries, and a lack of clear commitment and agreement across all political parties as key threats. According to the third majority (41%), the primary challenge is that currency rates, inflation rates, fiscal policies, and monetary policies do not always consider the need to encourage increased competitiveness in the RMG sector.

5.2 Case study

To achieve the purpose of the study, a total of 6 persons were interviewed who work in different ready-made garments in Bangladesh. The interview was conducted by utilizing email. There was a total of 20 questions in the interview, where 10 questions were about demographic details and 10 questions were about the strengths/opportunity and weaknesses/threats of the RMG sector of Bangladesh.

Bangladesh has several advantages, including a favourable environment, readily available raw materials, opportunities for duty-free export to 52 countries worldwide, including the European Union, and cheaper labour costs. The RMG sector in Bangladesh has a very solid industrial foundation and offers products at reasonable rates. The RMG sector in Bangladesh does, however, modify its production cycle in response to changing consumer demands. The important thing to remember is that since local manufacturing costs are far lower than those in other countries, purchasers will be able to purchase completed goods for affordable rates.

The success and efficiency of the Bangladesh RMG sector are mostly attributable to its ability to provide a substantial pool of low-cost labour that was and is still easily adaptable to competent personnel. Due to Bangladesh's comparison platform and increased transparency, consumers may access more product information and are more informed about the products. Buyers in Bangladesh are motivated by the expanding consumer market, labour that is affordable, and strategic geographic position.

The key barriers stopping Bangladesh from securing its place as a global leader in the RMG industry include unskilled labour, the energy problem, delays in business clients' payments, corruption, and political concerns. The financial, political, and energy crises are the main challenges facing Bangladesh's RMG industry. Utilities like gas and electricity are becoming more expensive. Infrastructure challenges and safety concerns are other difficulties the industry often encounters. Each of these elements has a direct bearing on the growth and development of the RMG sector. Flexible return policies and quick service delivery are problematic for customers.

Currently, the biggest threats to Bangladesh's RMG sector are China, India, Pakistan, Sri Lanka, Vietnam, and Cambodia. Vietnam is a close competitor to Bangladesh because of its flexible laws, good infrastructure, and lower tariffs on apparel exports to certain industrialized countries like the USA. One of the challenges the Bangladeshi textile industry faces is an increase in competitiveness brought on by low-cost imports of yarn and textiles from Pakistan, China, and India.

6 CONCLUSION AND RECOMMENDATION

The section includes a conclusion based on the findings of the study. Some major suggestions to enhance the RMG sector of Bangladesh are also provided in this section.

6.1 Conclusion

The ongoing expansion of the RMG industry is crucial to Bangladesh's economic growth. This study used a mixed-method approach to evaluate the competitiveness of the RMG sector in Bangladesh using the Porter Diamond Model, with the goal of finding the essential elements for sustaining and accelerating Bangladesh's export-led development. Some of the important components have been found to be helpful in using the framework to describe the level of competitiveness of the RMG industry in Bangladesh.

Regarding the human resource component, the RMG industry owes a large portion of its accomplishments to the availability of cheap labour. Although this has played a significant role in the sector's ability to supply the global market, survey findings and interviews have shown that it is also one of the sector's sources of weaknesses because of the skills of such a labour force's limits. Therefore, the industry has only produced a modest demographic dividend, which raises a crucial concern about its sustainability. Regarding the infrastructural component, the sector has aided the development of a supporting industry (knitwear), resulting in backward linkage. Another drawback of the industry is that a large portion of its product range continues to be significantly reliant on foreign suppliers. Although useful in the early growth and expansion of the industry, a huge base of manufacturing with the capacity to fulfil global demand also flags significant limitations. Many of the factories rely on unregistered (and consequently outside the supporting regulatory system) and structurally risky subcontractors. A serious external threat—possibly "boycotting" Bangladeshi products in some of the major markets where the RMG industry sells its goods—has developed in the wake of the two well-publicized factory tragedies. The Porter framework has also aided in drawing attention to a few infrastructure components that are essential for ensuring competitive advantages, such as a steady supply of electricity and a well-functioning transportation and shipping network. Since the RMG sector's output is mostly exported, manufacturing, shipping, and transportation constraints continue to be the industry's biggest shortcomings and, if not immediately resolved, might pose a severe danger to the sector's capacity to maintain its competitiveness.

Lack of quality education and training, a lack of research and development, a lack of organized R & D programs as part of a firm's strategy, and a lack of specialization and upgrading are the four components that makeup knowledge resources. The Bangladeshi RMG industry's ability to compete seems to be constrained by all four of these factors. Limited access to credit and excessive bank interest rates are signs of difficulties in the RMG sector's overall growth under the financial heading. To guarantee competition and raise product quality, the Porter model of competitiveness's demand conditions variable stipulates that there must be a sophisticated domestic market demand. The RMG industry in Bangladesh is distinct in that it solely supplied international markets in the beginning and went on to grow as a result. Additionally, since the industry is mostly driven by the needs of its customers and relies heavily on order-taking from third-party agents acting on their behalf, it is unable to independently seek out new markets. As a result, the RMG industry knows relatively little about the demands of its clients and the variables that affect those needs. Their capacity to provide at the price demanded by the buyers' representatives is the main factor within their control. The RMG industry now has two chances that it would not have had without being acknowledged as a supplier to the global markets. Even though the industry only produces a small selection of low-end garments, it has gained some reputation in the global market while lacking extensive expertise in emerging countries. As a result, the industry may be able to explore markets outside of its typical ones, where favourable tariff conditions have made it easier to enter and succeed in the long run. Even with the current level of marketing capabilities, it is still possible to look for new markets using the current third-party marketing system.

For the knitwear and woven textiles subsectors, two alternative situations were seen in terms of linked and support industries. The development of "backward linkage" industries like the textile and accessory sectors has benefited Bangladeshi garment factories, especially the knitwear factories. However, the benefits to the woven garments subsector have been quite limited because similar support industries have not developed significantly. Most crucially, the RMG sector continues to struggle to compete on a global scale because of the relative lack of businesses connected to machinery and equipment, R & D, trade promotion, training facilities, fashion and design, handmade materials, etc. Although there are certain benefits for the RMG industry due to the vast number and high concentration of garment manufacturers in Bangladesh adjacent to the major cities, services directly associated with the sector have evolved.

There are conflicting data about corporate tactics, organizational structure, and competition in Bangladesh's RMG market. After the Rana Plaza catastrophe, cooperation in addressing compliance concerns and a willingness to adapt to customer needs might improve the competitiveness of the RMG sector. However, most companies lack structured R & D initiatives, lack specialization, and low levels of commitment to upgrading manufacturing technology.

The growth of the RMG business in Bangladesh has benefited greatly from government backing. The government provided this assistance by implementing different policy measures, providing financial incentives, creating favourable macroeconomic conditions, obtaining GSP privileges, and concluding advantageous trade agreements. Although these governmental initiatives helped the RMG industry develop to its current state, there are still some weaknesses that have hampered the industry's growth and diversification, including macroeconomic uncertainties, restricted access to financing, political unrest, safety and security concerns, and bureaucratic inertia. According to Porter (1990), the government may play a significant role in a sector as a competitor and catalyst by pushing businesses to improve their competitive performance. The government has supported the RMG industry in Bangladesh in several ways, but it hasn't acted similarly when it comes to problems that might be harmful to the sector (such as oversight of workplace safety, protection of worker rights, lending practices in the financial sector, etc.).

This literature reviews Porter's Diamond framework for analysing national competitiveness to identify the factors that make some nations more successful than others. Porter concludes that four elements of the local environment—factor circumstances, demand dynamics, associated and supporting sectors, and business tactics, framework, and competition—play an essential part in establishing the circumstances under which companies can acquire and preserve competitive advantage. Bangladesh's RMG industry benefits greatly from the country's favourable factor conditions, including its cheap labour cost, abundant workforce, and wealth of available data. The downsides in this regard are the inadequacy of the training program and the increasing expense of the necessary physical resources. Bangladeshi ready-made garments (RMG) are in great demand across the globe. Bangladesh is the European Union's second-largest provider of ready-made clothing, despite increasing competition from other Asian nations. Bangladesh has a strong reverse chain and a large, supported business sector that provides essential materials at a reasonable cost. To foster the expansion of the RMG industry in Bangladesh, the government has taken many steps, including the provision of better infrastructure, the elimination of import duties on raw materials, and the supervision of the workforce. By comparing the theoretical framework with the analysed data, it is apparent that the RMG sector of Bangladesh has several competitive advantages and certain shortcomings that may be solved with the right approach.

6.2 Recommendations

Although Bangladesh's RMG industry has many advantages, including a large labour pool, relatively low prices, strong international ties, and favourable trade agreements, it also faces numerous disadvantages, including a lack of utilities, high gas, and power prices, safety concerns, and an inadequate training program. There are several recommendations made to get over the difficulties based on the research.

Improvements in industrial structure and worker safety may be begun at the corporate level, eliminating the need to wait for government inspectors to find non-compliance. Factory owners must understand that the marketplaces where their products are sold have changed and that consumers cannot ignore the voices of global civil society demanding that the products, they market come from secure workplaces free from worker exploitation on both an economic and social level. According to this research, Bangladesh's RMG industry may face competition from nations that are able to make comparable goods for less money than Bangladeshi suppliers can. While it is acknowledged that not all RMG companies in Bangladesh can transition to producing higher-end goods, the research also suggests that a limited number of businesses are now able to progressively lessen their focus on producing low-end goods. This group of suppliers will make a sound strategic decision by committing to the creation of new items and selling those products to some of its existing customers. Steps in process improvement and a commitment to personnel skill development may start this process. Investing in skill development via familiarization and utilization of new technology (machines), changing the line operations, or applying lean manufacturing management might result from this.

Bangladesh must reduce the lead time in order to reduce the physical distance from the important market. The nation needs to improve the logistical support and supply chain infrastructure for raw materials. To reduce lead times and ensure the RMG sector of Bangladesh grows sustainably, a coordinated effort from the government and industry stakeholders is required to enhance both backward and forward connections as well as the physical infrastructure development. To modify the course of the foreign workers now employed in the RMG sector, the nation must create a prospective plan in conjunction with all pertinent parties. The development of skills must be prioritized, and funds should be allocated for the improvement of human resources.

Government should implement policies such as free training, special tax breaks for hiring locals rather than foreigners, replication of successful projects and best practices, etc. rather than directly providing financial incentives. Additionally, the government must implement the necessary policy changes, develop a plan with input from industry stakeholders, and send skilled labour to other nations with developing RMG industries to replace all foreign workers in the RMG sector within a reasonable amount of time. To guarantee compliance for the RMG sector's sustainable expansion, the government of Bangladesh should adopt a medium- and long-term plan in conjunction with all pertinent industry players.
The joint remediation actions connected to post-Rana Plaza compliance, as well as any potential industrial upgrades, must be completed as quickly as feasible. It is crucial to take a coherent, coordinated approach to address the key structural, environmental, and social flaws of the RMG plants.
The government should build many additional fire stations in RMG-concentrated industrial districts, and it could think twice before granting new RMG enterprises a license, as well as connections to power and gas unless they are completely compliant. For a more significant and thorough development of the RMG business, the government must also create a comprehensive national logistics strategy. To fill in the gaps and play a complementary role for the industry's mutual benefit, the government of Bangladesh should adopt a strategy that welcomes foreign-owned businesses interested in investing in high-end goods, man-made fabrics, backward linkage industries for woven garments, modern technology, and product, process, and market diversification. It is said that Bangladesh discourages FDI in RMG as a move to safeguard local businesses. This strategy has its own drawbacks since it denies the sector access to the latest technologies and skills that can only be acquired via FDI.

Government must create processes for simple access and hassle-free loan applications and lower commercial loan interest rates to a single digit while prioritizing the RMG sector. The government may think about creating a special, low-interest fund that would only be used to advance the RMG industry. The central bank of Bangladesh may utilize a portion of its unused foreign reserves for this purpose. As an alternative, the central bank might issue bonds to raise money. To get a soft loan in this respect, the government may also bargain with international financial organizations (such as the World Bank and ADB). Priority should be given to using this kind of loan to build RMG-related support industries, ensure compliance, and upgrade technology. The government must act quickly to implement an integrated infrastructure development program that covers deep seaports, deep waterways, airports, efficient port administration, and the provision of gas and uninterruptible energy. Depending on the industry's potential for value creation and contribution to the GDP of the country, the government should give priority to certain gas allocation areas (such as RMG).

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