

# Globalization in Garment Industries: A Case of Bangladesh

Saira Ahmed Turna

Designation- Student

The Maharaja Sayajirao University of Baroda, Gujarat

Permanent Address: 26<sup>th</sup> Jubileeghat, Mymensingh-2200, Bangladesh.

Contact no: +8801558459272

Email: turnahmed9@gmail.com

**Abstract:** *The thing this whole world is now depending on is globalization. Globalization is not a new concept, it has evolved from time to time and gained its present form. As of now, we know globalization as a result of the integration of markets, and trades without economic borders. The globalization of the garment factories of Bangladesh has melted national borders. So from a small country in Asia that was nothing but known as the country besides India to a recognized tag “Made in Bangladesh,” the journey has its struggles and gains. Bangladesh used globalization and took advantage to be in a position as of now. Being a small country this country had to prove its existence at every level. The women of this country are the main reason behind this epic growth of garments industries. Bangladesh has opened its border for trade and commerce and started using policies to use this opportunity for networking at its best. Bangladesh being a developing country and earning through textile have used globalization as its best. This paper aims to demonstrate how globalization and Bangladesh worked together to make this tag and gained an existing position now. The end of this paper will deal with a conclusion and offer an opinion.*

## INTRODUCTION

Globalization is now a much-known word that has taken attention for its process of expanding trade and commerce to every place in the world. It has a far-reaching effect on different aspects of life both the academic and non-academic world. Under British rule from 1757 to 1947 then known as East Bengal, Bangladesh was once a flourishing region of South Asia. In 1971 when Bangladesh got its freedom from oppressing Pakistan it was already too devastated from the war and the country was barely surviving. Then Bangladesh was called the “bottomless basket”. From that to a tag “made in Bangladesh” clearly the country has adopted changes and made it work. Now Bangladesh’s annual revenue is \$34 billion—a 79 percent rise which makes this country the second largest exporter of readymade garments in the world, with the sector accounting for 80 percent of Bangladesh's total export earnings. According to Tex Garment Zone (a private level clothing manufacturer), these are the leading garments factories as of October 25, 2021. Ha-Meem Group, Beximco Fashions Ltd, Opex Sinha Group, Standard Group, Fakir Group, DBL group, Epyllion group, Asian apparels group, Viyellatex group, etc. Bangladesh has become a dependable supplier in the global world. The ready-made garments sector (RMG) HOLDS 11.2% of the total GDP of Bangladesh.

Source: [www.bgmea.com.bd](http://www.bgmea.com.bd)

## THEORETICAL FRAMEWORK

### Impact of globalization on Bangladesh’s economy

Globalization has turned the world into a big village. But its impact has two different sides. Now all types of countries let it be developed, under-developed, or developing countries are into globalization or at least using it as much as possible. Bangladesh is no exception to that. In the last few decades, Bangladesh’s globalization had effects on capital markets for which currency markets and interest rates have increased. The cost of transportation and communication has decreased which made export easier. The growth of international trading has changed a lot of things for businesses to the outside world. For Bangladesh, 1972-1978 was characterized by centralized planning, 1979-1990 the country reformed the process, and 1990-2001 has been characterized by eyeless openness of the frugality through accelerated trade liberalization.

### Globalization in garments sectors of Bangladesh

Because of globalization garment sector of Bangladesh has emerged in a new way. Bangladesh improved its relationship with the USA, Western Europe, Africa, Middles East, and the Republic of China. The Bangladesh government made the Multi-Fiber Agreement (MFA) in 1974. In the last seven years garment sector has improved so much that the garment sector holds more than 80% of total export earnings.

### Massive contribution of women

Bangladesh is now a hub of almost 5 thousand garment factories in these factories around 4.4 million workers work among them 85% of workers are female. The garment sector of Bangladesh is called the single largest employer of women.

**Labor availability**

The biggest Bangladesh’s biggest strength competitor is its cheap and vast workforce. The minimum wage in Bangladesh is lower than that in China, Cambodia, India, and Vietnam.

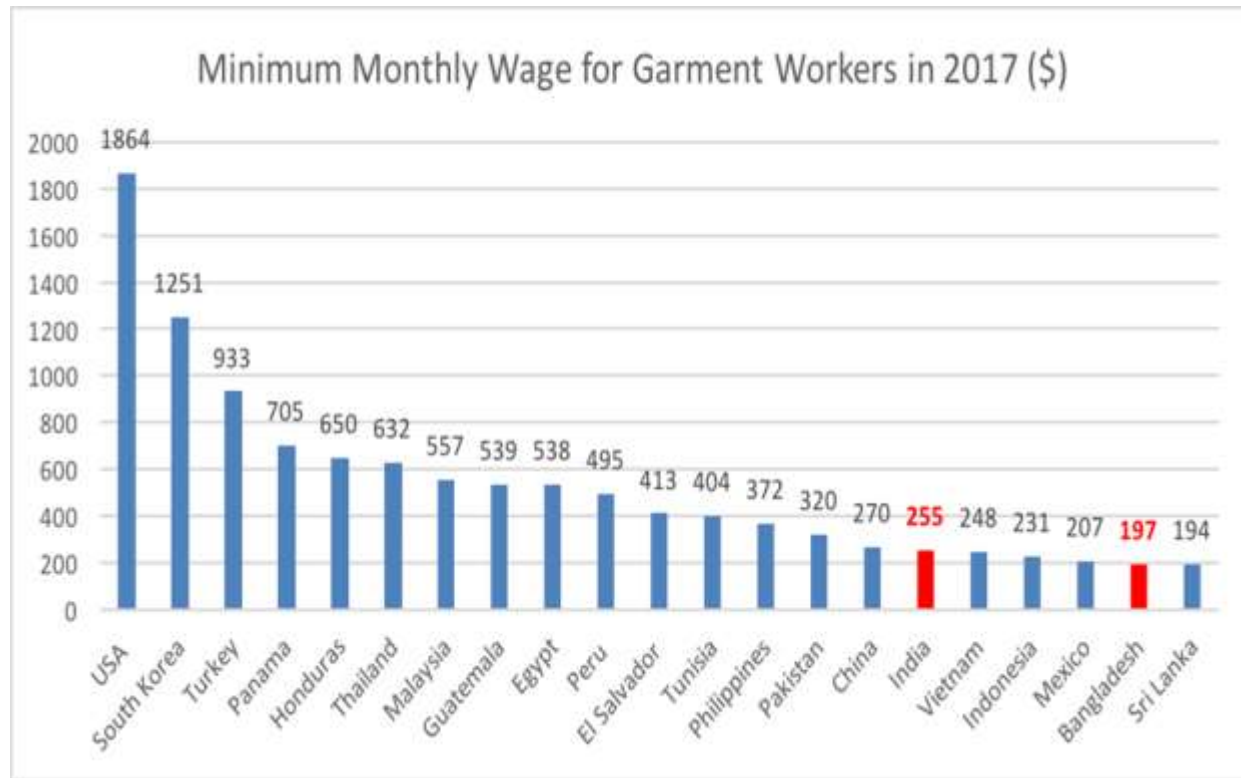


Chart no.01

Source: <https://shenglufashion.com/2018/03/04/wage-level-for-garment-workers-in-the-world-updated-in-2017/>

This labor availability has made Bangladesh garments focus more on their sectors such as globalization and exportation.

**Export performance of Bangladesh**

Comparative Statement on Export of RMG & Total Export of Bangladesh (Value in Million USD)

Year	Export of RMG	Total Export of Bangladesh	% of RMG’s total export
1983-84	31.57	811.00	3.89
1984-85	116.2	934.43	12.44
1985-86	131.48	819.21	16.05
1986-87	298.67	1076.61	27.74
1987-88	433.92	1231.2	35.24
1988-89	471.09	1291.56	36.47
1989-90	624.16	1923.70	32.45
1990-91	866.82	1717.55	50.47

1991-92	1182.57	1993.90	59.31
1992-93	1445.02	2382.89	60.64
1993-94	1555.79	2533.90	61.40
1994-95	2228.35	3472.56	64.17
1995-96	2547.13	3882.42	65.61
1996-97	3001.25	4418.28	67.93
1997-98	3781.94	5161.20	73.28
1998-99	4019.98	5312.86	75.67
1999-00	4349.41	5752.20	75.61
2000-01	4859.83	6467.30	75.14
2001-02	4583.75	5986.09	76.57
2002-03	4912.09	6548.44	75.01
2003-04	5686.09	7602.99	74.79
2004-05	6417.67	8654.52	74.15
2005-06	7900.80	10526.16	75.06
2006-07	9211.23	12177.86	75.64
2007-08	10699.80	14110.80	75.83
2008-09	12347.77	15565.19	79.33
2009-10	12496.72	16204.65	77.12
2010-11	17914.46	22924.38	78.15
2011-12	19089.73	24301.90	78.55
2012-13	21515.73	27027.36	79.61
2013-14	24491.88	30186.62	81.13
2014-15	25491.40	31208.94	81.68
2015-16	28094.16	34257.18	82.01
2016-17	28149.84	34655.90	81.23
2017-18	30614.76	36668.17	83.49
2018-19	34133.27	40535.04	84.21
2019-20	27949.19	33674.09	83.00
2020-21	31456.73	38758.31	81.16

Table no: 01

Data Source: Export Promotion Bureau Compiled by BGMEA

	Woven			Knit			Total			Growth in 2021
	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>EU Countries</b>										
<b>Austria</b>	8.33	5.84	10.60	28.33	20.63	29.01	36.66	26.47	39.61	49.63%
<b>Belgium</b>	354.47	223.00	219.10	401.71	272.90	418.57	756.18	495.90	637.66	28.59%
<b>Bulgaria</b>	0.43	0.19	0.42	2.13	1.81	1.48	2.56	2.01	1.90	-5.47%
<b>Denmark</b>	241.32	252.25	318.82	454.33	439.87	628.30	695.65	692.11	947.12	36.85%
<b>Finland</b>	7.24	6.27	5.84	27.42	21.31	25.08	34.66	27.58	30.92	12.12%
<b>France</b>	800.64	596.75	696.66	1187.19	936.30	1260.79	1987.83	1533.05	1957.45	27.68%
<b>Germany</b>	2402.16	2199.60	2688.02	3133.42	2692.84	3507.88	5535.58	4892.44	6195.91	26.64%
<b>Greece</b>	7.63	7.46	8.72	34.28	25.61	30.78	41.91	33.07	39.50	19.45%
<b>Italy</b>	504.56	376.78	399.61	927.99	744.18	911.11	1432.55	1120.96	1310.72	16.93%
<b>Ireland</b>	85.30	54.22	60.08	102.56	82.21	109.77	187.86	136.43	169.85	24.49%
<b>Netherlands</b>	444.29	387.25	496.69	559.78	526.42	704.21	1004.07	913.68	1200.90	31.44%
<b>Portugal</b>	28.82	15.94	20.63	56.25	36.68	49.81	85.07	52.62	70.43	33.85%
<b>Romania</b>	4.46	3.27	3.45	10.88	9.54	15.39	15.34	12.82	18.85	47.06%
<b>Spain</b>	1088.23	863.40	1070.73	1298.12	1053.56	1432.14	2386.34	1916.96	2502.87	30.56%
<b>Sweden</b>	234.33	197.05	213.41	410.92	342.15	440.53	645.26	539.21	653.93	21.28%
<b>The U.K.</b>	1806.35	1310.64	1486.38	2030.41	1785.68	2324.69	3836.76	3096.32	3811.06	23.08%
<b>Cyprus</b>	0.76	0.38	0.19	1.59	1.79	1.84	2.35	2.17	2.04	-6.15%
<b>Czech Republic</b>	193.54	105.23	119.11	103.57	89.57	105.40	297.11	194.80	224.51	15.25%
<b>Estonia</b>	0.01	0.06	0.13	1.17	0.83	0.89	1.18	0.89	1.02	14.46%
<b>Hungary</b>	0.94	7.35	23.22	6.95	40.03	86.63	7.90	47.39	109.85	131.81%
<b>Latvia</b>	0.10	0.01	0.24	0.59	0.80	0.80	0.69	0.81	1.04	28.53%
<b>Lithuania</b>	0.63	0.34	0.20	2.03	1.21	0.28	2.66	1.55	0.49	-68.66%
<b>Malta</b>	7.25	0.04	0.02	4.90	1.41	0.06	12.15	1.44	0.08	-94.22%
<b>Poland</b>	529.76	449.93	599.97	733.27	692.67	1041.13	1263.03	1142.60	1641.10	43.63%
<b>Slovakia</b>	29.38	24.90	22.02	48.17	42.76	50.64	77.55	67.66	72.66	7.39%
<b>Slovenia</b>	12.47	12.60	18.95	44.24	42.96	66.31	56.70	55.57	85.26	53.43%
<b>Croatia</b>	5.67	4.26	3.67	11.03	9.32	10.73	16.70	13.58	14.40	6.04%
<b>Sub-Total (EU)</b>	<b>8799.08</b>	<b>7105.04</b>	<b>8486.86</b>	<b>11623.23</b>	<b>9915.06</b>	<b>13254.27</b>	<b>20422.31</b>	<b>17020.10</b>	<b>21741.12</b>	<b>27.74%</b>
<b>EU % of World</b>	<i>52.91</i>	<i>53.65</i>	<i>52.34</i>	<i>70.69</i>	<i>69.69</i>	<i>67.64</i>	<i>61.75</i>	<i>61.96</i>	<i>60.71</i>	
<b>Growth %</b>	<i>-1.90</i>	<i>-19.25</i>	<i>19.45</i>	<i>0.07</i>	<i>-14.70</i>	<i>33.68</i>	<i>-0.79</i>	<i>-16.66</i>	<i>27.74</i>	

<b>USA</b>	<b>4494.48</b>	<b>3499.85</b>	<b>4653.69</b>	<b>1525.88</b>	<b>1567.58</b>	<b>2624.28</b>	<b>6020.36</b>	<b>5067.44</b>	<b>7277.97</b>	<b>43.62%</b>
<i>% of USA</i>	<i>27.03</i>	<i>26.43</i>	<i>28.70</i>	<i>9.28</i>	<i>11.02</i>	<i>13.39</i>	<i>18.20</i>	<i>18.45</i>	<i>20.32</i>	
<i>Growth %</i>	<i>1.95</i>	<i>-22.13</i>	<i>32.97</i>	<i>6.28</i>	<i>2.73</i>	<i>67.41</i>	<i>3.01</i>	<i>-15.83</i>	<i>43.62</i>	
<b>Canada</b>	<b>623.40</b>	<b>459.21</b>	<b>537.70</b>	<b>491.36</b>	<b>405.96</b>	<b>573.69</b>	<b>1114.76</b>	<b>865.17</b>	<b>1111.38</b>	<b>28.46%</b>
<i>% of Canada</i>	<i>3.75</i>	<i>3.47</i>	<i>3.32</i>	<i>2.99</i>	<i>2.85</i>	<i>2.93</i>	<i>3.37</i>	<i>3.15</i>	<i>3.10</i>	
<i>Growth %</i>	<i>6.51</i>	<i>-26.34</i>	<i>17.09</i>	<i>4.05</i>	<i>-17.38</i>	<i>41.32</i>	<i>5.41</i>	<i>-22.39</i>	<i>28.46</i>	

Table no 02: Bangladesh's Apparel Export to World (CY 2019, CY 2020 & CY 2021)

Export Value in Million USD

Data Source Export Promotion Bureau Compiled by BGMEA

## LITERATURE REVIEW

Earlier people have paid attention to globalization, and how it affected the world economically, socially, and politically. Some also focused on the fact of Bangladesh's garments industry. How a small country like Bangladesh is putting a mark on the map and competing against China in the particular sector of exporting. Bangladesh gained its position of being 2<sup>nd</sup> in the whole world as the largest exporter. Even though the contribution of women, poor labor costs, etc. plays role in this globalization also plays a significant role. Globalization gave access to the large international market, increased the flow of inward investment, and opened the door for invention and innovation. But it has its drawbacks also. It has also increased the risk of global geopolitics, some environmental issues, and diseconomies of scale.

### The objectives of the Study:

The present study on the globalization of the garment industry as a driving force for the socio-economic development of Bangladesh demands examination and evaluation of the multidimensional aspect of the garment sector. The objectives of the study are to focus on the following issues, particularly:

- To study and evaluate the growth and development of the garment industry in Bangladesh
- To know the reason behind the development
- To find out the impacts of globalization
- To examine the contribution of the garment industry to the national economy of Bangladesh
- To study the contribution of GDP to Bangladesh's economy through the garments industry.

To study the whole process of globalization in the garments industry

## RESEARCH METHODOLOGY

My research problem was it was a broad area to cover as globalization is a big concept being included the whole world and its process. Some problems didn't find a solution and are yet to be resolved.

### Nature of Research Study:

The research design will be both qualitative and quantitative in nature, design of the proposed project work, considering its objectives, scope, and coverage will be reviewed and Descriptive.

### Type of Research Design:

The type of this research study would be descriptive, and correlational as it's based on secondary data.

### Scope of the Research:

Almost every individual is a direct consumer of fashion, frequenting retailers or buying from flea markets. It generates job opportunities for qualified and unqualified, skilled or unskilled people all over the world. The clothing industry contributes a lot to

the global economy. The main purpose of the study is to know how this works and what to do to the improvement of this sector as the garment sector is connected directly to our day-to-day life.

**Data Collection (Secondary data):**

Secondary research or desk research is a research method that involves using already existing data. Existing data is summarized and collated to increase the overall effectiveness of research. As mentioned above research will be conducted on basis of secondary data hence all things will be taken into note.

**Data Analysis Techniques:**

The collected secondary data shall be edited, preceded, classified, and tabulated. Thereafter the data will be presented in the form of tables, charts, graphs, and diagrams. The collected data will be analyzed with the help of statistical tools and techniques. As this is a secondary data-based study most data are collected from primary sources and the time series analysis method was used to analyze the data.

**Time Series Analysis:**

Time series analysis is a specific way of analyzing a sequence of data points collected over an interval of time. In time series analysis, analysts record data points at consistent intervals over a set period rather than just recording the data points intermittently or randomly.

Table no 01(page no-10) it is showing how gradually the RMG sector has increased in percentage over the year in the total export system of Bangladesh.

Table no 02 (page no-12) is showing garments sector's contribution to the world. This table also shows how much growth this sector has gained over the period.

**FINDINGS AND CONCLUSION**

Bangladesh fully depends on the export market. Ready-made garments (RMG) rule this market single-handedly. So, RMG contributes in a significant manner to Bangladesh's economy. Garments industries don't only improve or contribute only to this sector it is also having a great impact on the other sectors such as banking and insurance, shipping and logistics, contribution to the government exchequer, engineering sector. Through garment industries, women's participation in the working sector had a drastic change. With all the increasing development of this, there have been some accidents, some drawbacks, and negative impacts also. The Bangladesh government should take necessary steps and through serious attention to the matters as this holds 70% of the whole income. The government should take steps such as expanding the foreign markets, giving attention to the laborers because of them all of this is possible, paying attention to the worker's condition, paying attention to the product diversion, training the workers, checking their capacity and most importantly workers benefit side. The country should take necessary steps for research of the particular sector as it is a distinct matter.

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