

Report On

“Implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh – A comparative study between the advantages and disadvantages of green approach”

By

Munshi Alif

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An internship report submitted to the “BRAC Business School” in partial fulfillment of the requirements for the degree of BBA

BRAC Business School

BRAC University

September, 2021

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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing a degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Munshi Alif
ID: 16204104

Supervisor's Full Name & Signature:

Ahmed Abir Chowdhury
Lecturer, BRAC Business School
BRAC university

Letter of Transmittal

Ahmed Abir Chowdhury

Lecturer

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report on “Implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh – A comparative study between the advantages and disadvantages of green approach”

Dear Sir,

It is indeed a great pleasure for me to be able to hand over the Internship report on “Implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh – A comparative study between the advantages and disadvantages of green approach”. This report is the result of the knowledge which has been acquired from the respective field of my internship.

I have attempted my level best to prepare this report and tried to make it precise. The report writing was quite a challenging and interesting experience for me and I would like to give the credit to you and really appreciate the detailed instruction that you have provided to me.

I hope that you will find this report useful and fulfilling as per the requirements. I would be thankful if you would be kind enough to receive my report and provide your valuable judgment.

Sincerely yours,

Munshi Alif

ID: 162041014

BRAC Business School

BRAC University

Date: September 25, 2021

Non-Disclosure Agreement

This Agreement was established and signed between ABA Group Bangladesh and Mr. Munshi Alif. Mr. Munshi Alif is seeking experience and training from ABA Group Bangladesh, and as a result of his efforts, he may be exposed to personal material (as defined below). The agreement's goal is to prevent Confidential Information from being disclosed without authorization.

Non-Disclosure Agreement:

Without Company's prior written authorization, Intern will not: a) expose Confidential Information to any other person; b) produce or cause to be made copies or other reproductions of Confidential Information; or c) Any commercial use of Confidential Information is prohibited.

Confidential information:

Financial and accounting records, intellectual property, private data, security measures, new goods or services, projections, or any other proprietary company information that, if released, could hurt the Company's business are examples of confidential information.

Return of Confidential Materials:

Upon Company's request, Intern will promptly return all original materials as well as any copies, notes, or other documents related to Confidential Information in Intern's possession.

Term and conditions:

This Agreement, as well as Intern's commitment to keep Confidential Information private, will remain in effect until either a) Company terminates this Agreement in writing, or b) Confidential Information divulged under this Agreement ceases to be confidential.

MD. Mehedi Hasan

Deputy Manager (Merchandising)

ABA Group

Munshi Alif

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I would like to convey my appreciation to ABA Group for giving me the wonderful opportunity to do an internship into their organization. I am very much thankful to my authoritative supervisor, Md. Mehedi Hasan, Deputy Manager (Merchandising), ABA Group, for his kind support and encouragement.

Furthermore, I am obliged to my mentors Md. Hasan-Ul-Islam, Asst. Merchandiser, ABA Group & Md. Shifat Ullah, Merchandiser, ABA Group, for being extremely helpful, friendly and kind. Also, many thanks to my colleagues and R&D team for being so supportive and helping me by providing the vital information for my internship report.

I feel blessed to be surrounded with so many positive and supportive people and I am grateful to the almighty.

Executive Summary

This report is the representation of the implementation of Green RMG (readymade garment) setup in Bangladesh. The report is segmented into several sections and each section consists of different information including both the intern company and the conducted research. The first section is the overview of the internship where I have discussed about the company from which I have done my internship, the details of my supervisors, my internship outcomes, problems and difficulties and some recommendations for the new interns. Following that, the reader will find the organizational part where details of the company have been described. From the overview of the company to management practices, marketing practices, financial performances, operations management and information system practices and industry competitive analysis everything about the company has been described. The third section is all about the research. The reader will find the vital information about the research. From the research topic to literature review, research questions, objectives, significance, methodology, theoretical framework, findings and analysis everything is there for the reader to have understanding on the research conducted.

Finally, the report ends with a summary and conclusion based on the research outcome and also with some recommendations for all the readymade garments of Bangladesh.

At the end of the report there are references and appendix and the reader is most welcome to have a look into the references and appendix to gain further knowledge on the research conducted.

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Chapter 1: Overview of Internship

1.1 Student Information

Name: Munshi Alif

ID: 16204104

Major: Marketing & Finance

Program: Bachelor in Business Administration (B.B.A)

1.2 Internship Information

1.2.1 Period, Company Name, Department, Address:

Period: From June 14, 2021 to September 13, 2021

Company Name: ABA Group

Department: Merchandising and marketing

Address: Sena Kalyan Commercial Complex (7th & 8th Floor) Plot #9, Block #F, Tongi, Gazipur, Bangladesh

1.2.2 Internship Company Supervisor's Information:

Name: Md. Mehedi Hasan

Designation: Deputy Manager (Merchandising)

1.2.3 Job scopes:

I got the opportunity to become a part of the merchandising (Team 1) at ABA Group. Our merchandising team is divided into two separate teams for the ease of handling many buyers. My team was handling some of the well known buyers such as Marks, Top Ten, Denver Hayes, Hang Ten and I was responsible for communicating and keeping track of those foreign buyers.

Once there is a new order from the buyer, we, all the merchandisers, get notified via email and start processing the orders. During processing the orders my prime duty was to follow up the

samples and make sure the samples are timely ready so that we can get the permission from buyers to proceed for bulk production.

1.3 Internship Outcomes

1.3.1 Student contribution to the company:

For a buyer it is most important to have a timely delivery of orders and for garments it is important to be able to deliver the goods timely. Garments that can deliver goods timely are easily able to build strong business relationships with the buyers and expect to have orders again from the same buyer.

Now, a successful delivery of goods mostly depends on an expert merchandiser or a team of expert merchandisers because they can shorten the time perfectly and order all the necessary goods from the supplier keeping that time string.

As an Intern merchandiser I helped my team by placing the orders timely. Once our team gets an order from the buyer, I used to style wise breakdown the purchase order into price, quality, colors, specifications, PO issue date, delivery date and start processing the orders.

I used to proactively order those raw materials from suppliers that are vital for making samples such as the fabric, pocketing cloth, thread, buttons, rivet, zipper etc. so that we can deliver the sample to our buyers timely.

On the other hand, I used to keep track of each of the ordered style pants/ jackets in the sample making section. Every day twice or thrice I used to go to the sample making section, follow up the CAD, cutting, swing and finishing section to make sure the samples are ready for timely delivery.

Finally, I used to report the condition of our individual samples to my senior so that he can inform the buyer when we are sending them the samples. Our buyers were very satisfied with the time to time updates and timely delivery of the samples.

Even though my contribution was just a fraction of the other merchandisers' contributions in my team, I can proudly say that I helped my team to deliver goods and make our buyers happy.

Therefore, I can say that our buyers were happy with our work and placed bulk orders for the next season which will be quite profitable for the company.

1.3.2 Benefits of the students:

At first, Getting rid of the fear of failure is the best achievement that I have received during my internship period. It is quite common to have a fear of failure in the workplace but have learned to keep calm and adapt with the environment.

Secondly, I have developed very good communication skills. As a merchandiser we always have to communicate with buyers, suppliers, agents and lots of people every day. This day to day communication helped to nourish my communication skills.

Thirdly, I have learned to work under pressure. The pressure of timely delivering goods is always on merchandisers. We are always responsible for any delay and have to answer to the buyer. Therefore, we always have to work under pressure to make the delivery timely.

Besides that, I have learned to keep calm during harsh times and learned to handle difficult situations. When we cannot deliver goods timely sometimes we have to hear harsh words from the buyer but we stay calm during that time and use tactics to minimize the situation.

Finally, I have gained a lot of experience. The experience I have gained is not only related to this garment industry but also about different people, situations and learned how to uphold myself. I firmly believe that these experiences will be beneficial for my future career.

1.3.3 Problem/ Difficulties:

At first it was quite difficult for me to understand all the terms used in merchandising. It took me time to remember the names of different garment parts and accessories. Also, it took me a solid one month to understand the whole merchandising process. It was difficult for me to understand how everything works and from where I have to start my work.

Moreover, as a head office merchandiser we have to handle buyers, need to communicate with the sample section all the time, need to follow up the samples, we also need to communicate with the commercials therefore, knowing a lot of people and from time to time communicating with them at the same time was difficult.

Also, it was difficult to understand the buyers and manage them. Buyer's demands are always high; they want different tones, wash and color in their garments. Therefore, understanding their needs and delivering the garment according to their needs was difficult.

1.3.4 Recommendation:

For new interns in merchandising department my recommendation would to be the followings -

- Take a few weeks to get well acquainted with the office environment. Memories where there are different departments, rooms of important personnel such as chairman, director, managing director, Head of HR, head of accounts or finance etc.
- Get well known with the sample making section. It is very important to get familiar with CAD, Cutting, Swing, Finishing and quality sections because most of the time will be spent here.
- Communicate with the team members and learn as much as possible keeping in mind that not to ask anything to the team member when they are busy.
- Persuade colleagues, seniors and other important personnel.
- Do not panic. If there is any confusion ask genuinely
- Be polite, respectful and charming.
- Have the mindset of learning. If there is no will of learning, no one will willingly teach and the outcome of the internship will be desirable.

Chapter 2: Organization Part

2.1 Introduction

In Bangladesh's fast growing economy, the textile and apparel sectors represent a single source of development. Textile and garment exports account for the majority of foreign exchange profits. Bangladesh's gross domestic product (GDP) was estimated at US\$6.29 billion by the World Bank in 1972, and it increased to \$368 billion by 2021, with \$46 billion coming from exports, 82 percent of which were ready-made clothes. Bangladesh was the world's second-largest clothing producer in 2016, after only China. Bangladesh is the second-largest supplier of western fast fashion brands in the world. Only 5% of textile plants are held by foreign investors, with local owners controlling the majority of output.

ABA group is one of the leading garment industries in Bangladesh. Like many other garments, the company is also contributing to the country's GDP with dedication. Here in the organization part I have thoroughly discussed this company. This organizational part is divided into several segments. At first, in the "overview of the company " segment every detail about the company is discussed including its mission and vision. In the next segment company's "Management practices" are described which includes the "organizations leadership style", "Human resource planning process of the organization", "Compensation system" of the company and "training and development" phase of the company. Moreover, the company's marketing practices has been described broadly where I have talked about the "segmentation", "targeting", "positioning" and the "4ps" of the company's marketing strategy. Furthermore, I have talked about the company's "financial performance and accounting practices' ". Next in this part of the report, the company's "Operations management and information system practices" has been described where I have talked about the different MIS tools that the company uses for its business operations. At the end of this part of the report, "Industry competitive analysis" has been done where different tests such as- porter's 5 forces and SWOT have been done so see the competitiveness of the company.

Finally, this part of the report ends with a summary and conclusion and with some recommendation for the company.

2.2 Overview of the company

ABA Group is one of the finest and well known readymade garments producers in Bangladesh which started its journey in 1992 with a dream of green approached garments where Bangladesh will be the most popular country in apparel manufacturing on the entire planet.

The group has 5 responsible production facilities and they are 1. VDLS (Vintage Denim Studio Limited) 2. VDAL (Vintage Denim Apparels Limited) 3. AFL (ABA Fashion Limited) 4. PAL (Pimkie Apparels Limited). Among the 5 productions 3 of them hold the LEED (Leadership in Energy and Environmental Design) Gold certification and 1 of them holds the platinum certification which manifest that they are one of the most environmentally friendly and green production-friendly garments in Bangladesh.

The clients of ABA Group are one of the top brands in the world. Such as H&M, AMERICAN EAGLE, ZARA, BONOBO, ONLY, MANGO, ONLY & SONS, TOPTEN & many more. Currently, the group has 101 production lines and it has a production capacity of 8,43,000 standard hours/ month with a yearly turnover of 325 million USD.

Mission of the Company:

To manufacture with responsibility by ensuring the most dynamic interaction among human, machine and method, and to leave the world a better place for the generation to come. (ABA)

Vision of the Company:

To be the best apparel manufacturer in the world and to be the heart of Bangladesh's accelerating popularity in the global readymade garments arena with our unwavering passion and promise. (ABA)

2.3 Management Practices

2.3.1 Organization's leadership style:

The organization follows "participative" Leadership. Now, there are similarities between democratic leadership and participative leaders, however, they are not the same type of leadership. In a democratic leadership, team members can vote and have the right in ultimate decision making. On the other hand, in a participative leadership team members can be a part of the decision making process, give their inputs but the final decision will be made by the leader.

However, each of the leadership styles has different benefits and the participative leadership style is the most suitable one for this company.

The participative leadership style is proven very effective in terms of achieving the goals and the objectives of the company. The company wants positive business practices throughout the organization and its ultimate objective is to progress in wearable programs by supporting its clients and pleased them as much as possible via both internal and external programs.

The company is well aware of its business and knows the importance of employee satisfaction which is directly related with their performance. In south Asia, Bangladesh is the biggest earner of garments businesses but the earning has drastically declined due to underperforming employees. Therefore, the company is well focused on its leadership style where it is focusing on the maximum employee satisfaction. Employees in these organizations have the right to speak and participate in decision making. Every Business season board meeting takes place where Chairman, managing director, directors, executive directors and all the teams of employees gather and make decisions for that season. This participation gives the employees the feeling that they have control over their work which erases any negativity on their work attitude and behavior.

On the other hand, as the company is following participative leadership style it is progressing in its wearable program by supporting clients needs and helping them reach their goals because the ultimate decision is taken by the leader. One of the downsides of democratic or laissez-faire leadership is to do as per everyone's decision which often becomes messy but in participative leadership, the leader takes everyone's decision and finally he decides what should be the best for the organization which is much more structured. Therefore, taking ideas, opinion from every employee, the leader is making the final decision which is much faster, less accountable and accurate and it is keeping employees satisfied while accomplishing the ultimate objective of the organization.

2.3.2 Human resource planning process of the organization

Recruitment and selection:

In terms of recruitment and selection process the company went through various processes and the goal is to find the right people for the right position. There are other objectives of their recruitment process and they are - offering promising career and security, retaining the promising employee, providing scopes of future development, minimizing cost and reducing favoritism.

There are four steps in requirement process:

1. First, the organization looks for any vacant position. If there is any vacant position they go for the next step.
2. After finding a vacant position they company looks for requisition from employees. HR department analyze it and go for the next step
3. If still there is any shortage of employees after the requisition they go for public announcement such as advertising in newspapers or different websites.
4. After the announcement for hiring, they collect the CVs from the candidates, analyse the CVs and call for an interview.

Once the interview is done, then they enter into the selection process. The objective of the process is to hire the potential employees where they went through several tests such as an employment test where the attitude and psychological tests will be done to see the all mentality of the employees. After that, a job knowledge and interest test will be done.

Once the candidate passes the entire test, then the HR will do a reference and background analysis to see if all the information is correct. Once all the steps are successfully done, a selection decision will be taken. If the employee is finally selected they will be called for a physical test and they will receive a job letter from the company.

Compensation system:

The employees of the organization enjoy the benefit that the company provides to them. The compensation includes mostly the direct monetary benefits where the employees get the salaries, wages, commissions and bonuses.

Training and development:

The company is highly focused on skilled employees and labor forces. To run a garment company every sector of employment has to be well trained and skillful. The merchandising sector is supervised by well known personnel who have years of experience in this field and also who have worked with buying houses before. Therefore, the company has highly skillful merchandisers who control the business. On the other hand, the company has a highly qualified in-house research and development team and most of them are foreigners who have years of experience in the fashion industry. They train and develop the employees who will be working in the factory. Moreover, the workers are well educated and they are experts in operating the machines.

2.4 Marketing Practices

For the marketing the company has kinds of segmentation, Demographic and Geographic segmentation.

Demographic segmentation:

- **Age:** The company manufactures various clothing for different age categories such as kids clothing, adults clothing even clothing for old peoples.
- **Gender:** The Company produces a variety of denim products depending on the gender of the wearer. They manufacture a variety of denim items for men, women, and unisex. For example, men's five pocket denim, women's skirts, men's and women's jackets, and most children's clothing are unisex.
- **Religion:** The majority of the buyers are Christians. Therefore, because their culture and point of view differ from ours, they choose stretch denim or DIY denim products. ABA

produces denim products based on customer requests. As a result, religion plays a role in this situation.

Geographic segmentation:

When a company separates its market by region, this is known as geographic segmentation. Geographic segmentation is also done by company as the majority of the buyers are from various countries. The majority of the customers are from the United States and Europe. Everything is different here in terms of product design, washing, and buyers.

Targeting:

ABA Group employs a distinct marketing strategy through product, pricing, placement, and advertising campaign for each group. Customers who are targeted by the company are primarily from the United States and Europe as denim products are in high demand in those countries. The denim market in the United States and Europe is the largest and most loyal in the world. The American market is now worth \$90 billion, while the European market is now worth €14 billion. That is why the company hopes to attract more foreign consumers from the United States and Europe. ABA strives to build a long-term B2B connection with all of his customers.

Positioning:

VDA which is a part of ABA Group is the largest denim exporter in the United States. It is currently holding a very solid and strong market position. They have devoted customers and workers with a high level of expertise and significant international experience. They are improving their productivity day by day. Moreover, they avoid threats from rivals by putting out their utmost effort and producing a high-quality product at a reasonable cost.

2.4.1 4ps of the company

Product:

ABA Group creates a variety of denim products. They produce 30% of items for males and 70% of things for women and children. As the demand for female clothing is more, the company's main focus and target customers are the females. That is why ABA Group manufactures more female clothing for grabbing the market.

Price:

ABA Group constantly tries to provide their best goods to their customers at a lower price than their rivals. They use a pricing approach that is competitive. The cost varies depending on the types of washing, types of clothing and design. The price is also determined by the order size or quantity. A large order equals a cheap price, whereas a little order equals a high price. However, they always keep their quality for long-term use and maximum comfort.

Place:

When a firm makes location selections, they're attempting to figure out where they should sell a product and how to get it to the market. Business leaders' ultimate objective is to bring their items in front of the customers who are most likely to buy them. ABA sends its merchandise to the C&F section of customs using authorized covered vans. The customs office will then mail it to the buyer's address. Within 60 days of the product's completion, customers receive it.

In an emergency, they may send their product to the airport's logistics and courier delivery department using an approved covered vehicle. The goods are subsequently delivered to the buyer's address by the Airport Authority. ABA is also involved in international matters. They bought raw materials from all around the world. It can utilize a bonded warehouse to quickly deliver merchandise to their customers.

Promotion:

As ABA Group is a manufacturing firm their whole company is involved in B2B (business to business). That is why they engage in a variety of B2B promotional activities.

The company uses word-of-mouth marketing to sell their goods. In a buyer's meeting they speak directly with their customers. Then they discuss their technology, production capacity, and costs, among other things. They also use a direct approach to their customers when promoting their product. If they see that their consumer is interested in their firm, they show them some of their products and try to entice them to buy.

Moreover, they hold a yearly convention to advertise their goods. Every year, all garment owners, top-level workers, and all types of buyers congregate at a pre-arranged location for a gathering. Then, the company addresses their product, technology, environment and product

quality which allow prospective purchasers to contact them. Another ideal location for their advertising is a development center as this is a wonderful location for them to demonstrate their expertise in developing various types of denim and non denim products to their customers.

2.5 Financial performance and accounting practices

ABA Group Bangladesh has a specialized finance and accounting staff that oversees all transactions and ensures that everything is running smoothly. Additionally, they are seeing year-over-year growth as they acquire new clients and their existing clients explore additional options and invest more. However, the financial statement and the accounting practices are very confidential and not allowed to discuss.

2.6 Operations management and information system practices

ABA Groups operations run well because everyone understands their job and is doing their best to fulfill it. Everything here is done in accordance with the client's wishes. If the client has any concerns, they inform the company of their requirements. After that, they attend a meeting with the company to discuss how it will be done. They discuss the meeting's result based on the outcome of the meeting. Then, Depending on the outcome of the conversation they make a to-do list as well as a timeline for completion. Finally the company communicates the result with the client and begins working accordingly. They give the client a detailed report at the end of the work.

This was just the overview, how the company approaches its client with end results and start working but there are so many steps that the company has to go through to come to that final decision. From the internal production factor to the suppliers to giving a time frame for delivery date everything is with the help of the information system.

Here is some of the information system that is used by the company for managing operations.

- **ERP:** ERP stands for enterprise resource planning. It basically integrates the management practices with modern technology. It covers 3 most important components and they are - 1. Information technology 2. Business management practices and 3. Businesses specific objectives. The software is used by the company for streaming and dissemination of regionally dispersed enterprise wide data across all of the business house's functional units.

- **VMI:** VMI stands for vendor managed inventory. It is a program that allows the firm and the supplier to communicate information in order for the supplier to manage and replace products at the store or warehouse level. In this program, the firm communicates all essential information with the supplier in order to have adequate product on hand to fulfill consumer demand.
- **BI:** BI stands for business intelligence. This technology aids in the making of business decisions. Internal, structured data and business processes are analyzed by technology, whereas competitive intelligence gathered, analyzed, and disseminated with or without the use of technology and candidates.

2.7 Industry competitive analysis

2.7.1 Porter's Five Forces Analysis:

❖ **The bargaining power of buyers: High**

The bargaining power of the buyers is high in this company. There are many competitors in the market who are not following the green approach, therefore, their overall costs are lower than ABA Group and they can offer products at a cheaper price. That is the main reason that the buyers have higher bargaining power and they can switch to other garments if they want to.

❖ **The bargaining power of suppliers: Low**

The bargaining power of the suppliers is comparatively low. There are many supplier options available for ABA Group. ABA Group has both the local supply sources and foreign supply sources. However, sometimes the bargaining power of the supplier becomes high if the supplier source is nominated by the buyer. Generally, the foreign supply comes from China which is much cheaper and there is a wide range of suppliers' availability. But if foreign supplier is from outside China they demand high prices and companies bargaining power goes down since it is a nominated source.

❖ **The threat of new entrance: Low**

Threat of new entrants in the garment sector is low. Though RMG is the biggest earning sector in Bangladesh, establishing new garments with such expertise is quite difficult. Even though new garments enter this sector they will not be able to survive because of the dominance of other garment companies.

❖ **The threat of substitutes: Low**

The threat of substitute products is low because there is no other product that can replace the product that the company is producing. However, there was a possibility that no denim product could replace the denim product but the company is manufacturing both denim and non denim products, therefore, there is no threat of substitutes. On the other hand, people have higher demand for denim products which are made of very strong fabric and much durable therefore, there will always be demand for this type of clothing.

❖ **Competitive rivalry: High**

The competition of garment industries in Bangladesh is very high. Bangladesh holds the 2nd place of manufacturing garments after China therefore; it is very likely to see higher competition and rivalry among the garments companies in Bangladesh.

2.7.2 SWOT analysis:

SWOT analysis is a technique used for evaluating a company's competitive situation and formulating strategic goals. Moreover, internal and external variables as well as present and future possibilities are all evaluated in a SWOT analysis. There are four methods for evaluating an organization and they are strengths, weaknesses, opportunities and threats. Company's internal variables are assessed by Strength and Weakness, whereas Opportunities and Threats assess the company's exterior aspects.

❖ **Strength:**

- **Expert Workforce with Advanced Machineries:** ABA group has a competent workforce with advanced machineries. To accomplish the company's goal workers rigorously adhere to the production timetables. The workforce already has a lot of experience and with the aid of a competent supervisor; these experienced workers keep the production running smoothly. ABA group has developed skills to work smoothly and consistently as a result of this in-field expertise and correct supervision.

- **Flawless manufacturing:** ABA Group has modern equipment and an experienced production crew, resulting in a smooth and flawless manufacturing system. Under the direction of the production manager, the staff works efficiently to meet their objectives as a result; manufacturing and delivery go off without a hitch.

❖ **Weakness:**

- **Dependency:** For the production firm requires raw materials and other items from the suppliers as they don't have their own production house for those raw materials. These suppliers often cannot deliver the raw materials on time and the company experiences difficulties in delivering goods to buyers on time.
- **Cost:** As ABA Group believes in a green approach as well as welfare of the community the overall cost becomes high. Now there are many companies who are only focused on business and not welfare, they can afford to work at lower cost and attract buyers. Therefore, ABA group loses its buyer.

❖ **Opportunity:**

- **Scopes of attracting foreign buyers:** As Bangladesh is the largest manufacturer of readymade garments after China, a lot of buyers come to Bangladesh looking for a manufacturer who will manufacture garments according to their need. As ABA group is well experienced in this sector, has advanced equipment and workforce they can easily develop business with those reputed buyers which will enhance the reputation of the company further.
- **Open corporate office in foreign:** ABA group already has a corporate office in the USA and more opportunities will come to the company if they can open corporate offices in other countries as well. The main benefits of corporate office in foreign

land are marketing. Buyer will be aware of the garment company and the chances of getting orders will increase than before.

❖ **Threat:**

- **Suppliers demand and the changes of price:** Though ABA group has a lot of suppliers in hand and they can bargain with their suppliers but they can bargain any more when overall raw materials price increases. On the other hand, when suppliers are nominated by the buyers the company is bound to order from them and even if the suppliers change their price the company has to buy from them which is a threat for the company's profit earning. Moreover, in emergency cases the company requires urgent products to continue manufacturing even if the price of the product is significantly more than usual. Therefore, these are the dangers that a business may encounter, and business has no control on it.
- **Government rules:** Though the garment sector is the backbone of our country still the government is attempting to establish a competent regulatory framework. Various rules are being tested by the government throughout this procedure. Whenever the government makes a modification or implements a rule that obstructs the normal course of events. Eventually, this poses a threat to the company.

2.8 Summary and conclusion

ABA Group Bangladesh is one of the very few organizations that is thinking about the wellbeing of the country and trying to help the country with its business without doing any harm to the environment. The company has progressed a lot and it is still progressing. More or less every company has flaws, so does the company. Despite the odds, they are trying to improve the efficiency and effectiveness of their services and trying their best to give the best output to their clients and the industry. I believe their knowledge and assets are the foundations of their long-term success. From looking into their progress factor, it can be said that they will be more

sustainable in this sector if they can turn their weakness into strength. Furthermore, their regular development practice will assist them in growing even more and they will be able to serve the industry even better in the future.

2.9 Recommendation

ABA Group Bangladesh is already doing well in their business but there are opportunities where the company can progress more.

- ❖ **Start your own production for raw materials:** It is not that easy to start producing raw materials for the manufacturing process and it can also be a very costly investment but it will be the biggest strength of the company if they can start producing raw materials for the manufacturing process. There will be 3 major benefits if they can do so
 1. **Dismiss third party dependency:** One of the biggest downside for the garment manufacturer is that they have to depend on the suppliers. Often it is difficult to find the correct supplier and also it can be costly if their asking price does not match with the company's budget range.
 2. **No delay:** It is very common to receive goods from suppliers lately. As a result, the manufacturing company has to hear harsh word from buyers, moreover the relationship with the company and the buyers started to break. If the company can build its own raw materials there will not be delay and buyer will be pleased.
 3. **Emergency order:** Sometimes when inventory shorts, the company has to order in an emergency. Sometimes in an emergency company can't find suppliers available to take the order or the suppliers demand for higher charges than usual. Therefore, if the company can make its own raw material production house there will never be problem in emergency orders cases

- ❖ **Buy advanced equipment following the trend:** The Company already has many advanced machineries that many garments' company do not have but there are many new trends coming in the market and that kind of styling requires a specific machine to make it. Though very few garments have those machines in Bangladesh, it is better to buy those machines and stay ahead than the competitors. It is always better to grab the client first and make them stick with the company before another company grabs the opportunity.

Chapter 3: Project Part

“Implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh – A comparative study between the advantages and disadvantages of green approach”

3.1 Introduction

This part of the report I have conducted research based on the Implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh and tried to find out the advantages and disadvantages of having a green RMG setup. This part of the report is divided into multiple segments. At first, the reader will find the “literature review” part where he/she will find a comprehensive summary of the previous research done on this topic. After the literature review the reader will find the “research question”, which we want to find through conducting our research. Following that there is “research objectives' ' which is divided into two parts. 1. Broad objective and 2. Specific objectives. Moreover, “significance of the study” has been stated, reading that the reader will understand the purpose of conducting the reach.

Then it comes, the methodology, where it is described how the research was conducted and what tools has been used to conduct the research. Following that, the reader finds the “theoretical framework” where he/she will find the hypothesis which is established to find the research question. After the hypothesis, I have come up with the findings and try to analyze the overall situations.

Finally, this part of the report ends with a summary and conclusion and with some recommendation for all the readymade garments of Bangladesh.

3.1.1 Literature review

One of Bangladesh's most significant catalysts for economic and social growth is the readymade garments sector. Bangladesh has been working hard to modernize its manufacturing sector. The fast expansion of these businesses has aided the country's socioeconomic development by creating numerous job opportunities, reducing poverty, and improving quality of life (Zohir, 2001). Economic growth must be made in such a manner that environmental issues are considered, since the globe faces an environmental catastrophe that impacts many aspects (Reza, 2017). As the globe moves toward a greener economy, businesses are implementing policies that support this aim. Bangladesh is following these rules and implementing green concepts in several businesses, including the textile industry. One of the greatest obstacles to future expansion is the paucity of natural resources and environmental degradation in the areas of air and water. Groundwater depletion, poor use of scarce resources, lack of natural gas, lack of waste management, and a lack of occupational health and safety standards are all important problems in Bangladesh (Ahmed and Islam, 2014). To stop the environmental degradation and also progress faster economically Bangladesh should focus on green industry. Here the term "green industry" is derived from the notion of "green economy," which is promoted by organizations such as the World Bank and the United Nations Environment Program (UNEP) (Barbier, 2012). Hall and Dickson (2011) define green industry as one that prioritizes industrial productivity over the natural environment and human health. A green industry aspires to create a sector that balances environmental and social concerns with commercial concerns. Chen et al. (2017) showed that a green sector may significantly boost a country's socioeconomic growth while also creating favorable conditions for long-term industrial development. There are not only environmental benefits but also social and economical benefits related with the green industry (Tareque, 2016). In Bangladesh, for example, there is a large employment market in the plastic industry through recycling, although it is classified as an informal sector. Formalizing this sector as a green industry will result in more revenue, which would result in better working conditions and higher productivity (Selim, 2018). Overall, a green industry can ensure sustainably, where the manufacturing process consumes less water, energy, and materials, where solid waste is reused and recycled, where hazardous gas emissions are minimized. Green approach can really decreasing its environmental effect while considering environmental criteria that may or may not directly connect to the development at hand, but to the world's ecosystem as a whole.

3.1.2 Research question

How implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh can be beneficial for the garment industries and what are the drawbacks of having this kind of setups.

3.1.3 Research objective

- ❖ **Broad objective:** The broad objective of the study is to find out how Green RMG setup can be beneficial for the garment industries and what the drawbacks of having this kind of setups.
- ❖ **Specific objectives:**
 - To find out the benefits of having Green RMG setup
 - Identify a way to be efficient in production without damaging the environment
 - To find out the drawbacks of Green RMG setup

3.1.4 Significance of the study

The study's relevance lies in determining how implementations of leadership in energy and environmental design (LEED) in RMG sectors of Bangladesh can be beneficial for the garment industries and what are the drawbacks of having this kind of setups. This study will help to find out the research question and will help to fulfill the objectives. From the study we will be able to come to the conclusion that, whether to proceed for green RGM setup or not for the betterment of Bangladesh and its garments industries.

3.2 Methodology

For the research both primary and secondary data has been used. For primary data, direct questionnaires have been asked to the workers and the employees and for research purposes; Google form has been used to collect data from the employees of different departments then that data has been imputed in IBM SPSS for finding the end results. For secondary data collection Literature review, Journals, Research articles, Thesis papers, Newspapers, Online news, garments Industries Annual reports, BGMEA Yearly report and Files has been used.

3.3 Theoretical framework

Theory 1: The Growth of the RMG sectors in Bangladesh is negatively related with the Green RMG setup

Hypothesis (negative) 1: Growth of RMG sectors and Green RMG setup is negatively related

Null Hypothesis: There is no negative relationship between growth of RMG sectors and Green RMG setup

Alternate Hypothesis: There is a negative relationship between Growth of RMG sectors and Green RMG setup

Variables: Here, we have two variables. One is growth of RMG sectors and another one is Green RMG setup. Green RMG setup is the independent variable and Growth of RMG is the dependent variable because the growth is dependent on the Green RMG setup.

We will utilize correlation, which is the proper approach for testing, because we are comparing the connection between two variables for the test. We'll also use a one-tailed test because it's a directed hypothesis.

Test results:

Correlations

		Green_RMG_setup	Growth_of_RMG
Green_RMG_setup	Pearson Correlation	1	.308
	Sig. (1-tailed)		.210
	N	9	9
Growth_of_RMG	Pearson Correlation	.308	1
	Sig. (1-tailed)	.210	
	N	9	9

Theory 2: There will be efficient production if Green RMG setup can be implemented.

Hypothesis (positive) 2: Efficient production is positively related with Green RMG setup

Null hypothesis: There is no positive relationship between efficient production and Green RMG setup

Alternate Hypothesis: There is a positive relationship between efficient production and Green RMG setup

We may utilize regression analysis to forecast future efficient production which is the dependent variable and we will use the independent variable to explain the dependent variable.

We know that,

Regression equation -

$$Y = bx + a$$

Where,

Y= variable being predict

b = slope of the line

X= value of variable we already know

a= Y intercept and

R= coefficient of determinate

Test results (1):

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.010 ^a	.000	-.143	5.41060

a. Predictors: (Constant), Green_RMG_setup

The model summary shows that R which is our coefficient is .010, indicating that the positive strength of the relationship is quite weak. R2, on the other hand, is .000, indicating that it is unable to predict the dependent variable.

Test results (2):

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.021	1	.021	.001	.980 ^b
	Residual	204.922	7	29.275		
	Total	204.943	8			

a. Dependent Variable: Efficient_Production

b. Predictors: (Constant), Green_RMG_setup

The significant level (p) =.980 which is greater than 5%. As a result, it is insignificant.

Test results (3):

		Coefficients				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	79.850	5.744		13.903	.000
	Green_RMG_setup	.037	1.402	.010	.027	.980

a. Dependent Variable: Efficient_Production

So,

$$Y = bx+a$$

$$= .010 (.037) + 79.850$$

Theory 3: There is a relationship between Green RMG setup and ethical buyers.

Hypothesis (non directional) 3: There exists a relationship between Green RMG setup and ethical buyers.

Null Hypothesis: There is no relationship between Green RMG setup and ethical buyers.

Alternate Hypothesis: There is a relationship between Green RMG setup and ethical buyers

We will utilize correlation which is the proper approach for testing because we are comparing the connection between two variables for the test. We will also use two-tailed tests because it's a non-directional hypothesis.

Test results:

		Green_RMG_setup	Ethical_buyers
Green_RMG_setup	Pearson Correlation	1	.653
	Sig. (2-tailed)		.056
	N	9	9
Ethical_buyers	Pearson Correlation	.653	1

Sig. (2-tailed)	.056	
N	9	9

3.4 Findings and analysis

Hypothesis 1

Findings: In hypothesis 1, the test results show that $r = .308$ and $p = .210$ which indicates that there is a weak positive relationship between growth of RMG sector and green RMG setup and it is not significant at 5%. It is more than 5% or 0.05.

Therefore, Significance level (p) is more than .05 and correlation coefficient $r = .380$ which is not close to 1. So, we fail to reject the null hypothesis. Therefore, we reject the alternative hypothesis and conclude that there is no negative relationship between growth of RMG sectors and Green RMG setup

Analysis: As we have found out that there is no negative relationship between growth of RMG sector and Green RMG setup that means there is a positive relationship between the growth of RMG sector and Green RMG setup. So, if the companies go for greener RMG setup, their growth will also increase.

Therefore, we can say that, the companies that already implemented green RMG set up their growth has increased than before.

Hypothesis 2

Findings: To be able to say that the tested regression model is good, we have to fulfill all the criteria for (R , R^2 and p). Unfortunately, the criteria were not met here. $R^2 = .000$ which indicates that the independent variable can explain 0% about the dependent variable which is not significant at 1% either. Therefore, we fail to reject the null hypothesis and conduct this is not a good regression model.

Analysis: From the test result, it could not be predicted whether there will be efficient production if green RMG setup can be implemented. Now, there can be two possibilities of such occurrence.

1. Most of the participants of the survey could not answer the questions properly. Their answers were neutral.
2. There can be other factors related with the efficient production of readymade garments which were not addressed in the research question as the objective was to find out the relationship between efficient production and green RMG setup.

As we could not predict based on the collected data whether green RMG setup will help in efficient production we could not come to a conclusion. Hopefully, in the near future when we will have more variables, vast data sets and more appropriate answers then we will be able to provide a justified answer.

Hypothesis 3

Findings: In hypothesis 3, the test results show that $r = .653$ and $p = .056$ this indicates that there is a moderate relationship between green RMG setup and ethical buyers and it is not significant at 5%. It is more than 5% or 0.05.

Therefore, Significance level (p) is more than .05 and correlation coefficient $r = .653$ which is not moderately close to 1 that means not super strong relationship. So, we fail to reject the null hypothesis. Therefore, we reject the alternative hypothesis and conclude that there is no relationship between green RMG setup and ethical buyers.

Analysis: As we have found out that there is no relationship between green RMG setup and ethical buyers, that means it does not matter whether a company has a green RMG setup or not, if the company can manufacture goods at lower price it will always attract foreign buyers.

Therefore, it is the drawbacks of green RMGs that, even if they are doing business taking care of the environment, the buyers will switch to other companies if those companies offer cheaper price. Here, Ethical issues have no value.

3.5 Summary and conclusion

We have generated three hypotheses for this research purpose and tried to find out the answers for the research questions.

First of all, we wanted to know the advantages of a green RMG set and through our hypothesis we tried to see if there really were any benefits of a green RMG setup. From the result we have found that there is actually a positive relationship with green RMG setup and growth of the company. That means the company will progress more if they have a green RMG setup which fulfills our first objective.

Secondly, we wanted to know if companies will be efficient in production if they have green RMG set up. From the test we could not predict the answer and the reason has been already stated in the findings and analysis part. Therefore, our objectives were not fulfilled but we hope that in near future we will get an answer for that.

Thirdly, we wanted to find out the relationship between green RMG setup and ethical buyers. The intention was to find out any drawbacks of having this kind of setup. It turns out that there is no relationship between green RMG set up and ethical buyers. Most of the buyers will consider lower price over environmental suitability. So, our third objective has been fulfilled. We have found the drawbacks of green RMG set up.

To conclude, green RMG setups will be beneficial in terms of company growth and also, it is not beneficial for the garments if they cannot reduce their cost which results buyers to shift from the existing company to RMGs.

3.6 Recommendation

From the conducted research it is found that there are both advantages and disadvantages of green RMG set up. Even a company can run a very profitable business without spending too much money for making the garment green. There are many companies in Bangladesh who are not following the green approach because it is expensive. In a green setup, companies cannot use cheap chemicals for washing. Moreover, companies have to buy new machines which could be energy efficient, water efficient and environment friendly which is very expensive to buy. Further, if any company manages to do all the things that support the environment their cost of production becomes high and they lose their buyers. This is the main reason many garments

companies do not follow ethical approaches in order to survive in the market. However there is only one solution to this problem and if it is implemented pollution in Bangladesh will decrease by a lot.

The solution is to organize a BGMEA meeting where if every garments company agrees to increase the price of cloth production by only 1 dollar buyer are bound to buy from the existing company. As the overall market price will increase, buyers won't be able to switch from one manufacturer to another. Moreover, they can go to other countries as we are 2nd largest RMG manufacturer and we are making cloth comparatively cheaper than other countries except china but our quality is much better than china so buyers will stay with us.

The recommended imitative could be the key which will open a door for newer possibilities. Those garments could not afford a green RMG setup or those garments feared that they will lose buyers now can go green approach and there is no bound. On the other hand, our GDP will increase; additionally we will have a much better environment.

However, the implementation of this idea is highly dependent on all the garment owners. It is not likely going to take place as everyone thinks of their own profit but they have some short of patriotism. Our country could become a much better place for living.

Reference

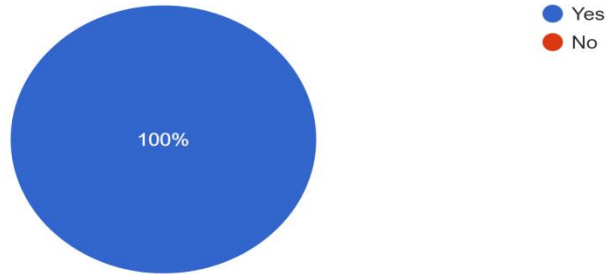
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Appendix

Survey questionnaire and response summary:

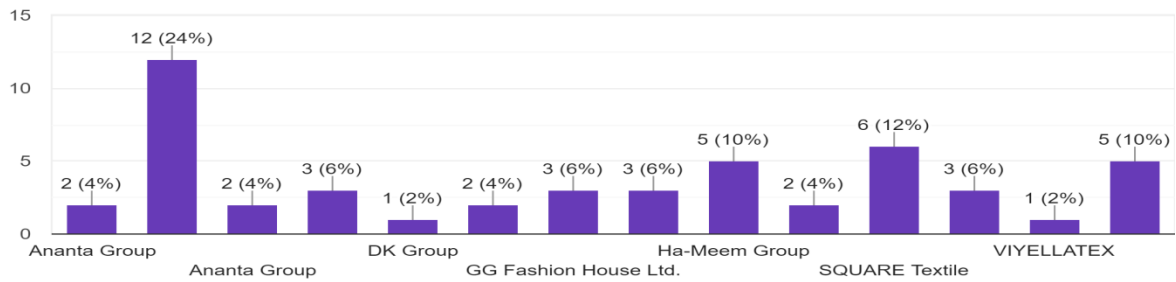
Are you directly related with the garment industry?

50 responses



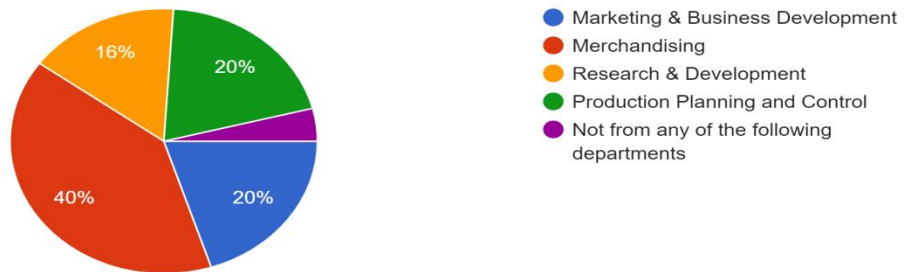
In which garment factory are you working?

50 responses



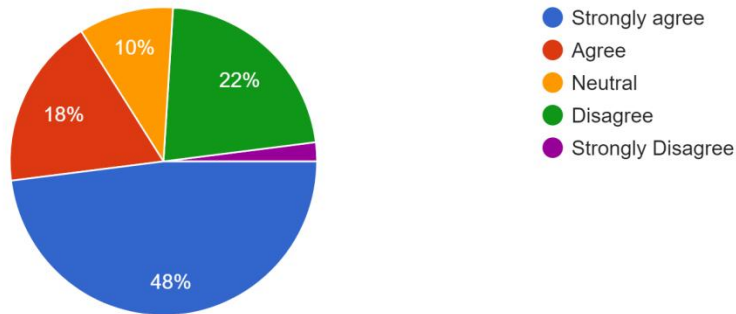
Are you from the following departments ?

50 responses



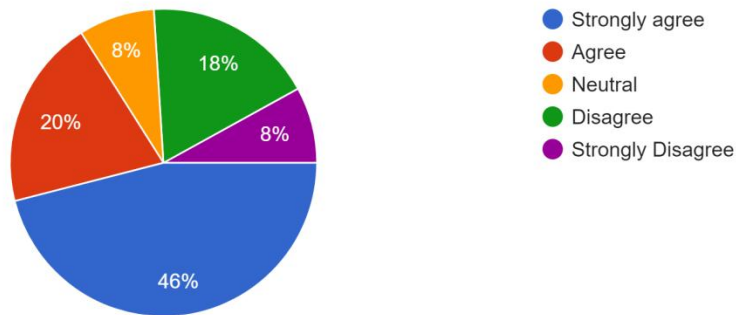
Do you agree with the statement that your company has a green RMG setup?

50 responses



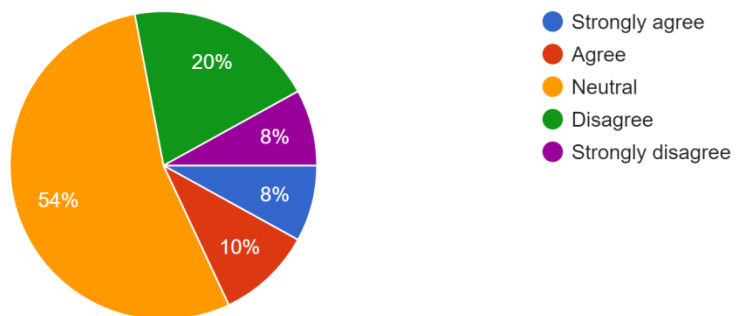
Do you agree with the statement that your company has a expanded with in the last few years?

50 responses



Do you agree with the statement that your company is fully efficient in manufacturing readymade garments ?

50 responses



Do you agree with the statement that your buyer will switch to other company for lower price even if the other company is not taking care of the environment while manufacturing garments?

50 responses

