Suggested Strategy for Bangladesh Garment Manufacturers and Exporters Association (BGMEA) During and Post Covid-19 to Protect the Industry from Massive Loss

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Abstract- Export oriented readymade garment (RMG) industry of Bangladesh has flourished at a rapid pace utilizing elastic supply of cheap female labor. But COVID-19 turns up as a new threat for this industry. As the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is one of the largest trade associations in the country representing the readymade garment industry, particularly the woven garments, knitwear and sweater sub-sectors with equal importance, it has vast responsibilities to protect the industry from massive loss. This study conducted based on current situation of supply chain in garment industry where try to find out the problem by SWOT analysis and Porter's five forces model. After pointing out the problem this study suggests some strategies both for the during and post Covid-19 to protect garment industry from massive loss.

Keywords: equilibrium, B2B, exports, SWOT, sustainability.

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SUGGESTEDSTRATEGYFORBANGLADESHGARMENTMANUFACTURERSANDEXPORTERSASSOCIATIONBGMEADURINGANDPOSTCOVID19TOPROTECTTHEINDUSTRYFROMMASSIVELOSS

Strictly as per the compliance and regulations of:

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I. Introduction

Coronavirus is a disease which transmit from person to person. In December 2019 this virus was first detected in Wuhan City, China. After first detection, it was spreading all over the world day by day. In Bangladesh, the country's Government announced lockdown from March 26 and till now it's continuing. The US Center for Disease Control and Prevention announced this virus as "Epidemic". The World Health Organization called this virus as "Pandemic"(Hughes H. , 2020). Covid-19 outbreak hampered in every sector including garment and apparel sector.

The Bangladeshi garment industry is facing severe impacts from the COVID-19 pandemic. Garment factories are struggling to sustain in business operations, a large number of workers' already have lost their jobs and many others are facing risk for losing their jobs in the coming month. The novel corona virus (COVID-19) has presented the world with an unprecedented global health emergency. As of April 13, the global pandemic has infected more than 1,773,084 people, resulting in more than 111,652 deaths (WHO,

2020a). (Hughes, 2020) mentioned that Covid-19 outbreak is not only for a particular country but also for whole world and supply chain in manufacturing companies are disrupted globally. (McKeever, 2020) mentioned that with the health crisis, Covid-19 outbreak spreading in labor market and economic crisis.

The main source of apparel raw materials is China, when Covid-19 was spreading in China then many apparel raw materials suppliers were stopped their activities by the instruction of Chinese Government. For this reason, the supply chain of apparel industry was disrupted. Specially Bangladesh, India, Sri Lanka, Vietnam & Cambodia were the most affected countries (Kelly, 2020). If I take example from Bangladesh, then 50% raw materials& 40% other equipment and machinery of garment & apparel industry come from China. In Myanmar 90% of raw materials come from China. Because of supply chain disruptions in Garment & Apparel sector already 10% or 20 companies are bankrupted and many other companies are going to be bankrupted very soon. According to the secretary of the Joint Apparel Association Forum Sri Lanka, in every week 1 to 1.5 tons' raw materials shortage in garment and apparel industry in Sri Lanka. So, they can't produce their products at the right time also because of the shortage of raw materials the operational cost is increasing day by day.

In Bangladesh, garment manufacturers have been forced to stop production or to reduce capacity due to the major disruption of end-to-end global supply chains and the emerging health crisis, which has resulted in national restrictions on people as well as economic activity. What makes this current situation particularly challenging - and extraordinary - is that both the demand and supply side of operations are being affected. Strict transportation restrictions are still in place hindering raw materials exports from reaching other garment-producing industries in the region. On the demand side, many Bangladeshi garment factories are also facing considerable difficulties. In March, COVID-19 outbreak turned into a global pandemic, significantly disrupting the global economy. With consumers staying at home and many physical stores being closed,

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European and US-based buyers began cancelling and suspending orders from suppliers.

As a guardian of Garment industry in Bangladesh BGMEA should take proper step during and post covid-19. Because according to the Bangladesh Bank (the central Bank of Bangladesh) over 80% of country's GDP come from this sector and about 40 million people directly involve with this sector. So, to safe the country it's very necessary to take immediate step on this sector. This study covers-Chapter 1: A brief introduction of garment industry in Bangladesh, chapter 2:literature review, chapter 3: Broad objective, Methodology and limitations of the study, chapter 4: A summary on BGMEA, chapter 5: Current scenario of garment industry in Bangladesh , chapter 6: Conceptual framework where try to show sustainability of our garments industry, its dimensions and the challenges for sustainable garments industry, chapter 7: During & Post COVID-19 pandemic- situation analysis, suggestions and strategy for garments industry of Bangladesh, chapter 8: Porter's five factors model using for analyzing garment industry of Bangladesh and chapter 9: Brief conclusion.

II. Literature Review

Over the last decade the financial performance of Bangladeshi garment industry was noticeable. Garment industry is a labor intensive industry so maximum of its cost depend on the wages of labor. Bangladesh is grabbing that opportunity of cheap labor so it's now world third exported country after China and India (Chowdhury, 2014).

(Shuvro sen, 2020) conducted a study on covid-19 impact on garment workers in Bangladesh, where they found that because of supply chain disruptions already a significant number of workers lost their job from garments. The main sources of raw materials in garments & apparel industry is China. China was the first country where the Covid-19 was first attacked so this virus also name is China virus or Wuhan virus. So, the raw materials were not come at the needed time. Beside this maximum buyer cancelled their orders because retailers were under restrictions to open their shops. Owners was affected by this cycle, for this reason they were not able to pay salary to their workers as a result workers lost their job. Finally, their families are going under financial crisis.

The main problem of garment industry is deferred payment by retailers. Because of lockdown in different countries of the world & delayed in products supplies, retailers are not able to collect new products & can't sell their stored products at right time. For this reason, they do not pay their deferred payment to suppliers on time & they want more time for paying to the suppliers (Karim, 2020). A survey report shows that about 11% of Bangladeshi manufacturers are getting their payments at delay 1 to 10 days, 69% manufacturers are getting their payments at delay more than 10 days where some manufacturers even they have not guarantee to get payments, they don't know when they will get their payments from buyers (Anner, 2020).

(Mshura Shammi, 2020) conducted a study on Psychological and socio economic crisis during Covid-19 in Bangladesh where the questionnaire was surveyed from 1066 respondents in Bangladesh. They found that the partial lockdown of the government during the Covid-19 increased health crisis, increased public transmission, decreased living standard, increased economic vulnerability, increased poverty rate, decreased public awareness, spread Covid-19 and increased crime. Specially, garment workers were panic because many of them lost their job. It should be mention most of garment workers are living the below poverty line as their average salary is 7000 taka (Bangladeshi currency) to 12,000 tk. Where 85 taka is equal to the 1 dollar. They suggest that government should take proper step such as spreading public awareness, financial aid for mass public, ensuring public health by supplying PPE and mask, ensuring health safety for garment workers and practicing proper steps for reducing Covid-19 case.

(Saeed Anwar, 2020) conducted a study on Covid-19 and Bangladesh: Challenges and How to address them, they mentioned that Bangladesh is a middle income and over populated country where about 35% of total population is illiterate and about 21% of total population living below the poverty line. So, it's tough for Bangladesh to cope up with Covid-19 pandemic. They mentioned that the noticeable challenges for Bangladesh during the Covid-19 are maintaining social distance as Bangladesh is an over populated country, adequate testing facilities, mitigating impact of Covid-19 with limited resources, reducing public transmission, managing considerable amount of fund, reducing mental stress of mass public and ensuring health safety for workers. To reduce the impact of Covid-19 they suggested for diversification of industry from Dhaka (capital of Bangladesh) to other cities of the county, banned public transportation, maintaining isolation center, testing adequately & most importantly maintaining social distance.

(Abhijit Majumdar, 2020) Conducted an explanatory research on disclosing myth of socially sustainable supply chain for clothing industry of south Asian countries where they collected information based on semi-structured interviews from the experts, they mentioned that Covid-19 disclosed fragility of supply chain in clothing industry such as many workers lost their job and many companies are going to be bankrupted. Specialists said there are many cause for this fragile supply chain like as some renown brands dominated this industry (they take decisions for their own benefits) which hampered others, lacking of

workers' safety in their workplaces, lingering in wages paid to the workers, contract based labor used, unclear contract in case of product selling in foreign countries and most importantly major raw materials are based on China. To reduce the fragile supply chain, they suggest that government, suppliers, consultants, labor association, industry bodies and NGOs should work together, should be clear rights for workers' safety, reduce domination of specific brands and should diversify collection of raw material in different countries.

III. Objective, Methodology and Limitations of the Study

a) Objective of the study

The broad objective of the study is to analyze current situation of garments industry and suggest some strategies during and post COVID-19 pandemic by which Bangladeshi garment industry can protect them from massive loss.

b) Methodology of the study

I have followed qualitative methodology for this research with an aim to generate an in-depth understanding of the pandemic impact on garments industry and the role of BGMEA as a supreme authority of Bangladeshi garment industry. Data were extracted from secondary sources. Secondary data was collected because of their easy accessibility.

c) Limitations of the study

1. This research is used secondary information; the reliability of secondary information is tough to test.
2. Every theory of economics has limitation. That means if other things remain constant and demand and supply change equally, then strategy will be efficient.

IV. BGMEA at a Glance

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is the supreme authority of Bangladeshi readymade garment industry. Since 1983 it has been playing important role in this sector. For this reason, Bangladesh is now world third exported country in readymade garment. BGMEA is dedicated to protect, promote and develop the garment industry with the help of country's government, imported country's authorities and specialists on this industry.

V. RMG Industry of Bangladesh

With the advantages of cheap labor Bangladesh started it garment business in the late 1970. When entrepreneurs found that this sector was going to be the more profitable than other sectors then they started to participate actively. Because of lower operating cost, Bangladesh was getting competitive cost advantages which was the motivation for the garment owners (Naila Kabeer, 2003). Within very short time Bangladesh grabbed it's third position in world apparel markets (Debapriya Bhattacharya, 2002). In FY 1983-84, RMG industry represented only 5% share in total export that amounted 31.57 million US$ while in FY 2000-01 the share reached more than 75% of total export which was equivalent to 4,859.83 million US$ (Rashed Al Mahmud Titumir, 2003). According to the president of BGMEA, in 2018 RMG sector contributes more than 84% of the total export from Bangladesh and more than 40 million workers directly involved with this sector.

VI. Framework of the Study

Sustainability of the RMG sector of Bangladesh.

Dimensions
- Fruitful feedback from the BGMEA to cope up with COVID-19 pandemic.
- Urge different world welfare organization to donate for the owners & workers.
- Urge to govt. for giving close eyes towards garments industries.
- Directions towards garments owners to continue garments with PPE of the workers & fulfill buyers' demands.
- Searching new suppliers of raw materials besides China & searching new markets for expanding export.

Challenges:

- Workers safety from infected with COVID-19.   • Collecting raw materials.
- Suspended orders cost of production recover.
- Financial aid Expanding exports during & after the pandemic   • Bank loan

Addressing the challenges for sustainable RMG sector:

1. Maintaining special transportation & PPE for workers.

2. During & post COVID-19 problem findings & solution.

3. Short term & long term strategies for expanding exports during & after the pandemic

4. Collecting raw material from India, Pakistan & other countries.

5. Suspended ordered sell at a cheap rate to cover the cost of production.

6. Urge Govt. to provide special loan facilities for export related garments.

VII. During Covid-19 Pandemic- Situation Analysis, Suggestions and Strategy for Garments Industry of Bangladesh

a) *During COVID-19 pandemic- SWOT analysis of Bangladesh garment industry*

Strengths:	Weaknesses:
1. Workers ready to work.	1. China stop sending raw materials. So, limited raw materials under collection.
2. Capacity to produce low price products.	2. Large no. of orders cancelled.
3. Capacity to provide health safety to the workers.	3. Antiquated technology.
4. Till today Garment owners have expectation. They are not frustrated.	4. Inefficient management during pandemic.
5. Govt. provides financial aids.	5. Stressed supply chain.

Opportunities	Threats:
1. New buyers are contracting with us for emergency product.	1. People maintaining social distance so they are not ready to purchase from shopping mall.
2. Producing PPE and Mask for meeting internal and International demand.	2. No clear information about when world will come round from infect with COVID-19.
3. Fewer orders cancelled compare to the competitors.	3. Falling aggregate demand
4. Shopping mall opened by government directions.	4. Existing orders may be cancelled any time.
5. 163.7 million people of our country.	5. Different countries ports are being locked.

b) Short term- Protect yourself to survive

Trends	Priorities
1. COVID-19 cases increasing regularly globally, especially in south Asia. 2. Buyers cancellation orders increasing day by day. 3. Muslim consumers are trying to purchase for upcoming Eid-ul-Fitr.	1. Reduced pricing promotions: Limited time price reductions encourage customers to act. As people have disposal income reduce, they want less prices products. 2. Sell in local market: As lock down continuing in many countries of the world where we exported. We can sell our products in local market targeting Eid-ul-Fitr. 3. Defend business and its critical assets. Protect human capital, financial capital, and supply chain relationships.

c) During COVID-19 pandemic- situation analysis & suggestions with the help of economics
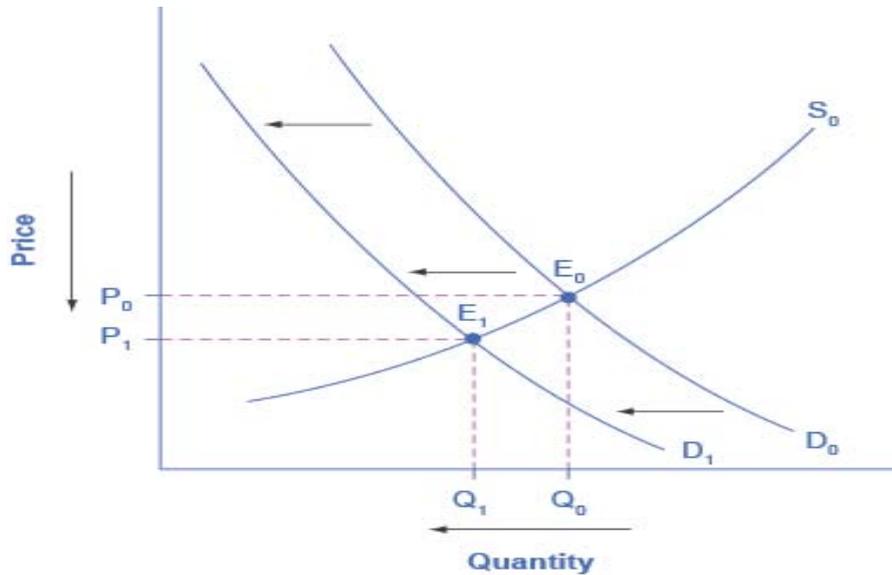

Figure 1: Shows us the equilibrium point fall from E to E1

i. *Why equilibrium point fall?*

Because quantity of supply & demand decrease equally, equilibrium point falls from E to E1.

ii. *Quantity of supply fall*

ILO published a report where they said like the other exported countries Bangladesh imports over 83% of raw materials for garment industry from China but recently because of the pandemic, they stop supplying raw materials. So, decreased quantity of supply.

iii. *Quantity of demand fall*

According to BGMEA like the other exported countries, Bangladeshi products buyers have either suspended or cancelled purchase orders worth more than $US 3.15 billion for COVID-19, affecting 1,136 factories. So, quantity of demand decrease.

iv. *Solution*

Solution is we have to reduce cost of production to sustain in the world market.

v. *How can reduce cost of production?*

Because of COVID-19 pandemic, the disposal income level decrease. So, customers want less prices products. We will produce less price products which reduce our cost of production. Another way to reduce cost of production is- we can produce PPE & Mask for meeting internal & international demand. As our labour cost is fixed because if we lay off workers it will create large unemployment level & economic recession. So, we will use labour to meet contemporary demand.

VIII. Post Covid-19 Pandemic- Situation Analysis, Suggestions and Strategy for Garments Industry of Bangladesh

a) Post COVID-19- SWOT analysis for our garment industry

Strengths: 1. Low labour cost. 2. Trustworthiness to international brands. 3. Proficient garment specialists of Bangladesh. 4. Ability to provide enough supply of products. 5. Energy at comparatively lower prices.	**Weaknesses:** 1. Above 80% of raw materials come from China. 2. Lack of marketing tactics. 3. Inadequate training for workers. 4. Exports mostly depend on USA & EU. 6. Competitive countries economic condition & GDP size better than us.
Opportunities: 1. Because of the lock down, specialist getting more time to rethinking. 2. COVID-19 provides an opportunity to BGMEA to reflect and reconsider their tasks & responsibilities. 3. COVID-19 will help to the garment industry to enhance speed and innovation. 4. COVID-19 will influence to reshape the world business structure so there are big opportunities for them who are able to take efficient strategy.	**Threats**: 1. Post COVID-19 shape of business world can influence negatively if our strategy not be effective. 3. Business can mostly depend on online business. 4. Buyers can reduce their consumptions to increase savings. 5. Post COVID-19 world may demand for low prices products. So, earning adequate profit can be challenging for garment industry.

b) Long term: Meet new reality

Trends	Priorities
1. About no cases and vaccine availability. So, again people will do their daily routine task regularly. 2. Consumer's attracting towards online shopping to maintaining social distancing. 3. People are maintaining safety funds so reduce consumption. 4. People are being aware about their health.	1. Communicating regularly with brands & trying to expand the market. 2. Using online platform to grab online facilities like B2B. 3. Regularly analyzing consumer behavior to know their expected products. 4. Invest in new business model and innovation.

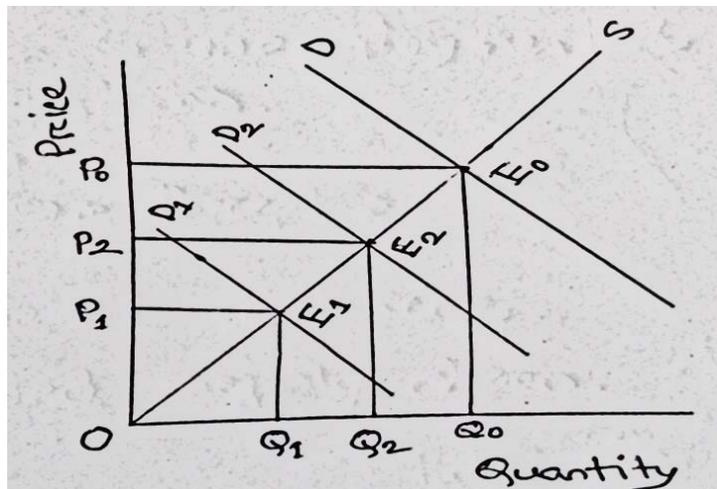*c) Post COVID-19 situation analysis with the help of economics*

Figure 2: Shows the Equilibrium point fall because of pandemic & positively change after pandemic

Here, Equilibrium point E0= Prior COVID-19 pandemic.

     Equilibrium point E1= During COVID-19 pandemic.

     Equilibrium point E2= Post COVID-19 Pandemic.

Equilibrium point E & E1 already explained in short term plan.

Equilibrium E2 means after COVID-19 pandemic, aggregate demand & supply of the world will increase compare to the during COVID-19 pandemic E1. Although aggregate demand will not increase like before COVID-19 pandemic (E0). Because people will save some of their disposal income as a safety fund, before COVID-19 pandemic who were not save. So, they will not consume their total disposal income. During COVID-19 pandemic, many of the garments company of world will not sustain for their weak strategy. So, supply side also will not increase like before pandemic. So, there will create new equilibrium point E2.

i.   *Post COVID-19 pandemic who will get competitive advantages compare to others?*

     As people already known that social distancing is need for good health. So, they will try to maintain social distancing. They can throw out their thinking of shopping from the shopping center. So, they will feel free to order goods from different trusted e-commerce platform. So, in long term, alternative plan like B2B platform will be the best strategy for our garments industry.

ii. *Alternative marketing strategy*

     Alternative marketing strategy can be defined as reach one market with the possibilities of more available markets in future. If I analyze data of garment industry from BGMEA and Bangladesh Bank (the central bank of Bangladesh), we found that only 41+ countries we covered but there are 200+ countries in the world so alternative marketing strategy can be helpful to reach new markets.

iii. *What tool can be useful for post COVID-19 garment business market?*

     This is the era of technological advancement and Post COVID-19 pandemic buyers will maintain social distance. So, the countries who have more technological access, they will get competitive advantage. This is the high time for Bangladeshi garments entering into the B2B business and capture the opportunities of technologies.

     Here are 5 lists of the top B2B websites that are leading the global B2B industry in 2019.

1. Alibaba
2. Trade Wheel
3. Amazon
4. HDgate
5. Global source

iv. *B2B platform*

     B2B is shorthand for "business to business." It refers to sales you make to other businesses rather than to individual consumers.

     Let discuss 7 among a hundred reasons how our buyer-oriented garment industry can benefit from B2B platform:

1.	More business opportunities:B2B platform will help us to cover higher number of customers with ensuring the target markets. Through B2B platform it's easy to access in new markets.
2.	Better Sales: A quality supply chain management and collaborative approach can help us to showcase our products. That will help to better sales.
3.	Sustainable growth:B2B platform ensures the sustainable growth. If once you can grab customer confidence on your products, then you will get permanent order from him. It will work as a chain benefit for you because your permanent customers will help you by suggesting products to their families, friends & other relatives. So, your quality can easily ensure your sustainability in B2B platform.
4.	Lower Costs:B2B platform ensures lower cost that other platform. Because you will get more customers there. We know every piece of production provides the operating cost benefit by reducing the fixed cost. A good management is important here in B2B platform for reducing the cost.
5.	Reach new markets: B2B platform gives opportunity to you boost products which will help you to reach new clients. Those clients don't necessarily have to be in your existing markets. So, they may be attracted by getting your products because of your smart features and you can get order many times.
7.	Customer feedback: Getting the customer feedback is costly but by using B2B platform you will able to get the customer feedback easily. You will get information about different countries customer demand & customizing your products based on the customer choices.

IX. Porter's Five Forces are
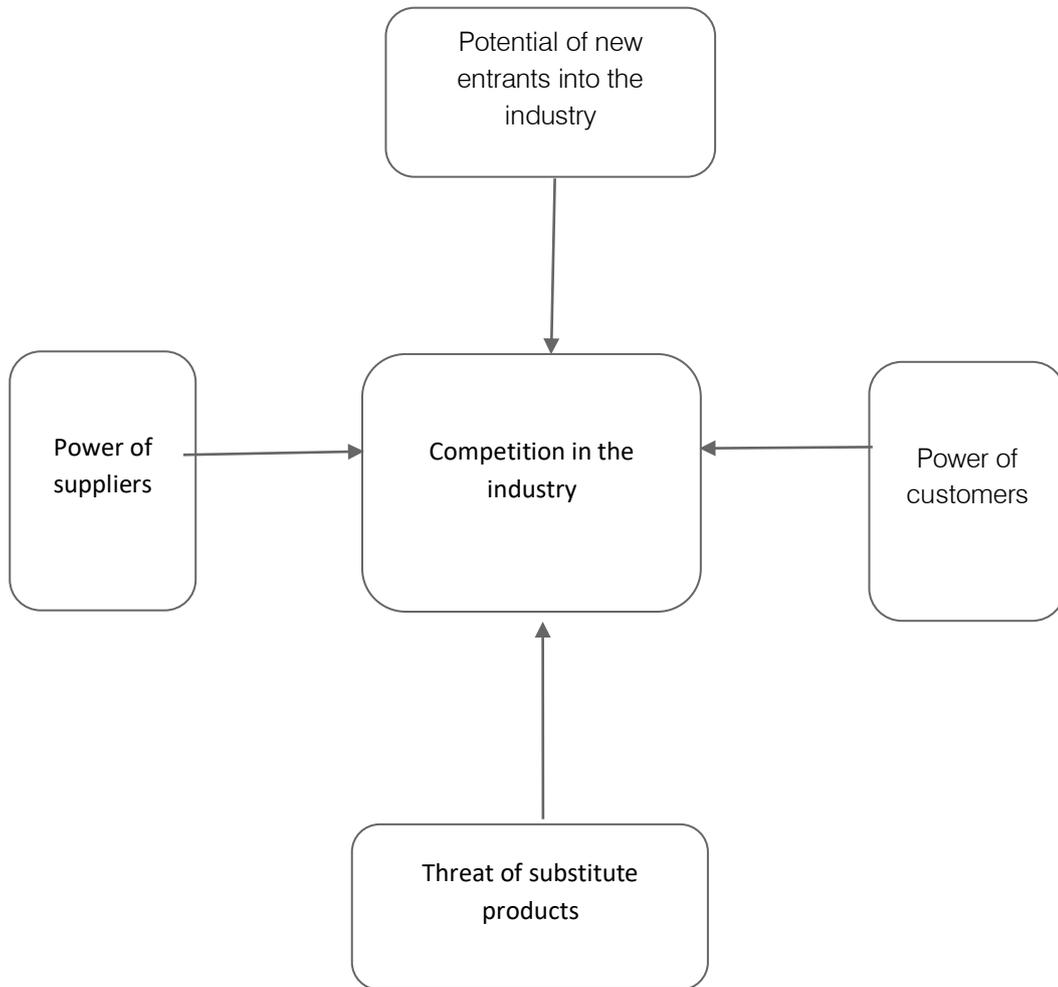
a) Porter's five factors model using for analyzing garment industry of Bangladesh

1. *Competition in the industry:* Our main competitors are China, India, Vietnam, Cambodia, Sri Lanka &Myanmar. After COVID-19 competition may rise to sustain in the industry. If any industry can't cope with that situation, they can be bankrupted. So, for short term main target should be sustained in business. For long term should be taken strategy like B2B & B2C.

2. *Potential of new entrants into the industry:* 73.38% export of Bangladeshi garment is in Europe. Think about the location of Bangladesh & EU. They are far from us so transportation cost is bigger for them to purchase products from us. So, after COVID-19 they can create Africa as a hub of garment industry because of cheap labor& very nearer to EU. So, we should make a business contract with EU.

3. *Power of suppliers:* As over 80% of raw materials imported from China. It's the prime source of raw materials. So, they have influenced on supply. But the opportunity is to possibility of use our jute as a raw material. Also, BGMEA can take initiative so that we can manage our raw materials. Where there will scientific grading of raw materials so that foreign brands can believe in our product qualities.

4. *Power of customers:* After COVID-19 business world. Customers will influence on the products because of decreasing aggregate demand. So, price of products may decrease but the strategy must be taken to reduce cost of production.

5. *Threat of substitute products:* As available garment industry in different countries of the world, this industry bears higher threat of substitute products. So, the solution is that we must be updated with the changing demand of customer, so that we can meet customers demand. We have to create research & develop department who always provides update result of customer demand.

X. Conclusion

The garment Industry of Bangladesh has massive impact on our economy. We need a sustainable garment industry to safe our economy, owners and workers. This study suggests readymade garments, surviving in the market during Covid-19 by maintaining equal operating profit and cost and using B2B platform for post Covid-19 to expand new markets, to ensure operating cost advantages and to gain competitive advantages. This study creates scope for further study on this topic by adding primary or secondary numerical data and using statistical model for analyzing events.

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