

SUPPLY CHAIN MANAGEMENT IN GARMENTS INDUSTRY, BANGLADESH.

Md.Imran Hossain

Students, Department of Management studies, Bangabandhu Sheikh Mujibur Rahman Science & Technology University, Gopalganj-8100, Dhaka, Bangladesh.

ABSTRACT

This paper aims to review the concept of supply chain management in the garments industry in Bangladesh. The export-oriented garments sector has some distinctive features, which differentiate it from other businesses. As different parties i.e. the suppliers, manufacturers, buyers, etc. are involved in different phases of the supply chain of this industry, every stage (procurement, manufacturing, replenishment, customer order) is conflicting with its next stage with the goals and objectives. Information was dissected with the assistance of weighted arithmetic mean and chi-square tests and it has been concluded that a huge number of supply chain management practices are being embraced by the garments industries of Bangladesh.

Keywords: *Supply chain, Supply Chain Management, Garments, Garments Industry*

1. INTRODUCTION

Bangladesh has been one of the biggest export trade countries of garments and Apparel in the world market. This industry started in Bangladesh in the late 1970s, expanded heavily in the 1980s, and boomed in the 1990s. The garments industries have been a tremendously significant part of Bangladesh's economy for a very long time for some reason. Bangladesh is the second-largest exporter of clothing after China all over the world. Ready-to-wear garments make up 80 percent of the country's \$24 billion in annual exports and 15 percent share of GDP (Anner, Bair & Blasi, 2017). Consultancy firm McKinsey and Company has said Bangladesh could double its garments exports in the next 10 years. In Asia, Bangladesh is one of the largest exporters of garments products employing a great share percent of the workforce in the country. Presently, the garments industry accounts for 45% of all industrial employment in the country and contributes 5% of the total nationwide revenue (BMZ, 2016). Conversely, though the industry is one of the largest in Bangladesh and is still expanding, it faces massive challenges, principally because the country does not produce enough of the underdone materials necessary, uncomplimentary trade policies, and insufficient encouragements for development. I look below charts which represent the picture of the export of garments in comparative total export from Bangladesh. Supply chain management systems support in decrease catalog, operational costs, reduce order cycle time, improved asset productivity as well as improvement the companies' responsiveness to the market. Besides these benefits, the apparel industry can achieve a quick response through efficient supply chain management practices. Quick response is a concept about the collaboration and sharing of information among manufacturers, suppliers, and distributors, allowing them to respond more rapidly to the needs of the customers. From this above chart find that total garments export from Bangladesh, starting from 1984 to 2019. We can easily understand from this chart how the garments sector contributes to the Bangladesh economy.

2. LITERATURE REVIEW

Supply chain management is the management of the flow of products and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage within the marketplace. Supply chain management represents an attempt by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to development to the knowledge systems needed to direct these undertakings. (ADAM HAYES, AMY DRURY; 2020). Typically, SCM attempts to centrally control or link the assembly, shipment, and distribution of a product. By managing the availability chain, companies are ready

to cut excess costs and deliver products to the buyer faster. this is often done by keeping tighter control of internal inventories, internal production, distribution, sales, and therefore the inventories of company vendors. SCM is predicated on the thought that almost every product that involves market results from the efforts of varied organizations that structure a supply chain. Although supply chain management has stayed for ages, most companies have only nowadays given attention to them as a value-add to their operations. In SCM, the availability chain manager coordinates the logistics of all aspects of the availability chain which consists of five parts:

- The plan or strategy
- The source (of raw materials or services)
- Manufacturing (focused on productivity and efficiency)
- Delivery and logistics
- The return system (for defective or unwanted products)

The supply chain manager tries to attenuate shortages and keep costs down. The work isn't only about logistics and buying inventory. Consistent with supply chain managers, “make recommendations to enhance productivity, quality, and efficiency of operations. “Improvements in productivity and efficiency go straight to rock bottom line of a corporation and have a true and lasting impact. Good supply chain management keeps companies out of the headlines and faraway from expensive recalls and lawsuits.

3. METHODOLOGY

The data have been collected on a primary as well as on a secondary basis. The study is mainly based on secondary data and absolutely on primary data. The secondary data have been collected from different books, journals, articles, online databases, digital libraries, BGMEA and BKMEA reports, audit reports, Bangladesh Economic review, newspapers, and publications on Bangladesh. Published and unpublished materials and papers available on the internet have also been reviewed for the purpose. On the other hand, interviews of professionals and merchants.

4. SUPPLY CHAIN MANAGEMENT IN GARMENTS INDUSTRY

4.1 Supply chain management: Supply chain management is the management of flow or raw goods and /services from the suppliers to the manufacturers, which it is process, to deliver finished goods /services to the distributors and consumers.

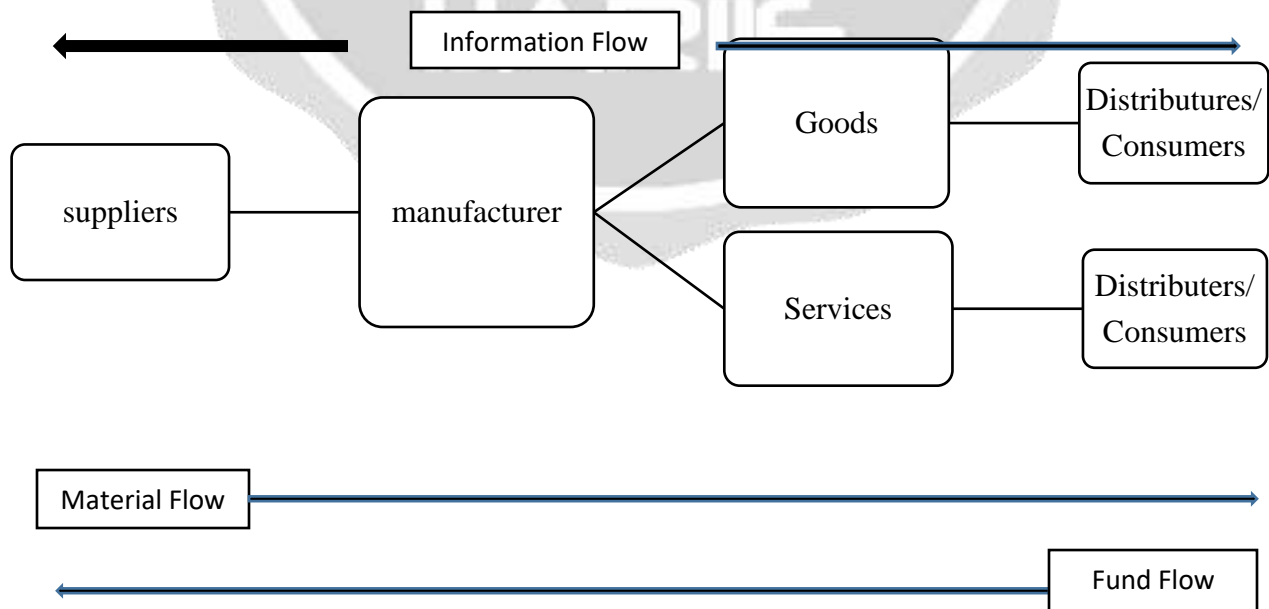


Fig -1: Basic Diagram for Supply Chain Management

Three Types of important flow:

1. **Information Flow:** This flow both upstream and downstream (both sides).
2. **Materials & Goods flow:** This flow from suppliers to the manufacturer and then to distributor /consumer (Left to right).
3. **Fund Flow:** This Flow downstream to upstream (Right to left)

4.2 Supply chain management in garments industry:

Supply Chain may be a progression by which unprocessed materials like accessories makeover from Supplier to Garment Industries within the bartering of order and payment. The general elements of the supply chain process are: (Based on the Bangladesh Garment Industry)

- i) Raw materials
- ii) Embroidery/Printing/Washing
- iii) Accessory & Trim
- iv) Finished goods
- v) Shipping
- vi) Retailer/buyer
- vii) Customers/Outlets

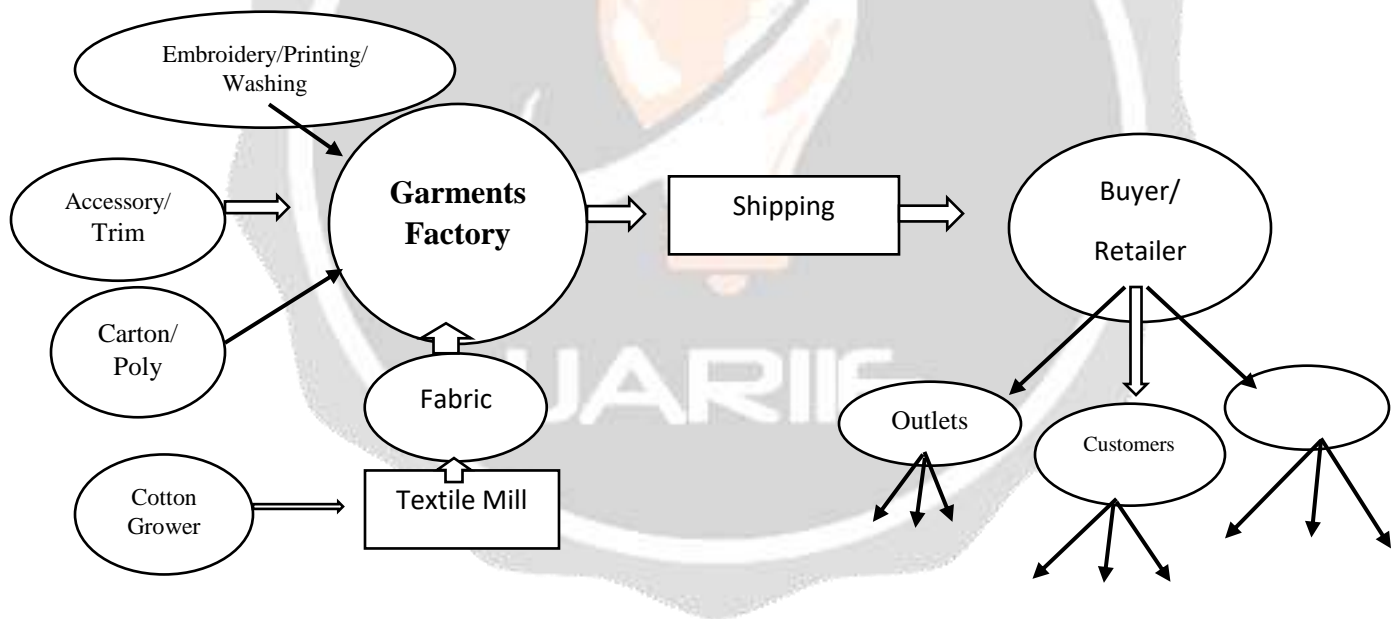


Fig -2: Basic Diagram for Supply Chain in Garment Industry, Bangladesh

4.3 Production of Garments Factory:

- **Purchase of Raw materials:** The Garments industry is extremely dependent on imported raw material. Raw materials are commodities that are bought and sold on commodities exchanges worldwide, Traders buy and sell raw materials in what's called the factor market because raw materials are factors of production as are labor and capital. There are many raw materials necessary for garments factories such as
 - a. **Woven:** Fabrice, Thread, Zipper, Button, Hook, Interning, Lining, Velcro, Elastic, Labels, Tags, Poly Etc.

- b. **Knit:** Yarn/Fabric, Thread, Button, Hook, Lace, Elastic, Labors, Tags, and Poly Etc.
- **Production of Finish goods:**
Dyeing, cutting, Embroidery, Printing, Sewing, Washing, Garments, Dyeing, Dry process, finishing, and packing.
- **Delivery /transportation:**
 - a. **Inspection:** Inspections at all levels of production followed by Final inspection and Acceptance by Buyer.
 - b. **Shipment:** Transportation of goods by covered van up to port then by ship.

4.5 Different supply chain management Garments and non-Garments Industry:

Garments Factory	Non Governments Factory
1. Sell fast than make.	1. Make fast then sell.
2. Make according to a firm order.	2. Make according to forecast
3. Raw material provided by the buyer.	3. Own inventory of raw material.
4. Finish goods occasionally held in store.	4. Large inventory of finished goods.
5. Large capital not blocked.	5. Large Capital is blocked.

4.6 Responsibility for supply chain management in the garments industry:

- **Marketing:** Negotiates with the buyer and gets firm order
- **Merchandising:** Make estimates of material and arranges procurement. Monitors all activities from order to shipment.
- **Storage:** Temporary storage of raw material and good inspection.
- **Production:** Cutting, Printing, embroidery, sewing, and washing.
- **Finishing and Packing:** Thread cutting, Buttoning, pressing, packing.
- **Quality Control:** Total Quality Control Throughout the Process
- **Inspection:** Inspection by buyer and acceptance.
- **Shipment:** By store Department using a Covered van up to port then.

4.7 Penalty for shipment delays/ Failures: on-time delivery is essential failing which;

- For delay production, air shipment may be required. This is very expensive.
- A Financial Penalty may also be imposed .It amounts to a large sum of money.
- The Order may be cancelled .Huge loss to the company
- A Short quantity is also liable to the penalty.

4.8 Ensure of Timely Shipment: Merchandise to maintain complete monitoring from order to shipment .should use separate to CPM diagram for each PO and identify bottlenecks for action. Production monitoring by production Team from cutting to shipment.

4.9 Monitoring System:

- Complete monitoring to be ensured by Merchandisers.
- One report should be shared by all
- Remove bottlenecks to ensure timely shipment
- Use suitable ERP software for this purpose.

4.10 Inventory Control:

- **Woven:** Ideally, there should not be any stock of material in the store, Excess material if any should be disposed of quickly.
- **Knit:** There will be Yarn and fabric. Stock depends on business policy.

5. RECOMMENDATIONS

Garment Supply Chain Management is the beneficial ones for generating the order to the shipment (start to end) appropriately as per the factory and the buyer's obligation. Apparel buyers around the sphere insist product as they want it when they want it, and the best possible price so that the supply chain can do a lot to this concern in reality. Supply chain management different in garments factories to other factories.

- The inventory management system of the garments industry is moderately effective.
- So the inventory management system should be improved.
- Success Depends on Teamwork at all levels.
- Strong Monitoring is required by ERP Software.
- Monitoring, scheduling, and controlling support should be improved. Communication and feedback should be more frequent.
- CPM is a useful tool for identifying Bottlenecks.

6. CONCLUSIONS

The Garment Industry is a significant and essential business sector in Bangladesh's overall economy. If we look at the RMG export rate from the beginning from the 1980s to 2019's then we can easily understand the evolution of this process. But the SCM process in the garments sector is scattered from the perspective of Bangladesh which is lagging in the global competition. To be more efficient in the Global apparel industry Bangladesh has to maintain standard SCM procedures. If the Bangladesh garments industry follows the conceptual model prescribed in this exploratory research then it will be more effective to efficient in the global market. This paper designates further frontiers for prospective researchers as well as practitioners who are involved with the Garments Industry.

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