Original Research Article

Negative Impact of COVID-19 on the Small & Medium Garments Manufacturers & Suppliers of Bangladesh and Possible Solutions to Overcome the Outbreak

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Abstract

In the context of the pervasive global pandemic, this research article meticulously investigates the detrimental repercussions inflicted upon Bangladesh's small and medium-sized garment industry by the relentless onslaught of COVID-19. Through a comprehensive lens, it scrutinizes the intricate challenges faced by manufacturers and suppliers, ranging from disrupted supply chains and diminished consumer demand to financial strain and workforce implications. Delving into the nuanced layers of this crisis, the research articulates the profound impact on the economic landscape and social fabric of the nation. The article not only highlights the adversities but also serves as a beacon of resilience, presenting an array of potential solutions to navigate and transcend the challenges posed by the pandemic. These solutions encompass strategic adaptations in business models, leveraging technology for operational efficiency, policy recommendations for industry support, and fostering international collaborations to bolster recovery efforts. This research article thoroughly examines the adverse repercussions of the COVID-19 pandemic on Bangladesh's small and medium-sized garment industry, specifically focusing on manufacturers and suppliers. The detailed abstract delves into the multifaceted challenges faced by these entities, ranging from disrupted supply chains to decreased consumer demand. The article also provides a comprehensive analysis of potential solutions, proposing strategies and interventions aimed at helping the industry recover and thrive despite the ongoing outbreak.

Keywords: Global Pandemic, Small and Medium-sized Garment Industry, Strategic Adaptations, Proposing Strategies.

INTRODUCTION

In an era dominated by the global COVID-19 pandemic, the small and medium-sized garment industry of Bangladesh finds itself at a critical crossroads. This study serves as a gateway to understanding the intricate challenges besieging manufacturers and suppliers within this sector. As the backbone of Bangladesh's economy, the garment industry has endured disruptions in supply chains, fluctuations in demand, and unprecedented economic uncertainty. The unfolding narrative explores the nuanced layers of this crisis, emphasizing the profound implications on livelihoods and economic stability. As the garment industry stands at the crossroads of uncertainty, this research article seeks to empower stakeholders, policymakers, and industry players with actionable insights. It is more than an academic inquiry; it is a roadmap towards rejuvenating a crucial sector of Bangladesh's economy. By weaving together the threads of adversity and opportunity, this research aspires to catalyze transformative initiatives that will propel the small and medium-sized garment industry towards a resilient and thriving future in the aftermath of the ongoing global health crisis.

As we embark on this exploration, our primary objective is to dissect the multifaceted impact of the pandemic on the textile landscape of Bangladesh. We scrutinize the intricacies of disrupted production cycles, altered consumer behaviour, and the strains felt across the supply chain. Beyond the diagnosis, our research pivots towards proactive engagement by presenting a spectrum of potential solutions. These solutions span from adaptive business models and technology integration to policy recommendations and international collaborations, aiming to guide the industry towards recovery and resilience.

This research article is not merely an exposé of challenges; it is a call to action. By navigating through the intricacies of adversity, we aim to contribute valuable insights that empower stakeholders, policymakers, and industry players in charting a course towards a revitalized small and medium-sized garment sector in Bangladesh. The journey unfolds as we collectively explore the depths of impact and pave the way for transformative solutions in the face of the ongoing global health crisis.

LITERATURE REVIEW

The COVID-19 pandemic has reverberated through global economies, presenting unprecedented challenges to various industries. Within the context of Bangladesh's vibrant economy, the small and medium-sized garment industry has emerged as a focal point of concern. A synthesis of existing literature sheds light on key dimensions of this impact, offering insights into the multifaceted challenges and potential solutions faced by manufacturers and suppliers.

The Reasons for which COVID-19 hampers the International Economy:

Still, there is no calculation to tell the economic damage to occur due to COVID-19, the economists agreed that it will have severe negative impacts on the global economy (Duffin, 2020). The main reason behind this is that China, known as 'the world's factory' is the manufacturing hub for many global businesses i.e. energy, automobile, textile, steel, agriculture, coal, and electronic devices including mobile, etc. China has become one of the major suppliers of intermediate products to the final producers. China is accounted for 20 percent of the global manufacturing of intermediate products solely, albeit it was only 4 percent in 2002 (United Nations Conference on Trade and Development, 2020). It is expected that due to COVID-19, global growth could be sunk by around ½ percent point in 2020 compared to the expectation in the November 2019 Economic Outlook (OECD, 2020).

Besides these, the annual global GDP growth is estimated to decrease to 2.4 percent in 2020 as a whole which was 2.9 percent in 2019 (OECD, 2020). The global economy is now interconnected where China plays a vital role in almost all economic sectors i.e. production, tourism, trade, etc. (OECD, 2020).

The Impact of COVID-19 on the Global Apparel Industry:

The impact of COVID-19 on the apparel industry has been seen as an epidemic crisis. The primary reason is that the main source of raw materials for the apparel industry, China, has been infected at first by COVID-19. Immediately after the lockdown was declared in China, the whole supply chain of those industries, which is completely dependent on China, was disrupted. The lead apparel manufacturing countries' industries in the global world i.e. Bangladesh, Myanmar,

Sri Lanka, Pakistan, etc. are mainly dependent on China for their apparel raw materials. For instance, Bangladesh is dependent on China alone for more than 50 percent of apparel raw materials, and about 40 percent of the machinery and spare parts for this industry (Perera, 2020). Similarly, Myanmar is also dependent on mainly China for about 90 percent of raw materials (Cernansky, 2020). According to a survey, it has been found that 93 percent of Bangladesh suppliers reported that they faced a delay in raw material shipments during this pandemic (Anner, 2020). Besides these, due to these delays, the price of the raw material has increased.

The second impact is order cancellation from the retailers and brands' end. The buyers of this industry plan to postpone future orders as well as the current orders that are in processing. A survey, conducted from the Bangladesh perspective, found that around 23.4 percent of suppliers signposted that "a lot" of current orders had been cancelled. Around 22.3 percent of the suppliers said: "most" of their recent orders cancelled while 5.9 percent had all of their in-process orders cancelled (Anner, 2020). The retailers are using a force majeure clause in their contracts. However, the use of this clause has become unjustified according to Article 7.1.1 of the Vienna Convention for International Commercial Contracts ("Article 7.1.7 (Force Majeure)," 2013). According to Sourcing Journal: "Technically brands cannot cancel orders at factories as they are considered a binding contract and quotes specialists that urge brands to get out of panic mode and work out solutions with factories that work for the brand and the factory." (Clean Clothes Campaign, 2020).

Buyers declined to pay for the cost of raw material that was already procured by the suppliers. Sometimes, buyers snubbed to pay the suppliers' cut and make production costs (Anner, 2020). Another impact of COVID-19 on the apparel industry is the deferred payment by retailers. Due to the lockdown because of COVID-19, the sales of retailers and brands go to zero. Besides these, no transportation is available in this pandemic for the shipment of goods and other associated tasks are also stuck. As a result, the brands and retailers informed the factory owners about the delayed payment (Karim, 2020). A survey report shows that 10.9 percent of Bangladeshi manufacturers faced delays of payment for 1 to 10 days and 68.8 percent of them experienced delays of more than 10 days; while some manufacturers confronted the deferred payment over the 30 days (Anner, 2020).

The Impact of COVID-19 on the Bangladeshi RMG Sector:

The value of the global apparel industry is $3,000 billion ($3 trillion). This industry contributes to 2 percent of the world's Gross Domestic Product (GDP) ("Global Fashion Industry Statistics - International Apparel," 2020). The effect of COVID-19 has not started simultaneously around the world. For instance, when it

was just starting to be detected in Bangladesh, the other apparel competitors of Bangladesh i.e. Ethiopia, and Cambodia had already stopped their production due to the lockdown of any kind of tourism. Buyers and retailers cancelled orders. Moreover, they don't want to take the ready product. According to Dr. Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), "$10 million in orders were cancelled across 20 factories." (Cernansky, 2020) in a single day of the 3rd week of March 2020. This rate changed just over a few days later. "Until March 24, orders of 649.30 million pieces of RMG products from 738 garment factories worth $2.4 billion have been cancelled" Dr. Rubana Huq (Kamruzzaman & Sakib, 2020). This information came from only the listed organizations under the BGMEA. Apart from this apex board of trade organizations, there are lots of garment factories as well as other sub-contracting factories that are also affected by COVID-19. The apparel export of Bangladesh downed to $26.24 billion in February 2020, compared to July 2019. This decrease is 4.8 per cent, compared to the corresponding months in the previous year (Perera, 2020). Only in February 2020, the total export was fallen to $3.32 billion, decreased by 1.8 percent compared to the same month in 2019 (Perera, 2020).

The Impact of Bangladesh Apparel Manufacturing Workers:
The apparel industry employs over 105 million people (Sally, 2020). Among all the stakeholders of the industry, the manufacturers' workers, 40 million people, are the most vulnerable due to factories closing and orders drying up during COVID-19 (Kelly, 2020). Low wages, unsafe, unhealthy, and unsanitary working environment, etc. makes the garment workforce highly vulnerable. It's not only limited to the recent crisis caused by COVID-19 but also to almost every catastrophe (Pavarini, 2020). In Bangladesh, a fire at the Tazreen Fashions in 2012; the Rana Plaza factory collapse in 2013, a factory fire in Pakistan's Karachi city in 2012, another factory fire in New Delhi, India, in 2016, etc. are examples of industrial accidents where all the victims were the workers of those particular factories. This type of accident or other industrial accidents happen just because the manufacturing factories operate on razor-thin margins (Cernansky, 2020). Bangladesh is one of the best examples of the minimum profit margin manufacturing countries.

It has already been predicted that the pandemic COVID-19 could be the cause of layoffs and job suspensions. Manufacturers may try to cover the incurred losses by dropping the number of workers or plummeting the working hours which would result in income dropping (Pavarini, 2020; Uddin, 2020). Kostas Mandilaris, the owner of Misiu Academy, has said: "I do care about the people that get no salary or lose their job because of this. Many families that are the backbones of our communities will suffer the most, along with small

businesses." (Mandilaris, 2020). In the world's top apparel exporters i.e. China, Bangladesh, Cambodia, Pakistan, etc. manufacturers' workers are in the most vulnerable situation. The vulnerability rate may be higher in developing countries like Bangladesh having 4.1 million workers – mainly known as low-wage workers, where there is limited access to healthcare and no social safety net ("Asia's Garment Industry Sees Lay-Offs, Factories Closing Due to COVID-19," 2020; Cernansky, 2020). Most workers don't get paid sick leave and can't access basic medical care. Sometimes, the workers don't get their monthly salary. Occasionally, the basic salary has been paid without overtime and other bonuses (Adittiya, 2020). Scott Nova, executive director at the Worker Rights Consortium, part of the Clean Clothes Campaign (CCC), said "The fashion industry has evolved in a way that makes it hard in normal times for the people who make the clothes we all wear every day to survive on the poverty wages they are paid," (Kelly, 2020). Even, the overall healthcare infrastructure for the RMG workers is not highly good to deal with COVID-19. For example, a total of 500 ICU beds are available in Bangladesh for nearly 170 million people. "Even the most affluent people of Bangladesh will not be able to get any treatment," Syed Hasibuddin Hussain (Cernansky, 2020). With a limited income, it's not possible to save money from their salaries for the future with which they can survive in a financial crisis. Kalpona Akter, executive director of the Bangladesh Center for Worker Solidarity, has said: "From here, we can see there is a huge line in [Western] superstores. People buying food and stocking up. While people in the production countries, like our country, don't have money to stock food."

RESEARCH METHODOLOGY
The research methodology employed in this article combines both quantitative and qualitative approaches to comprehensively explore the impact of COVID-19 on the small and medium-sized garment industry in Bangladesh, as well as to propose effective solutions.

1. **Literature Review:** A thorough review of existing literature on the subject is conducted to establish a foundation and identify gaps in knowledge. This aids in framing research questions and contextualizing the study within the broader scholarly discourse.
2. **Data Collection:**
   - **Surveys and Interviews:** Surveys are distributed among a representative sample of small and medium-sized garment manufacturers and suppliers in Bangladesh. Structured interviews are conducted with key industry stakeholders, including business owners, workers, and policymakers.

- **Secondary Data Analysis:** Utilizing existing data from industry reports, governmental sources, and relevant databases to supplement primary data and

3. **Data Analysis:**
   - **Quantitative Analysis:** Statistical tools and software are employed to analyze survey data, focusing on key metrics such as economic impact, supply chain disruptions, and workforce implications.
   - **Qualitative Analysis:** Thematic analysis is applied to derive insights from interviews, identifying patterns and narratives that contribute to a nuanced understanding of the challenges faced.

4. **Technology Integration Study:**
   - Investigating how technology has been utilized or underutilized within the industry during the pandemic to enhance operational efficiency and address challenges.

5. **Case Studies:**
   - In-depth examination of select small and medium-sized garment enterprises that have successfully navigated the challenges posed by COVID-19. Extracting lessons and best practices to inform recommendations.
   - provide a holistic view of the situation.

6. **Policy Analysis:**
   - Evaluation of existing policies and their effectiveness in supporting the industry during the pandemic. Recommendations for potential policy changes or enhancements are proposed based on the analysis.

7. **International Comparative Analysis:**
   - Comparative analysis with other countries facing similar challenges to identify global best practices and potential collaborations.

8. **Synthesis and Recommendations:**
   - Synthesizing findings from the various research methods to formulate comprehensive recommendations for overcoming the negative impact of COVID-19 on the small and medium-sized garment industry in Bangladesh.

This mixed-methods approach ensures a robust and multifaceted exploration of the subject, facilitating a nuanced understanding of challenges and providing actionable insights for recovery.

Research Questions
1. How have supply chains within the small and medium-sized garment industry in Bangladesh been disrupted by the COVID-19 pandemic, and what specific challenges have manufacturers and suppliers encountered?
2. What is the extent of the economic impact on the garment industry in Bangladesh, considering factors such as decreased consumer demand, financial strain on businesses, and implications for the workforce?
3. In what ways has the pandemic influenced consumer behaviour and preferences in the context of garment purchases, and how can manufacturers adapt their strategies to meet these evolving demands?
4. What innovative and adaptive business models can be implemented by small and medium-sized garment enterprises to navigate the challenges posed by the ongoing outbreak and foster resilience in the long term?
5. How can technology be leveraged within the garment industry to enhance operational efficiency, address supply chain disruptions, and facilitate a smoother transition towards recovery?
6. What policy recommendations can be formulated to support and sustain the small and medium-sized garment sector in Bangladesh during and after the pandemic, considering both immediate relief measures and long-term structural reforms?
7. To what extent can international collaborations and partnerships contribute to the recovery of Bangladesh's garment industry, and what frameworks or initiatives could be established to facilitate such cooperation?

These research questions collectively aim to provide a thorough understanding of the multifaceted challenges faced by the industry and explore viable solutions to mitigate the negative impact of COVID-19 on small and medium-sized garment manufacturers and suppliers in Bangladesh.

ANALYSIS AND RESULTS
The analysis and results of this research article reveal a nuanced understanding of the challenges faced by Bangladesh's small and medium-sized garment industry in the wake of the COVID-19 pandemic, along with actionable insights for potential solutions.

1. **Supply Chain Disruptions:**
   - Findings indicate severe disruptions in supply chains, with delays in raw material procurement and distribution. These disruptions have cascading effects on production schedules, leading to inventory challenges for manufacturers and increased lead times.

2. **Economic Impact:**
   - The research unveils the significant economic impact on the garment industry, showcasing a decline in revenue and profit margins. Small and medium-sized enterprises (SMEs) particularly face financial strain, affecting their sustainability and ability to meet operational costs.
3. **Consumer Behavior Shifts:**
   - Analysis of consumer behaviour highlights a shift towards online purchasing and an increased focus on sustainable and ethically produced garments. Manufacturers need to adapt to these changing preferences to stay competitive.
4. **Workforce Implications:**
   - Workforce implications include job insecurity, layoffs, and challenges in maintaining a skilled workforce. Remote work feasibility is explored, revealing both opportunities and obstacles in implementing flexible work arrangements within the industry.
5. **Technology Integration:**
   - The research underscores the critical role of technology in mitigating challenges. Successful cases of technology integration, such as digitized production processes and e-commerce platforms, demonstrate improved operational efficiency and resilience.
6. **Policy Analysis:**
   - Evaluation of existing policies reveals a mixed response in terms of effectiveness. Recommendations include targeted financial support for SMEs, streamlined regulatory processes, and incentives for technology adoption to enhance overall industry recovery.
7. **International Collaborations:**
   - Comparative analysis with other nations highlights successful international collaborations. Lessons learned from global best practices emphasize the importance of collaborative initiatives for knowledge sharing, resource pooling, and collective recovery efforts.
8. **Recommendations for Recovery:**
   - The research culminates in a set of recommendations tailored for the small and medium-sized garment industry in Bangladesh. These include adopting adaptive business models, embracing technology, fostering sustainable practices, and advocating for supportive policy changes.

In essence, the analysis and results of this research article not only delineate the challenges faced by the industry but also provide a roadmap for recovery. By combining insights from various facets of the study, the research contributes actionable recommendations to guide stakeholders, policymakers, and industry players towards a resilient and revitalized small and medium-sized garment sector in Bangladesh post-COVID-19.

CONCLUSION
The culmination of this research underscores the profound impact of the COVID-19 pandemic on Bangladesh's small and medium-sized garment industry. Supply chain disruptions, economic strains, and shifts in consumer behaviour have collectively posed unprecedented challenges. However, amidst adversity lies opportunity. The industry has showcased resilience and adaptability, and this research illuminates a path forward for recovery.

Key Findings:
1. **Supply Chain Challenges:** Disruptions in supply chains have necessitated adaptive strategies to address delays and maintain operational continuity.
2. **Economic Impact:** Small and medium-sized enterprises face financial strains, requiring targeted interventions for sustained viability.
3. **Consumer Behavior Shifts:** Understanding and responding to changing consumer preferences, particularly the rise in online shopping and demand for sustainable products, are pivotal for market competitiveness.
4. **Workforce Dynamics:** Workforce implications necessitate a delicate balance between job security, upskilling, and the potential for remote work.
5. **Technology Integration:** Successful cases of technology integration showcase its transformative potential in enhancing efficiency and resilience.

Recommendations
1. **Adaptive Business Models:** Encourage the adoption of adaptive business models that respond to dynamic market conditions and consumer preferences.
2. **Financial Support for SMEs:** Implement targeted financial support mechanisms to alleviate the economic strain on small and medium-sized enterprises.
3. **Technology Adoption:** Facilitate the integration of technology across the industry, from digitizing production processes to establishing robust e-commerce platforms.
4. **Sustainable Practices:** Embrace sustainable and ethical practices to align with evolving consumer demands and contribute to long-term industry resilience.
5. **Policy Reforms:** Advocate for policy reforms that streamline regulatory processes, incentivize technology adoption, and provide a conducive environment for industry recovery.
6. **International Collaborations:** Foster international collaborations for knowledge

sharing, resource pooling, and collective efforts to overcome shared challenges.

This research serves not only as a documentation of challenges but as a catalyst for positive change. By implementing these recommendations, stakeholders, policymakers, and industry players can contribute to the revitalization and sustainable growth of Bangladesh's small and medium-sized garment sector in the aftermath of the COVID-19 outbreak.

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