

Opportunities and Risks of Globalization: Bangladesh Perspective

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ABSTRACT

Nowadays, globalization has become a slogan in the field of international relations. Mainly it is a process of expanding trade and commerce in a borderless market. Globalization has produced a window of opportunity for more countries to join the mainstream of world economy. Globalization has created enormous opportunities for the countries as well as risk factors and no country are out of these. The aim of this paper is to identify the opportunities and risks of globalization in the context of Bangladesh and to provide some policy recommendations. It is a qualitative research. In identifying and interpreting data basically the secondary sources like books, journal articles, newspapers and reports of national and international organizations etc. were considered. Findings of the study reveals that although Bangladesh is initially benefitted from globalization, there are numerous risk factors that might halt the development of Bangladesh anytime. At the end, it is suggested that the government

should take necessary steps regarding foreign policy, FDI, collaboration between public and private sector, poverty alleviation, technological development etc. to get the optimum benefit from globalization.

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INTRODUCTION

The concept of globalization is commonly used to describe a variety of economic, cultural, social, and political changes that have shaped the world over the past 50-odd years. Because of its complex and multifaceted nature, globalization has been attributed with a wide range of powers and effects. The supporters of globalization claims that it is natural and an inevitable outcome of technological development that opens the door of positive economic and political convergences. Globalization is not only an economic phenomenon but also it is equally a political one that is shaped by negotiations and interactions between institutions of transnational capital, nation states, and international institutions (Lewis, 2005).

Globalization means different things to different people. In its broadest sense, the term includes all types of economic and cultural transfers between nations including domination of the media and widespread use of the world wide web. It denotes the expansion of global connections, the organization of social life on a global scale and the growth of a global awareness, hence to the alliance of world society (Shahzad, 2006). In a narrower sense, it denotes the economic exchange of goods and services internationally and international financial flows. Globalization can be defined as the expansion of economic activities of a nation across its political boundaries. It facilitates the economic integration and economic interdependence among nations in the world economy. It is associated not only with an increasing cross-border movement of goods, services, capital, technology, information and people but also with an organization of economic activities which straddle national boundaries. Although globalization has increased economic interdependence and world trade and is producing enormous wealth, it has large risk to promote holistic, sustainable and equitable development. That is why sometimes globalization is also seen as a conquest of one nation by another resulting rise of inequality between nations. Globalization has been described as a fast-moving train that waits for nobody. Intended passengers must either jump onto it or risk of being left behind. Like every journey, every passenger must be prepared to board at the right station, with the necessary kits and with a clear knowledge or vision of his destination. There are obvious indications that Bangladesh is ill prepared to start this journey and cope with the developments.

This article is an attempt to explore the opportunities for Bangladesh in the era of globalization as well as to find out the risk factors posed by globalization. It also suggests some recommendations for Bangladesh to get the best out of globalization.

OPPORTUNITIES OF GLOBALIZATION

There is a huge impact of globalization on industries in Bangladesh. This impact has brought massive positive changes in all the economic sectors in Bangladesh including the most contributing garments sector. So, the garments industries contribute a lot to the Bangladesh economy. The basic opportunities of globalization have been discussed below:

Positive Economic Transformation

Till long time after independence, Bangladesh was one of the poorest and neglected countries in the world. When Bangladesh set her foot into globalization, the economy began to grow at a rapid rate. The initial effect of globalization was significant reduction of poverty. People who started the new form of apparel manufacturing called RMG began to make more money than others. Due to opening of the global market, Bangladesh started producing plenty of apparels and rapidly emerged as one of the leading RMG producers in the world market. So, in case of economic transformation, globalization made a positive impact on the country. Globalization brought new jobs.

Increasing employment and the number of garments factories

For the last three decades, the number of garment factory has grown from 384 to over 4482(Appendix-1). The factory growth rate was 3.70% in Fiscal year 2012-2013. It was also mentionable that factory growth rate was negative in past few years for global economic crisis but the growth of employment was never negative. In Fiscal Year (FY) 1984-85 the total employment was 0.12 million which has increased to 4 million in FY 2016-17. The growth rate of worker was 66.67% in FY 1984-85 and shows the positive trend continuously. This sector opened up employment opportunities for many more individuals through direct and indirect economic activities which eventually helps the country's social development, woman empowerment and poverty alleviation. By 2013, about 4 million people, mostly women, worked in Bangladesh's \$19 billion-a-year industry (Muhammad, 2011).

Increasing of the export earnings

For the last three decades, it can be observed that the export is in upward trends which indicates that the value of export is increasing day by day (Appendix-1). Bangladesh mainly exports garment, knit and woven goods including shorts, trousers, shirts, sweaters, blouses, skirts, tea-shirts, jackets, sports attire and many more casual and fashion items with the changing times. In Fiscal Year 1984-85 the value of export was 116.20 million which continually increases up to Fiscal Year 2016-17. The value

of export was 28149.84 million. Despite removing privileged quota system, the number of Ready-Made Garments (RMG) industries rose up over the periods. RMG export of Bangladesh was 3.89% of total export in 1983-84 while in 2013-14 it was about 85%. After quota removal in 2004 average more than 16% growth were observed from 2004-05 to 2008-09 and during this period total export growth rate was more than 15%. There was negative growth rate in 1985-86, 1990-91 and 2001-02. In 1985-86 and 2001-02 growth rate was negative due to decrease in RMG export and in 1990-91 the negative growth was due to decrease in total export and this was probably caused by severe flood in 1988 in Bangladesh (Khosla, 2009). [See Appendix 1].

Positive Social Transformation

Before the globalization movement in Bangladesh, men were the dominant work force. Women used to stay at home doing family chores and farm works often. Nowadays, globalization engaged the women as a positive workforce in the RMG sector because of their efficiency and cheap labour value. This social transformation of women towards an effective workforce also help the economy grow significantly. According to a report of 'New York Times, about 80% RMG workers in Bangladesh are female. These female workers with employment have changed their view about life. It gives her the basis to choose her own employment. It provides the women with livelihood, which has changed the conservative Muslim country's society in immeasurable ways.

Technology Transformation

Another opportunity created by globalization is the transformation of technology. Because of global competitions, new and improved technologies are being used in different sectors to reduce the time and cost of productions.

Foreign Work Opportunity

Another opportunity of globalization is the creation of employment opportunity for Bangladeshi workers around the globe. Their remittances play an important role in the economy of Bangladesh. Indeed, a redeeming feature in the face of the export slowdown in Bangladesh is the continued increase in the inflow of migrant workers' remittances, which grew from about 2.5 percent of GDP in the beginning of the 1990s to above 5 percent in 2001-02 (amounting to about US\$2.5 billion) and to 6.07% in 2019-2020 (Uddin, & Jahed, 2007). Each year, more than 400,000 workers leave the Bangladesh for overseas employment. Most of the migrant workers come from poor rural families and are mostly unskilled or semi-skilled, making their remitted savings an important means for their families to escape poverty.

RISKS OF GLOBALIZATION

Globalization involves not only benefits, but also has costs or potential problems that some critics see as great perils. These costs could lead to conflicts of various types, whether at the regional, national, or international level. The risk of globalization has brought a little negative impact on garments sector in Bangladesh. Some of the sectors have been discussed as under:

Inequality between rich and poor

Globalization has increased the inequality between the rich and poor as it does not consider who gains from its potential benefit. As a result, inequitable distribution in the society and the actors may occur. Potential rich and poor conflicts may rise through inequality both within nationally and internationally. Studies suggest that globalization may contribute to income disparity and inequality between the more educated and less educated members of a society. This means that unskilled workers may be affected by declining wages, which are under constant pressure from globalization. Globalization makes several economies inter-dependent with each other. Consequently, economic turmoil in one part of the world or within one nation could affect the world economy more intensively resulting in an overall multiplied global impact. There are also arguments that through globalization process limited authority of the government could also undermine the sovereignty of a nation (Shabab, & Islam, 2018).

Environmental issues

Because of globalization, more factories are setting up with other different sub-sectors. Moreover, there is no ETP in the most of the factories. These are producing much more waste to the environment. It is an ample challenge for the sustainable development of Bangladesh. As consequences, the cost will be increased both in private and public to mitigate the environmental problem as a whole. Big industries in developed countries are also contributing towards the environmental degradation of the mother earth affecting mostly the third world countries.

Influence of multinational companies (MNCs)

Governments are often offering incentives to foreign company in the form of grants, subsidies and tax breaks to attract investment into their countries. Multinational investment can be very important to a country and this will often give them a disproportionate influence over the local organizations in the host country. The risk of local industries can be severe, because the presence of newly arrived multinationals increases the competition in the economy and because multinationals should be able to produce goods at a lower cost. It becomes competitive for local companies and sometimes, local companies are shut down.

Cultural and social risk

Large numbers of foreign businesses can dilute local customs and traditional cultures. For example, the sociologist George Ritzer coined the term *McDonaldization* to describe the process by which more and more sectors of American society as well as of the rest of the world take on the characteristics of a fast-food restaurant, such as increasing standardization and the movement away from traditional business approaches.

Downfall of local industries

Offering goods with low price by foreign companies risks the economy of a developing country like Bangladesh. As the production cost of local industries is high, they become unable to compete with foreign companies and ultimately closed down. As a result, the country becomes dependent on foreign companies for products, our money goes to foreign country weakening our economy and the unemployment rate also increases.

Job insecurity and less wages

The garment industry in Bangladesh employs an estimated four million people, but the average worker earns less in a month than a U.S. worker earns in a day. In 2013, a textile factory building collapsed, killing more than 1,100 workers. It is also suggested that employment opportunities for children in poor countries like Bangladesh may increase negative impacts of child labor and lure children of poor families away from school. In general, critics blame the pressures of globalization for encouraging an environment that exploits workers in countries that do not offer sufficient protections.

RECOMMENDATIONS

The main opportunities of globalization for Bangladesh lie in the potential for wealth-creation through export led growth and the benefits of expanded international trade of goods, services, access to new technologies, ideas, institutional designs in the global market place. However, globalization brings along also serious problems and tensions that need to be managed in appropriate ways. For overcoming the risks and exploiting the opportunities of globalization, following recommendations are suggested for Bangladesh:

- a) The foreign policy of Bangladesh should focus to broaden the scope for prosperity through the creation of a modern and efficient economy. Bangladesh should make diplomatic efforts so that more Bangladeshi workers can work in other countries where there are better opportunities.
- b) Bangladesh needs to take advantage of the opportunities that globalization offers through the free flow of information and the use of English as an international language. This would help produce a better-trained workforce capable of competing at the international level.

- c) Bangladesh has to negotiate special access to the markets of the western developed countries, as well as those of India and China, so that trade gap is minimized.
- d) Whether globalization alleviates poverty or poverty disrupts development through globalization is a debatable issue. However, it is certain that alleviation of poverty can help Bangladesh to mobilize resources in an optimum way. Government should take necessary steps in regards to that.
- e) Foreign investment is definitely essential for economic development of Bangladesh. So, Bangladesh need to make the investment climate much more attractive than its competitors so that more foreign investments come to Bangladesh. Political stability is one of the pre-conditions for that.
- f) The development strategy of Bangladesh must be built around country specific characteristics in a manner that efficaciously manages trade associated with globalization.
- g) Bangladesh is misrepresented to the world as a country of natural calamity, violence, and political instability. The government through foreign services departments in different countries must take necessary steps to build a positive image of Bangladesh throughout the world so that the investors feel safe to invest in Bangladesh.
- h) Globalization is largely based on a strong technological foundation. The government of Bangladesh should take massive projects in developing the information and communication technology to get the best out of globalization, i.e. high-speed internet, e-banking, online service facilities etc.
- i) To attract more Foreign Direct Investment (FDI) energy supply must be efficient and reliable and the regulatory culture must be abandoned, financial and physical infrastructure must be made hospitable and an educated labor force should be created.
- j) To face the challenges of globalization, cooperation between the public and private sectors are essential. Bangladesh lacks an institutional framework to foster meaningful cooperation between the two. The government should establish institutional mechanisms for building co-operative relations between the government and private sectors.

CONCLUSION

Like her counterparts, Bangladesh also faces the challenges of globalization in order to benefit from its opportunities. Globalization has given a lot to Bangladesh as well as posed the economy towards potential threat. The way it opened the market of RMGs of Bangladesh in US and European market, the same way it created the threat and competition as it is a global phenomenon. That means globalization has created an open war between the countries where only the fittest survives. There are many developing countries that do not benefit from the opportunities offered by

globalization because of limited resources. Therefore, Bangladesh needs to eradicate the risks of globalization through positive attitude. For this, the government, the opposition, the civil society, the investors, the workers and all the other stakeholders should work side by side. Bangladesh's potentials to economic globalization is highly promising. I believe that the recommendation made in this article if implemented properly will take Bangladesh to a point of sustained economic growth and development.

Appendix 1 (Data of export of RMG, total export of Bangladesh (in million US \$), number of garment factories and employment (in million workers))

YEAR	EXPORT OF RMG (IN MILLION US\$)	TOTAL EXPORT OF BANGLADESH (IN MILLION US\$)	NUMBER OF GARMENT FACTORIES	EMPLOYMENT IN MILLION WORKERS
1984-85	116.2	934.43	384	0.12
1985-86	131.48	819.21	594	0.2
1986-87	298.67	1076.61	629	0.28
1987-88	433.92	1231.2	685	0.31
1988-89	471.09	1291.56	725	0.32
1989-90	624.16	1923.7	759	0.34
1990-91	866.82	1717.55	834	0.4
1991-92	1182.57	1993.9	1163	0.58
1992-93	1445.02	2382.89	1537	0.8
1993-94	1555.79	2533.9	1839	0.83
1994-95	2228.35	3472.56	2182	1.2
1995-96	2547.13	3882.42	2353	1.29
1996-97	3001.25	4418.28	2503	1.3

1997-98	3781.94	5161.2	2726	1.5
1998-99	4019.98	5312.86	2963	1.5
1999-00	4349.41	5752.2	3200	1.6
2000-01	4859.83	6467.3	3480	1.8
2001-02	4583.75	5986.09	3618	1.8
2002-03	4912.09	6548.44	3760	2
2003-04	5686.09	7602.99	3957	2
2004-05	6417.67	8654.52	4107	2
2005-06	7900.8	10526.16	4220	2.2
2006-07	9211.23	12177.86	4490	2.4
2007-08	10699.8	14110.8	4743	2.8
2008-09	12347.77	15565.19	4925	3.5
2009-10	12496.72	16204.65	5063	3.6
2010-11	17914.46	22924.38	5150	3.6
2011-12	19089.73	24301.9	5400	4
2012-13	21515.73	27027.36	5876	4
2013-14	24491.88	30186.62	4222	4
2014-15	25491.4	31208.94	4296	4
2015-16	28094.16	34257.18	4328	4
2016-17	28149.84	34655.92	4482	4

Source: <http://www.bgmea.com.bd/>

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