



Enrollment of Expatriates in the Ready Made Garments (RMG) & Textile Sectors of Bangladesh

Saiful Islam¹, Tasneem Nabila Islam^{2*}

ARTICLE INFO

Article History:

Received: 25th October 2019

Accepted: 27th November 2019

Keywords:

Bangladesh, Expatriates,
Management Jobs,
Ready-Made Garment (RMG),
Textile.

JEL Classification:

F22

J44

J61

ABSTRACT

Purpose: This study aims to explore the employment of expatriates in the management role, the reasons and subsequent impact on the Ready Made Garment (RMG) and textile sectors of Bangladesh.

Methodology: Based on a qualitative research approach, thirty experts from three levels of management of ten different firms have been interviewed using snowball and convenience sampling.

Findings: Expatriates recruited in the top and mid-level management positions are mostly from India and Sri Lanka. Previously, they were primarily employed because of the scarcity of technical and managerial skills in Bangladesh but now are substituting the jobs that could otherwise be offered to the qualified domestic managers. High magnitude of corruption among home country managers, requisite to ensure efficiency and lack of technical skills have been cited as the prime causes of expatriates' presence. A collaborative effort from the government, owners and various stakeholders are required to change the current level of dependency on expatriates in the RMG and textile sectors of Bangladesh.

Limitations: This exploratory research requires the inclusion of more substantial datasets and more specific determinants to complete conclusive research in the future.

Practical Implications: This study outlines a holistic effort from all stakeholders in the RMG and textile sectors to reduce dependency on expatriates and create opportunities for more local employment and development of their skills and competencies.

Originality/Value: The findings of this research shed some light on the existing gap in academic research regarding the issues of expatriates working in the management position of the RMG and textile sectors of Bangladesh.

1. Introduction

1.1 Background of the Study

Ready Made Garments (RMG) and textile are the two most significant sectors of the economy of Bangladesh. With the greater share of the export basket of the country, these

* Corresponding Author

¹ Assistant Professor, Department of International Business, Faculty of Business Studies, University of Dhaka, Bangladesh, Email: saifulib@du.ac.bd

² Lecturer, Department of Electrical and Electronic Engineering, Daffodil International University, Dhaka, Bangladesh, Email: tasneem.n.islam@gmail.com

Copyright © 2020 The Author(s). Published by FBS, BUFT

This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

two sectors are altogether contributing to the economic expansion of Bangladesh. Several factors are accelerating this process, including low cost of labor, availability of a large pool of workers, ease of operating technologies (Islam & Islam, 2018). In this connection, Ahmed (2017) pointed out some other factors, including price, capacity, capability, product integration, logistics, and others. Consequently, when consumers switched purchase toward cheaper sources due to reduced buying power in the recent global economic downturn, the economy of Bangladesh was quite stable due to the increasing contribution from the RMG and textile sectors.

However, international buyers nowadays prefer fashionable, high-quality garments from manufacturers who can produce at an advanced level in terms of product design, differentiation, quality, compliance, service, and productivity. This is an emerging challenge for the RMG and textile sectors of Bangladesh because there is a substantial gap that exists between the requirements and preferences of international customers and the capabilities of Bangladeshi suppliers (Patwary, 2015). These sectors are constrained by the lack of knowledge and intelligence regarding the global apparel market, shortage of competent local employees for managerial positions, port inefficiency, high bank interest rate, political unrest, import of raw materials, and others (“Bangladesh RMG competencies”, 2017; Patwary, 2015).

Several previous studies already shed some light on many of these problems, but there is hardly any research that addressed the issue of hiring foreign nationals in the managerial positions of the RMG and textile sectors of Bangladesh. Therefore, further studies are required to explore the reasons for hiring expatriates in the RMG and textile sectors of Bangladesh, potential impacts on local employment, and finding ways of replacing those positions with local nationals.

1.2 Scope of the Study

This study addresses the enrollment of expatriates in the RMG and textile sectors of Bangladesh. It compares the expatriates and domestic employees in the management role, recruitment decisions and potential impact on the overall development of the RMG and textile sectors of Bangladesh. In this regard, this study considers a few selected RMG and textile firms which employ foreign employees in their organization in different management roles. Only a few firms are selected because of the incomplete census data of firms with foreign employees and the convenience of the researchers. However, responses considered in this study range from top-level management to functional level management of the firms, which are involved in export markets.

1.3 Research Aim and Objectives

This study aims to provide an insight into the factors leading to the employment of expatriates, particularly in the management positions of RMG and textile sectors. In this

regard, the following four are specific objectives of this study. First, to explore the current scenario of top and mid-level management jobs in RMG and textile sectors. Second, to identify the reasons for hiring foreign nationals in the managerial positions. Third, to provide a comparison between domestic managers and expatriates in terms of their skills, capabilities and remuneration, and fourth, to evaluate the impact of hiring foreign employees on firms and the country.

1.4 Rationale of the Study

This study has implications in several aspects. First of all, it contributes to the existing literature of the RMG and textile sectors of Bangladesh by exploring the expatriate's enrollment and its potential impact. Second, this study identifies the primary reasons behind the increasing number of expatriates in the RMG and textile sectors of Bangladesh. Consequently, it broadens the scope for future policy development where policymakers could emphasize the reduction of dependency on foreign employees in these two most significant sectors of the economy of Bangladesh. Third, this paper also outlines a few suggestions based on the findings of the study, which could be a starting point for further conclusive research. Last but not least, this research importantly provides valuable insights that would be useful to develop the national policy to increase local employment in the RMG and textile sectors of Bangladesh.

The remaining of this paper is organized into four additional sections, excluding this introduction. In section 2, essential pieces of literature are presented to develop the research gap. Following that, the methodology of the study, including data collection and analysis technique are presented in section 3. Section 4 highlights the significant results and relevant discussion of those analyses. The conclusion and significant implications of the study are presented in the final section of the paper.

2. Literature Review

A primary concern for firms in international trade is the managerial jobs being occupied by the expatriates. Expatriates work as a bridge to transfer knowledge between the parent companies and subsidiaries and possess a high level of autonomy in determining what kinds of knowledge to disperse (Riusala & Suutari 2004). These expatriates can be categorized into different groups like assigned expatriates, inter-self-initiated expatriates, intra-self-initiated expatriates and drawn expatriates (Andresen, Bergdolt, Margenfeld, & Dickmann, 2014). Besides, growing demand in the international marketplace and career opportunity with global mobility encourage personnel to self-initiated expatriates (Arp, Hutchings, & Smith, 2013).

In this connection, most theories related to expatriates and international human resource management used the push-pull theory of migration to identify the reasons for expatriation. Factors that force someone to shift from an area are considered as push

factors, while factors that attract to an area are considered as pull factors (Jalil, Islam, & Tareq, 2016). In another study, Pineda, Matriano and Ekundayu (2016) conceptualized the push-pull theory of rural-urban migration into a process to depict the migration from developing to developed countries. In that conceptual framework, authors added lack of political or religious freedom, unemployment or underemployment, minimal opportunities, discrimination, natural disaster in developing nations as push factors and standard of living, salaries and wages, tax scenario, welfare benefits, and educational and medical benefits in the developed countries as the pull factors.

However, previous studies also identified several problems associated with appointing expatriates in management roles despite the factors contributing to this migration. For example, Bonache, Brewster and Suutari (2001) in their study find that the selectors tend to overlook the conditions laid down by the HR department and end up enrolling expatriates in a manner that is less organized and inconsistent. The authors also indicated that the use of foreign nationals will wane as globalization, regionalization intensifies. Most companies do not feel it necessary to measure the Return on Investment (ROI) of expatriates. Instead, there exists strategic, operational and cultural impediments for measuring the ROI of expatriates and managers of global firms (McNulty, Cieri, & Hutchings, 2009).

The RMG and textile sectors of Bangladesh are not excluded from this scope. Expatriates occupying the managerial jobs in Bangladesh have long been a significant concern since an adequate number of local managers in those positions are not generated. Islam et al. (2017) conducted a study on the issues of expatriates in the RMG sector of this country where they identified the country of origins of the expatriates working in the management posts of RMG sector and brought to light that Indian and Sri Lankan expatriates hold the dominant position in this case. Besides, the reasons for hiring foreign nationals demonstrated in the study of Islam et al. (2017) include owners' mindset, lack of skills of local staff, trustworthiness, educational and training level, specialized skills, professionalism and others.

In addition to this, the turnover rate of mid-level local managers in the RMG and textile sectors of Bangladesh is also alarming. These local managers, within a few years of employment, tend to switch to other industries such as FMCG, banking, telecommunication for better career prospects (Hasnin & Ahsan, 2016). Owners of various RMG and textile factories can play a crucial role in this regard by offering a better compensation package to the local managers and putting trust in them. Because, in any labor-intensive industry, the fulfillment of organizational goals and objectives entail on the proper use of the motivated, skilled, experienced, knowledgeable human resource at all levels (Huda, Karim, & Ahmed, 2007). Thus, an overall effort is required to change the dependency on foreign expatriates to the local manager in order to take over the leadership role in the world apparel market (Ahmed, 2017).

Therefore, to the best of the researchers' knowledge, there is hardly any academic research that addressed solely the issues of expatriates working in the management position of the RMG and textile sectors of Bangladesh. Although there is an organizational survey on the expatriates of garments sector, it did not address how the facts or reasons of hiring them differ between RMG and textile sector, the differences that persist in the tax payment and recruitment process of foreign and local employees of RMG and textile sectors, the advantages and disadvantages of hiring foreign employees for the firms and the country and whether the recruitment of these expatriates substitute or complement the managerial jobs of RMG and textile sectors. Thus, there is substantial scope for further research to address this gap.

3. Methodology

3.1 Research Approach

This study adopts a qualitative research approach that is beneficial to scrutinize a phenomenon, reality or meaning and get a thorough understanding of future conclusive research. This approach also explains a real-life setting more meaningfully using a descriptive and non-numeric method. Besides, this study is exploratory research in nature, which dives deeper into the research problem. There is usually no pre-planned design for intensive statistical analysis in this approach, which ensures more flexibility with non-randomized data collection.

3.2 Population and Sample

According to BGMEA (2018) trade information, 4482 garment factories hold membership in the year 2016-17 under BGMEA and there are 1461-member mills under BTMA, among which 425 are Yarn manufacturing mills, 796 are Fabric manufacturing mills and 240 are Dyeing-Printing-Finishing mills (BTMA, 2017). However, no specific information is available regarding either the total number of expatriates working in the textile and RMG industry of Bangladesh or the total number of expatriates in each level of management. Thus, this study adopts a non-random sampling method for determining an appropriate sample frame since probability sampling is not possible.

However, both snowball and convenience sampling techniques have been used to develop the sample frame. These sampling techniques can be carried out conveniently within a short period and by asking questions to a handful of easily approachable respondents. Taking referrals from the initial respondents is also essential as there is no specific information regarding expatriates employed in various firms within the industry. However, the firms which denied the presence of any expatriates are excluded from the sample size. Therefore, sequentially, ten such RMG and textile firms have been included in the sample for further interviews. Interviews have been conducted with at least one person from the three levels of management- top management/owners, middle

management and line management in order to learn about their opinions regarding the different aspects of employing expatriates. Thus, a total of thirty respondents have been included in the sample size.

3.3 Data Collection Method

In-depth interviews have been conducted by paying a visit to the workplaces of the firms included in the sample. The interviews are semi-structured since it consisted of both pre-determined questions and additional questions to further clarify the issues. Besides, these interviews are digitally recorded and written down with the permission of the interviewees. Interviews are scheduled at the convenience of both respondent and researcher, which usually lasted for around 1 or 1.5 hours. The information has been collected within four months of the research phase from August to November 2018.

A list of open-ended questions is used for the top and mid-level managers who provide insights regarding the reasons behind employing foreign employees. Besides, data has been collected regarding the country of origin of foreign employees and expectations from the expatriates. Moreover, data have also been collected from other sources such as articles of different journals, organizational report of CEBAI, International Growth Centre (IGC), Policy Research in International Services and Manufacturing (PRISM), online publications, textile and RMG related magazines and business publications like Textile Today, Textile Focus, newspapers, blogs of University of Oxford and so on.

3.4 Data Analysis Techniques

An important and widely used qualitative data analysis technique like content analysis has been used to analyze the data. This research method involves a subjective explanation of the content of the data through logical identification and categorization of different patterns or themes of data. In this study, the data have been grouped into several categories, namely the current scenario of different aspects of foreign employees working in the RMG and textile sector, reasons for employing expatriates, differences between local and foreign employees and the impact of hiring expatriates. Moreover, data have been analyzed through descriptive statistics using simple tables and logical explanations.

4. Result and Discussions

4.1 Current Scenario of Top & Mid-Level Management Jobs in RMG & Textile Sectors

Before crafting further policy implication and a collaborative strategic effort, the current status of expatriates in RMG and textile sectors of Bangladesh need to be identified. Understanding the current scenario consists of country of origins of the expatriates, roles played, total number and managerial posts held by expatriates in the organizations. Expatriates of management positions are mostly White-collar foreigners from Sri Lanka, India, China, Singapore and Pakistan working in EPZ and outside of EPZ firms (Patwary,

2015). However, people from South Korea, Taiwan and the Philippines can also be found working in this sector (Mirdha, 2015). Besides, they are working, especially in merchandising, marketing, engineering, fashion design and product development, as well as in senior management positions (Patwary, 2015). The positions also include knitting, weaving, dyeing and printing, finishing and washing plants, quality control, industrial engineering, planning, production management, top management, cutting, stitching and merchandising (Rahman, 2017).

Furthermore, primary data revealed that the expatriates are mostly employed in the technical departments and sometimes in the human resource department. They are usually assigned to the managerial posts such as Managing Director (MD), Deputy General Manager (DMD), and General Manager (GM). Moreover, some companies also hire foreigners to play the role of an advisor or a consultant. Some of the posts held by expatriates in the firms included in the sample are Managing Director, Chief Executive Officer, Chief Operating Officer, Chief Merchandiser, Deputy Managing Director, Executive Director, General Manager (Production, Printing), Deputy General Manager (Production), Assistant General Manager, Cutting Manager, Quality Assurance Manager, Merchandising Manager, Dyeing Manager etc. Besides these posts mentioned above, expatriates are also recruited as project head or technical advisor.

Moreover, the actual number of foreign nationals working in RMG and textile sectors is not authentic because no investigation has been made officially (Rahman, 2017). The secondary source of statistics revealed that around 25,000 foreign workforces are in many different positions in the textile and RMG industry (Patwary, 2015). However, the study of Islam et al. (2017) estimated that a total of 34,340 expatriates are working in the ready-made garments industry of Bangladesh. Additionally, the in-depth interviews with the managers, owners and advisors of different textile and RMG companies revealed that around 80-90% of the management posts are occupied by foreign nationals, which are also declining gradually.

4.2 Reasons for Hiring Foreign Nationals in the Management Positions

Several reasons have been identified for recruiting foreign nationals instead of home country managers in the RMG and textile sectors of Bangladesh. Interviews with the industry experts revealed that expatriates are appointed to avoid the high possibility of corrupted practices by local managers. When an investor resides outside the country and assigns local managers to implement the project, such managers usually try to leave no stone unturned to take aside the money of the investors and report the project as an unprofitable venture. Moreover, foreign managers can ensure higher efficiency than the local managers in decision making as well as various daily operations.

Foreign nationals are also preferred than locals as the latter tend to switch jobs too frequently than an expatriate. Local managers switch to other organizations to receive higher remuneration but demonstrate a lack of commitment towards their job responsibilities. Consequently, local managers lag in the preference list of employers

when a long-term commitment is required from the employees for the sustainability of the projects. Since foreigners come here on a contract basis and do not switch jobs so frequently as the local managers do, it ensures successful completion of the projects and sustainability thereon.

In addition to these issues, sometimes foreign employees in the different posts of the organizations are recruited based on existing expatriates' recommendations and requirements. Sometimes these positions are filled with foreign managers who have a better connection, communication and linkage with the buyer network. Expatriates often have linkages with European and American buyers' chains, which enable them to bring orders from overseas customers. Foreign employees are also appointed when local technically advanced personnel are unavailable and foreign nationals appear highly specialized in required sectors. In this connection, while new equipment is bought from abroad and needs to be installed, foreign employees often get preference than local staff.

The role of other stakeholders is also accountable for hiring foreign nationals in management positions. The mentality of RMG owners is one of the prominent reasons for having so many expatriates in this sector. Sometimes, having foreign nationals is a matter of proud for factory owners, which they use as advertisement points to western consumers (Rahman, 2017). The slow pace of the government initiative to establish textile and vocational institutes is seen as a factor for which the factory owners' resort to appointing foreign nationals.

Consequently, a comparative summary can be drawn to determine the reasons for hiring expatriates in both RMG and textile sectors of Bangladesh. Table 1 shows some of the differences in the reasons for hiring expatriates between these two sectors. One of the significant observations from the table is that even if expatriates are hired because of existing expatriates' recommendations in the RMG sector, it is not valid in the case of the textile sector. Moreover, knowledge transfer from foreign nationals, buyers' recommendations, lack of confidence of local employees are some of the reasons behind recruiting foreign staffs in ready-made garments sector but are not equally applicable for textile sectors.

Table 1. Comparison between RMG and Textile Sector's Reasons for Hiring Expatriates

Reasons for Hiring Expatriates	RMG	Textile
Lack of skills and training in local employees	✓	✓
Dedication of the expatriates	✓	✓
Professionalism of the foreign employees	✓	✓
Recommendation of existing expatriates	✓	×
Lack of government monitoring	×	×
Knowledge transfer from expatriates	✓	×
Recommendation from the buyers	✓	×
Lack of confidence of local employees	✓	×

Source. Authors' construction based on Primary Data

4.3 Comparison between Domestic Managers and Expatriates

Foreign staffs working in the RMG and textile sectors in Bangladesh differ from local employees in various respects. Interviewees agreed to a great extent that foreign employees are highly professional compared to the local employees, which is one of the main reasons for hiring them. Moreover, as foreign employees are paid higher than the local staff, the dedication level of foreign staff are also higher. However, to some extent, local employees also show the required level of involvement and dedication, but that is very insignificant. Furthermore, expatriates are usually more committed to their jobs compared to local employees as around sixty percent interviewed experts graded commitment of local employees as medium and the rest as low compared to the expatriates working in these sectors.

Table 2. Pay Gap between Expatriates and Local Staffs in Different Managerial Posts

Occupation/Posts	Expatriates (\$ per month)	Expatriates (in BDT, \$1= Tk. 83.5)	Local Staffs
CEO/COO/MD	\$7000-15000	Tk.584500-1252500	TK.250000-500000
Adviser	\$6000-11000	Tk.501000-918500	Tk.200000-500000
GM	\$5000-10000	Tk.417500-853000	Tk.150000-250000
DGM/AGM	\$3000-8000	Tk.250500-668000	Tk.85000-130000
Dyeing/Cutting Manager	\$2000-7000	Tk.167000-584500	Tk.50000-110000

Source. Authors Constructed based on Primary Data Collection

The differences between local and foreign employees can also be drawn upon the nature of employment, recruitment process and cultural issues relevant to the textile and RMG sectors of Bangladesh. The recruitment process of foreign employees is time-consuming and on a contractual basis, which lasts from one to three years, whereas local staff is hired permanently. Foreign employees are hired through the reference of existing expatriates, whereas, similarly, local managers are also appointed through the reference of colleagues and other managers. In addition to these, foreign employees' culture is different from that of domestic employees and as a result, several cultural issues arise regarding lifestyle, food habits and religion. However, local and foreign employees differ significantly regarding the compensation package. Expatriates receive 3-5 times higher salary than that of the local employees in the same posts. Table 2 summarizes some pay gap of local and foreign managers in different positions.

4.4 The Impact of Hiring Foreign Employees on Firms and the Country

The recruitment of foreign employees has both positive and negative impacts on individual firms and the country. Firms are quite successful in minimizing cost and maximizing profits by hiring expatriates, but at the same time, it causes drainage of foreign currency out of the country, which is detrimental for the entire nation. The impact of hiring foreign employees on the firms and the country are summarized in table 3. Some of the significant observations of that table are presented as follows:

4.4.1 Downsides of Hiring Expats at Firm Level

There are several disadvantages of having foreign nationals in RMG and textile sectors. The management positions are filled with expatriates from other countries, which results in higher production costs. The employment of foreign nationals costs the industry far higher than what would cost for hiring local talent (Hashim, 2015). Many owners and employers want foreigners to share their knowledge, expertise and skills with the local managers so that local staff can learn and brush up their skills. However, in most of the cases, expatriates are reluctant to transfer their knowledge and expertise.

Table 3. Impact of Hiring Expatriates on the Firms and the Country

Firm-Level	Country-Level
<p><i>Downsides of Hiring Expats</i></p> <ol style="list-style-type: none"> 1. High production cost 2. Reluctance of expatriates to brush up domestic managers' skills 3. High remuneration paid by the companies 4. Communication difficulty 5. Tough to assess expertise of foreign employees within a short time 	<ol style="list-style-type: none"> 1. Increased outflow of foreign currency 2. Reduced public fund due to tax evasion 3. Increased unemployment 4. Impact on vision 2021
<p><i>Upsides of Hiring Expats</i></p> <ol style="list-style-type: none"> 1. Increase in overall profitability 2. Ensuring optimal workflow 3. Not involved in internal politics 4. Knowledge transfer through foreign employees 	

Source. Authors constructed based on primary data collection

Moreover, local managers and owners, in some instances, find it challenging to communicate with foreign personnel as the former has a lack of proficiency in the English language. Besides, companies spend a large extent of money as remuneration to

foreign employees, which they could save and invest in their business smoothly. It is quite challenging to determine the expertise of foreign employees and the worthiness of spending on them unless they work for a long time. Usually, it takes six months for employers to determine the level of expertise that foreign employees have.

4.4.2 Upsides of Hiring Expats at Firm Level

Apart from the downsides, some advantages drive firms to hire foreign employees. Foreign employees demonstrate higher efficiency than the locals and contribute to higher profitability. One of the experts in the interview commented that, while local workers can produce 1200 pieces with 20 machines, foreign employees can produce 2000 pieces with the same machines. Therefore, keeping other factors constant, the increased efficiency increases profits and eventually this higher profit offsets the higher remuneration paid to expatriates. Moreover, foreign employees usually do not get involved in internal politics; instead, they tend to concentrate entirely on job responsibilities and carry out tasks quite sincerely.

Besides, local employees can get to learn from foreign employees, which increases the capacity of the domestic human capital of the firm. Such expatriates also contribute to the learning process of locals and ensure optimal workflow. In RMG, every person is assigned to make different parts of an item and their tasks are interdependent. If one person in this process takes 2 minutes instead of 1 to stitch the sleeves of a shirt, then the next person to stitch the collars will receive it lately. Consequently, the task of stitching pockets will be delayed, as well. So, at the end, the entire process will slow down. In such cases, sometimes expatriates detect the mistakes being done by the workers and teach them how to do it correctly faster than the local employees. This reduces the delays in the processes, saves time, money and increases efficiency as well.

4.4.3 Country/Industry Level

The employment of foreign employees has a tremendous impact on the entire nation. In many cases, such an impact outweighs the positive effects of recruiting expatriates at the firm level. Recruiting expatriates affects the outward remittance, foreign exchange and competitiveness of the ready-made garments industry. Expatriates from Sri Lanka, Vietnam, India and other countries working at the mid-level management posts are taking away \$6 billion a year (“Groom local talent for mid-management positions”, 2017; Patwary, 2015). Moreover, such recruitment reduces the potential proceeds of public funds due to tax evasion. Foreign employees are required to pay a 30% income tax on their salaries; however, often, companies or foreign employees are reluctant to pay the tax in time.

Besides, there is a shortage of skilled workforce that prevails in the garments, marketing and technology sectors, which is an obstacle to achieve the government’s aim

to earn US\$50 billion from RMG export by the year 2021. A higher number of foreign employees fill up these positions in RMG and textile sectors, which otherwise could be managed by the locals. Consequently, home country graduates remain unemployed and miss the scope of gaining expertise in these sectors. In this regard, experts in the interviews urge that local staffs need to be developed with the required skill to achieve the government's aim of earning US\$50 billion from RMG. However, interviewees also mentioned the need for a compact advancement of resources ranging from human resources to physical infrastructure, utilities, power and energy, port facilities and the value chain.

5. Conclusion

At present, RMG and textile are the two most significant sectors of the economy of Bangladesh. From the beginning of the expansion of these two sectors, foreign nationals have long been employed to fill up a shortage of required skills and expertise on local employees. However, over time, local employees have gained the skills and knowledge to some extent through learning by doing while some educational and training institutions specialized in these two sectors have been established to support the progression. Therefore, it is claimed by the industry experts that expatriates are no longer required so much as it was required back in the 1970s and 1980s. Based on this assumption, this study aims to provide an insight into the factors leading to the employment of expatriates, particularly in the management positions of RMG and textile sectors of Bangladesh, by considering the current scenario, reasons and consequences of hiring expatriates compared to domestic managers.

The significant findings regarding the current scenario delineate that expatriates who are working in the RMG and textile sectors of Bangladesh are managers from Sri Lanka, India, Pakistan and China. They are mostly employed in the top and mid-level management posts like CEO, MD, GM, Directors. There are several reasons behind recruiting foreigners in these sectors, which include the high magnitude of corruption and frequent job switching by local managers, foreign managers' linkage with buyers' network, lack of technically advanced people, installation of new machinery, knowledge transfer and others. Besides, the comparison between domestic managers and expatriates reveals that foreign employees tend to be more professional, dedicated and committed, but the high compensation paid to the expatriates should not be ignored.

Moreover, this study also finds several upsides and downsides of recruiting foreign managers in the RMG and textile sectors of Bangladesh at both firm and country levels. The consequence of hiring a massive pool of foreigners includes increasing overhead costs of the firm. Besides, the owners and top officials are reluctant to brush up the skills of domestic managers because of the availability of expatriates. At the country level, the recruitment of foreign citizens results in higher dollar outflow, increased unemployment

in the country as they are occupying the management jobs. Instead of training local nationals and making them capable of managerial positions, the factory owners are still increasing their reliance on the expatriates.

To overcome this dependency on expatriates, all the stakeholders of RMG and textile sectors should step up. In order to reduce reliance on expatriates, owners or employers should introduce social welfare plan such as gratuity fund, the provident fund to ensure the job security of top and mid-level management. They can also offer the trusted employees a percentage of share so that they do not leave the job or start their own business. Besides, the government should exercise close monitoring on the number of expatriates working in these sectors and readjust the tax paid by foreign employees. The BIDA should increase the fees required to secure a work permit and initiate strict monitoring of the number and reasons for employing foreign employees in the RMG and textile sector. BGMEA and BKMEA should maintain a database of foreign employees. Moreover, more investment is required to establish and maintain specialized institutions in RMG and textile sectors so that local graduates acquire the appropriate level of skills and competencies.

References

- Ahmed, A. (2017). Moving towards global leadership position in RMG exports- Opportunities and challenges. *Textile Today*. Retrieved from: <https://www.textiletoday.com.bd/moving-towards-global-leadership-position-rmg-exports-opportunities-challenges/>
- Andresen, M., Bergdolt, F., Margenfeld, J., & Dickmann, M. (2014). Addressing international mobility confusion- Developing definitions and differentiations for self-initiated and assigned expatriates as well as migrants. *International Journal of Human Resource Management*, 25(16), 2295–2318. DOI: <https://doi.org/10.1080/09585192.2013.877058>
- Arp, F., Hutchings, K., & Smith, W. A. (2013). Foreign executives in local organizations: An exploration of differences to other types of expatriates. *Journal of Global Mobility*, 1(3), 312–335. DOI: <https://doi.org/10.1108/JGM-01-2013-0006>
- Bangladesh RMG competencies affected by inefficiency of the Chittagong port (2017). *Textile Today*. Retrieved from: <https://www.textiletoday.com.bd/bangladesh-rmg-competencies-affected-inefficiency-chittagong-port/>
- Bonache, J., Brewster, C., & Suutari, V. (2001). Expatriation □ : A developing research agenda. *Thunderbird International Business Review*, 43(1), 3–20.
- Grainger, R. J., & Nankervis, A. R. (2001). Expatriation practices in the global business environment. *Research and Practice in Human Resource Management*, 9(2), 77–92.
- Groom ‘local talent for mid-management positions in RMG industry’ (2017). *Financial Express*. Retrieved from: <https://thefinancialexpress.com.bd/trade/groom-local-talent-for-mid-management-positions-in-rmg-industry-1512365934>

- Hashim, S. M. (2015). Skilled manpower shortage. *The Daily Star*, Retrieved from: <http://www.thedailystar.net/op-ed/politics/skilled-manpower-shortage-166294>
- Hasnin, N., & Ahsan, M. (2016). Employee training and operational risks : The case of RMG sector in Bangladesh. *World Journal of Social Sciences*, 6(2), 71–81.
- Hearle, C. (2016). Skills, employment and productivity in the garments and construction sectors in Bangladesh and elsewhere. *Oxford Policy Management: Oxford, UK*, Retrieved from: https://assets.publishing.service.gov.uk/media/5977616f40f0b649a7000022/Skills_productivity_and_employment.pdf
- Huda, K. N., Karim, M. R., & Ahmed, F. (2007). HRM practices & challenges of nongovernment development organizations: An empirical study on Bangladesh. *Journal of Management*, 9(1), 35-46.
- Islam, S. R., Hossain, M. I., Islam, M. T., & Tareq, M. (2017). *Employment of expatriates and its alternatives in the RMG sector of Bangladesh*. Retrieved from: <https://cebai.org/wp-content/uploads/2018/01/Research-Report-on-Employment-of-Expatriates-and-its-Alternatives-in-the-RMG-Sector-of-Bangladesh.pdf>
- Islam, S., & Islam, T.N. (2018). Insights into the skill development issues of management jobs: A study on RMG and textile sectors of Bangladesh, *Asian Social Science*, 14(12), 56-66.
- Jalil, A., Islam, M. T., & Tareq, M. (2016). *Study on migration pattern of workforce in RMG sector for positioning RMG related skill training centers*. Retrieved from: <http://www.nsd.gov.bd/en/home/>
- McNulty, Y., Cieri, H. De, & Hutchings, K. (2009). Do global firms measure expatriate return on investment? An empirical examination of measures, barriers and variables influencing global staffing practices. *The International Journal of Human Resource Management*, 20(6), 1309–1326. DOI: <https://doi.org/10.1080/09585190902909830>
- Mirdha, R. U. (2015). Foreign employees on the rise in Bangladesh. *The Daily Star*, 31 December. Retrieved from: <http://www.thedailystar.net/business/foreign-employees-the-rise-bangladesh-194584>
- Nazir, T., Shah, S. F. H., & Zaman, K. (2014). Review of literature on expatriate compensation and its implication for offshore workforce. *Iranian Journal of Management Studies*, 7(2), 203–221.
- Patwary, A. A. (2015). Skill gap in textile & RMG Industry and vision 2021. *Textile Today*. Retrieved from: <https://www.textiletoday.com.bd/skill-gap-in-textile-rmg-industry-and-vision-2021/>
- Pineda, A. P. M., Matriano, M., & Ekundayu, G. (2016). The expatriates pull factors in the gulf cooperation council countries. *Science Journal of Business and Management*, 4(6), 223–228. DOI: <https://doi.org/10.11648/j.sjbm.20160406.17>
- Rahman, M. J. (2017). Interview with Mohammad Jahidur Rahman for *Textile Today*. Retrieved from: <https://www.textiletoday.com.bd/aspects-foreign-employees-bangladesh-textile-rmg-industry/>
- Riusala, K., & Suutari, V. (2004). International knowledge transfers through expatriates. *Thunderbird International Business Review*, 46(6), 743–770. DOI: <https://doi.org/10.1002/tie.20034>