

Competitive Advantages of the Apparel Industries of Bangladesh: Qualitative Insights from the Managers and Executives of Bangladeshi apparel industry

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Bangladesh is the 2nd largest apparel manufacturer and exporter in the world with an export value of USD 34.133 billion in 2018-19 (WTO, 2019). According to World Trade Statistical Review (2019), Bangladesh has accounted for 6.4% share of the global apparel export in 2018 which is much higher than its major competitor countries like Vietnam (6.2%), India (3.3%) and Turkey (3.1 %). The apparel industry employs 5 million people, the largest employer of Bangladesh. The apparel export share contributed 84.21% of the total export of Bangladesh in 2018-19 (Bangladesh Garment Manufacturers and Exporters Association, 2020). The apparel industry has significantly contributed to the country's economy and development and is helping Bangladesh to leave the least developed country (LDC) category by 2024 (UN, 2018).

The apparel business of Bangladesh was dominated by small tailoring outfits during 1970s. Immediately after the independence, the newly formed government of Bangladesh implemented various industrial policies that fortified many local investors to start export-oriented apparel manufacturing facility. As a result, 9 export-oriented apparel manufacturing units started operating in Bangladesh in 1978 (Yunus & Yamagata, 2012). The quota free status of Bangladesh encouraged foreign enterprises to invest so as to take advantage of the quota free export benefits and this resulted in several joint venture apparel manufacturing industries being set up in the 1980s (Kabeer & Mahmud, 2004). The apparel export industry has grown consistently over the years through foreign collaborations, foreign investments and diversification of the market. Today Bangladesh is an important apparel export partner of Europe Union, USA, Canada, Australia, Latin America, Mexico, Middle East and many other countries.

According to Porter's (1990) theory of competitive advantage of nations, a nation succeeds in a particular industry if it possesses a competitive advantage relative to the best worldwide competitors. Additionally, an industry tries to develop its competitiveness to achieve competitive advantage over the competitors in the international market. According to Porter (1990), factor conditions, demand conditions, related and supporting industries, firm strategy structure and rivalry along with the influence of government are the determinants that interact with each other and affect the competitive performance of firms. Multiple studies have used Porter's (1990) theory of competitive advantage of nations framework to measure the competitive advantage of the textile and apparel industry. Abrar, et. al. (2019) studied the export competitiveness of Pakistani ready-made garments (RMG) industry using the Porter's (1990) Diamond Model and found that resources such as cotton, raw materials like (yarn), infrastructure and vast labor forces are some of the main factors that help the RMG industries of Pakistan to gain competitive advantages. Mboya & Kazungu (2015) used the Porter's (1990) Diamond Model to study the

textile and apparel industry of Tanzania. Alemu (2010) analyzed the competitiveness of Ethiopian textile sub-sector using the Diamond Model. Porter's (1990) Diamond Model of national competitive advantage is used as the conceptual framework for the study.

Previous research on Bangladesh apparel industry revealed that vast labor force, favorable location, foreign demand and affordable price are the key resources for Bangladesh's competitive advantages (Rahman & Anwar, 2007; Uddin, 2014). Although these findings are useful, the methodology and scope employed in previous research yields limited implications as the analyses were based on the macro data sourced from world bank, world trade organization, and Bangladesh bank and the recent international developments were not taken into account. The studies were grounded from the competitive advantage claims that firms may have rather than actual one's firms' possess. To fill this gap, the study was designed to explore the unique firm resources as described by top managers and executives working in the Bangladeshi apparel firms for their competitive advantages. In-depth semi structured qualitative interview was conducted with the management of 9 apparel export firms in Bangladesh from December 2019 to March 2020. The interviews were conducted through international phone calls and the duration of the interview was 30 to 60 minutes. The interviews were recorded, transcribed and analyzed for recurring themes.

The major competitive advantages described by the participants were found to be price advantage as described by "We offer our buyers a reasonable price" (5 out of 9); on time delivery advantage through "We always maintain timely delivery of our products" (5 out of 9); quality advantage by "We are working for quality not quantity" (8 out of 9); and product variety advantage (2 out of 9). To achieve and sustain these competitive advantages, the participants shared (a) skilled human resources (3 out of 9), (b) supportive government policies (9 out of 9), (c) physical infrastructure (9 out of 9), and (d) working environment (5 out of 9). The skilled human resources were found to be obtained through (a) employee satisfaction as described by "We provide best support to our workers by maintaining all the rules imposed by Government"; (b) skilled employees as described by "Skilled employees is one of our strongest side". The supportive government polices were gained through (a) reduction in lead time described as "Government is very much supportive in any bank related issues and made the shipping procedure very easy for the company"; (b) resource availability described as "Government provide water and gas in a comparatively low price which helps our company and also helps RMG industries to grow". Physical infrastructure resources were established through (a) inspection as described by "Our industry is well structured and certified by accord and alliance"; (b) modern machinery described as "We use all types of modern machines in our factory". Better working environment was achieved through (a) experienced management described as "Our management team always motivate all the employees and works".

Supporting Industries such as spinning and dyeing industries, shipping services, transportation and cargo services were also found to impact the competitiveness of the Bangladeshi apparel

industries as described “Raw materials sometime arrive late for the shipping services and cause delay in our production”. It was interesting that most of the participants (6 out of 9) reported that chances, (incidents occurred inside or outside the apparel industry) was immensely impacting the Bangladeshi Apparel Industry. Participants described “The current covid-19 virus situation affects the production and our shipment cancelled. It was also found that the participants favorable destination for apparel export were Europe and the United States”.

The study findings have major implications and contributions for sourcing personnel, foreign buyers, owners and government policymakers. Physical resources and government’s industrial policies were found to be key important resource of the Bangladeshi apparel export industry. Maintaining good communication with buyer, producing quality products in large quantities and delivering the products in a timely manner are found to be the key resources to gain competitive advantage in the international market. Competitive advantage findings provide stakeholders, including policymakers, with evidence to identify opportunities for key resource developments and investments. From an academic perspective, the study contributes by building on the theory of competitive advantage of nations. Future research is recommended to get better understanding about the effect of supporting industries and chance on the export competitiveness of the Bangladeshi apparel export industries.

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