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Abstract¹

Bangladesh has a high rate of poverty and a large number of people. To overcome poverty on its own, it is capable of using its overcrowding as a human resource. Overpopulation can be most effectively utilized in the ready-made garment sector. There are some key features of this system, including low material costs, low labor costs, fast production and competitive prices. Therefore, foreign companies can invest there with confidence. In spite of the fact that foreign investment creates opportunities, it is also somehow connected to modern slavery. Getting their work done in Bangladesh has become an extraordinary opportunity for big companies. Their success, however, is at the expense of poor workers. Forced labour and unsafe working conditions are becoming more prevalent in the ready-made garment industry.

Introduction:²

Development and unindustrialized market countries are dependent on foreign direct investment. The international expansion, structure, and guidance of companies in developing countries is difficult without multilateral funding and expertise. In order for these foreign companies to grow and generate more jobs and higher wages, they need private investors to invest in infrastructure, energy, and water. A nation (especially a developing nation) will look to attract foreign direct investment if, among other reasons, it wants to create jobs. The creation of jobs is the biggest advantage of FDI. As FDI creates jobs and reduces unemployment rates, it has a positive effect on the manufacturing and services sectors. Jobs increase incomes, allowing people to purchase more goods and services, boosting economic growth. The garment industry in Bangladesh is a key industry delivering high efficiency for foreign investors and in Bangladesh, the apparel industry is a key sector demonstrating the improvements of overseas proprietorship in the ready-made garment and textile industries. The study will focus on whether FDI really provide opportunity or it is modern slavery.

¹

https://www.researchgate.net/publication/320700318_Deadly_Incidents_in_Bangladeshi_Apparel_Industry_and_Illustrating_the_Causes_and_Effects_of_These_Incidents

² <https://researchfdi.com/foreign-direct-investment-advantages-disadvantages/#:~:text=FDI%20boosts%20the%20manufacturing%20and,overall%20economy%20of%20a%20country>

Mottaleb (2007) explains that foreign direct investment contributes considerably to financial progression in Bangladesh. Bangladesh's economic growth is strongly shaped by foreign direct investment (FDI). With a low savings rate for investment and as per one of the most developing countries, the necessity of foreign investment is undeniable as FDI generates occupation, inspires knowledge and skill transfer, and opens up new export opportunities. The Bangladeshi government has been forming a climate conducive to private investment in order to appeal more FDI. It has specified overseas stakeholders various opportunities to invest in Bangladesh, mainly through the RMG sector. Global investors are beginning to take notice of Bangladesh's progressive qualities. As Bangladesh lacks sufficient savings to invest, foreign investment is the primary driving force behind the country's economic growth. Bangladesh's economy has been modernized by FDI for times. Bangladesh's economic growth depends largely on foreign direct investment, which unties doors for global commerce as well. When any foreign company invest in Bangladesh, they have a target to grow business and make profit. So to fulfill this they need huge manpower to support their activities. The invested companies are always determined not to fail in front of the foreign investors in order to maintain a strong relationship between investor and companies in Bangladesh. Like I mentioned earlier, they need huge manpower, this manpower is mostly needy people and uneducated. So they always have a thinking not to lose jobs. Therefore, modern slavery is alternative aspect of FDI that presents a different viewpoint. Among the 167 countries surveyed, Bangladesh ranks 92nd in the Global Slavery Index.³ Approximately 3.67 per 1000 people in Bangladesh are thought to be living in modern slavery.⁴ It is therefore time to grasp the root causes of modern slavery.

The word "modern slavery" describes captivity, enslavement, obligatory or unavoidable work, in addition to mortal trading in numerous international values. Despite the elimination of slavery in the 19th century, slavery still exists. Slavery and the slave trade are banned in all their systems, according to the 1948 Universal Declaration of Human Rights. Prostitution, forced work, young girls to marry older man; these are all types of slavery which means that they cannot do anything according to their own wish. Although the characteristics of slavery have changed through time,

³ <https://www.linkedin.com/pulse/modern-slavery-risk-bangladesh-apparel-industry-arup-kumar-saha>

⁴ <https://www.linkedin.com/pulse/modern-slavery-risk-bangladesh-apparel-industry-arup-kumar-saha>

but it does exist even today's modern civilization. It is somehow controlled by someone from which no one can escape. The ready-made garment factories are also behind modern slavery, but it takes on a different form.⁵ This thesis will discuss how FDI provide jobs, employment and the connection of modern slavery with it.

Problem Statement⁶

Below is a table that illustrates how Bangladeshi workers can be found at relatively low wages. Textiles and garments are best suited to Bangladesh due to its low prices

	Bangladesh	Nepal	India	Pakistan	Sri lanka	China	Indonesia	Vietnam
Wages/hour (USD)	0.24	0.31	0.60	0.40	0.45	0.69- 0.89	0.40	0.40

Source: Siddique (2004) for hourly wage data

Bangladesh has a high unemployment rate, so when foreigners invest there, jobs are created. It is in this part that I will explain why foreign investments are made and why they create jobs. As my research is based on impact of FDI in terms of employment, I will also study whether FDI only creates job opportunity or it leads to modern slavery. There's no better place to invest than Bangladesh, where wage rates are low, energy costs are low, the inflation rate is tolerable, the exchange rate is stable, and custom regulations are friendly for investors. FDI policies in Bangladesh have improved over the years. Compared with India, Pakistan and China, electricity cost in Bangladesh is less than two cents per kilowatt hour (cottonbangladesh.com). Foreign investors will surely be attracted by these features. Ready-Made Garments (RMG) are one of the nation's biggest industries. Over the past 20 years, it has grown exponentially and is Bangladesh's largest export industry. Borensztein et al (1998) have noted that foreign direct investment is an important factor in accelerating a country's economic success and wealth. As a result, FDI provides a source of jobs, facilitates economic growth, improves competition and

⁵ <https://www.linkedin.com/pulse/modern-slavery-risk-bangladesh-apparel-industry-arup-kumar-saha>

⁶ <https://core.ac.uk/download/pdf/38122325.pdf>

contributes to productivity in one's country of residence. Globalization aimed at achieving growth and prosperity for all irrespective of region in all parts of the world is in a state of change in order to integrate itself. International trade and foreign investment have become the prime impulses of the globalization of the free market economy in both developed and developing countries. In this research, I focus on the basic fact, “Does FDI only create job opportunity or it also lead to Modern slavery?” Throughout this thesis, it can be gained a better understanding of the Bangladeshi garment industry, its low payment rates, and the risky working environment of employees, actions taken to prevent accidents caused by fires and other hazards, and how modern slavery may influence these factors.⁷

Objective of the study⁸

With over 75% of total exports coming from RMG, Bangladesh's fastest growing sector.⁹ Foreign direct investment, a vital component of international business, offers Bangladesh many opportunities for economic development. In addition to making a plenty of employment chances, Bangladesh's RMG industry is able to handle the challenges that lie gaining however remaining competitive in the global RMG market. Many families are now supported by the garment industry. In spite of the fact that they never receive what they deserve, they still strive to progress in their business even though they work in a risky environment, receive no security guarantee from investors, and work in a hazardous environment. As a result of the above facts, this thesis aims to reveal the hidden secrets about modern slavery by identifying how poor workers are used for others' success.

Importance of the Study¹⁰

As FDI accelerates GDP, exports, and domestic investment, it shows a significant part in the economy of many developing countries. This in turn leads to a corresponding increase in the global economy as a whole. In order to make the RMG sector in Bangladesh attractive to foreign

⁷ <https://www.mckinsey.com/industries/retail/our-insights/whats-next-for-bangladeshs-garment-industry-after-a-decade-of-growth>

⁸ <https://core.ac.uk/download/pdf/38122325.pdf>

⁹

https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/consumer%20packaged%20goods/pdfs/bangladesh_ready_made_garment_landscape.ashx

¹⁰ <https://core.ac.uk/download/pdf/38122325.pdf>

investors, it is important that the government of Bangladesh takes effective measures to protect them. Bangladesh's textile industry has a very important role to play in its economy. In January-March FY'21, total export earnings from Readymade Garments (RMG) raised at USD 7942.36 million (Woven USD 3814.35 million and Knitwear USD 4128.01 million) which was 7.05 percent higher than that of the previous year.¹¹ Introducing Foreign Direct Investment (FDI) to developing countries like Bangladesh is a powerful weapon. In addition to building up physical capital, creating jobs, developing productive capacity, and enhancing skills of local labor, foreign direct investment can help merge domestic and global economies. The Bangladesh Garment Manufacturers & Exporters Association (BGMEA) believes that FDI serves a vital role in filling the country's capital gap. As one of the world's largest garment exporters, Bangladesh is now widely recognized around the world. Among the most important industries in Bangladesh's economy is the readymade garment industry. Approximately 10 million Bangladeshis are now able to live a better life thanks to it.¹² This thesis is about the advantages of the foreign investing firms in the garments sector in Bangladesh such as create employment. Alongside I will also study issues related to FDI which is modern slavery.

Bangladesh's economic situation related to RMG sector¹³

There has been a growth in Bangladesh's economy since the 1990s (The World Bank). The World Bank reports that in 2019, annual growth reached 8 percent, and in 2020 it was still 3.5 percent in spite of the COVID-19 pandemic (OECD 2020). Due to the pandemic, exports dropped, which was a key driver of the country's economic increase. Almost 30 per cent of Bangladesh's gross domestic product (GDP) comes from the country's industrial sector, while more than half is generated by the country's services sector (Federal Ministry for Economic Cooperation and Development). Bangladesh has an expanding textile industry, as well as an export-oriented sector with potential for further expansion, like shipbuilding, ceramic products, pharmaceuticals, bicycle manufacturing, and information technology. Nearly 81.20 percent of exports come from the textile sector (Textile today 2021). Following China, Bangladesh leads

¹¹ https://www.bb.org.bd/pub/quaterly/rmg/jan_mar2021.pdf

¹² <https://documents1.worldbank.org/curated/en/396141468006268777/pdf/355510BDS20MFA11PUBLIC1.pdf>

¹³ <https://www.worldbank.org/en/country/bangladesh/overview#1>

the world in textiles and clothing manufacturing (UNIDO 2015). Around four million women and men are employed in the sector, which contributes to over 85% of the country's export earnings (FMECD). Textile goods are primarily exported to the EU (Germany) and the USA. As a result, Bangladesh has become a central area for German initiatives affecting to the garment industry, including the Textiles Partnership and the Green Button. Despite this, Bangladesh textile factories have very poor health and safety standards, which leads to a high number of accidents. The Rana Plaza building collapsed in 2013 near the capital of Dhaka, causing the worst manufacturing accident in country history. The number of people killed and injured exceeded 1,100. The textile industry was forced to adopt fire safety guidelines due to international pressure. Bangladesh may be able to have a far-reaching effect well beyond its borders due to the initiatives it has started. Many places, though, have experienced slower than expected progress in implementing such safety standards.

Literature Review

Overview of Foreign Direct Investment

(Velde, 2005) Internationalization is what connects economies all over the world. In addition, it contributes towards the improvement of financial performance (Iqbal et al., 2012). As a result of globalization, both FDI flows and stocks have risen dramatically (Hill & McKaig, 2015). A company from home country forms physical investment in host country- this is the explanation of FDI given by Hill and McKaig (2015) (p. 228). Foreign investment supports host countries' economies in numerous ways (Bütthe & Milner, 2008). Masron et al. (2012) report that FDI contributes to the provision of high-skilled labour and value managing. Accordingly, FDI has been shown to facilitate employment formation, create income, enhance structure, and rise output both in host countries (Edrak et al., 2014). Yucel (2014) and Yildirim and Tosuner (2014) found the same thing. FDI helps develop countries raise their economies.¹⁴

For export-oriented countries, foreign direct investments have constantly been of superior importance if there is a requirement to chain all the available investment bases meant for quick as well as maintainable growth, specifically for developing economies. FDI and the forces that drive it have been studied a lot. In India, Nayak and Dev (2003) noted that there are some factors

¹⁴ <https://www.worldbank.org/en/country/bangladesh/overview#1>

of FDI, such as extra labor caused by the unemployment rise, cost-cutting, intended leavings from job, mandatory leaving from job, and the fall of negotiating power of labor. A study they conducted also found that labor force strength was a vital reason in inviting foreign direct investment into a country. FDI is involved to countries with a plenty of young, qualified workers. A study conducted by Ali and Guo (2005) examined the inspirations of 22 Chinese companies to invest in China in order to examine what drives these companies to do so.¹⁵ FDI determinants, especially for US-based firms, are largely influenced by market size. As China is a populated country, it is a great choice for investors. Demirhan and Masca (2008) also analyzed about the interesting factors related to FDI such as GDP, labor cost. FDI is often defined in terms of capital flows created by multinational companies (MNCs). Agiomirgianakis et al. (2003) noted that FDI is mainly based on the behavior of MNCs. FDI may be affected by the same factors that affect MNC behavior. There are many reasons why multinational companies increase into foreign countries, including economies of scale, even merely to simply compete with competitors in their field. MNCs also expand to foreign countries to take advantage of specific advantages of their product life-cycle models or for no other reason than to compete with their counterparts. Then there's also the policy competition between governments aiming to improve FDI activity by changing labor market conditions, taxes, etc. During the analysis of FDI in Malaysia, Ang (2008) found that economic progress, new business opening influence FDI.

The work of Mottaleba and Kalirajan (2010) focused on detecting factors of foreign direct investment introductions into emerging countries. They found out that a more business-friendly environment, an increased GDP growth rate, and a larger GDP are factors that are helpful in attracting FDI. In a case of Pakistan, adding to the results of Mohiuddin and Salam (2011) is that there are numerous features that ultimately impact foreign direct investment, where real GDP and exchange rates have a positive impact on FDI; consequently an growth in real GDP and appreciation of rupees lead to an increase in FDI once investors consider to be positive signs for the economy and anticipate high profits from domestic investments. Furthermore, FDI and labor relations have been studied from various viewpoints, such as labor market flexibility as a factor affecting inflows of FDI (Pham, 2008). Labor costs and FDI in China (Saglam & Boke, 2017) are methods for measuring the effects of FDI on host countries' labor markets.

¹⁵ <https://www.koreascience.or.kr/article/JAKO202100569385281.view>

Furthermore, Cung (2020) studied how several elements affected economic development in Vietnam, including FDI, foreign aid, exports, and consumer spending. Additionally, various forms of examination have been conducted on the effect of foreign direct investment on the labor productivity of host countries, such as the study of the impact of FDI on child labor in Vietnam (Pham, 2008), the study of the impact of FDI over human capital on labor productivity (Olarreaga, Piacentini, & Nguyen, 2010), and the study of the impact of FDI over human capital on labor productivity (Nguyen, 2019).

FDI flows into a country are influenced by a wide range of factors. Büthe and Milner (2008) argue that political factors influence the flow of foreign direct investment. Many countries are looking for ways to attract more FDI into their countries by recognizing the benefits of FDI (Masron et al., 2012). For example, according to Wang and Wong (2011), two factors that governments use in order to attract foreign direct investment (FDI) include tax breaks and low-interest loans to multinational enterprises. Other governments, however, have an extreme position regarding foreign direct investment. In their opinion, FDI is a way of capitalism. The inflow of foreign direct investments (FDI) generates profit for MNEs in host countries that is then returned to them (Hill & McKaig, 2015). Furthermore, Chen et al. (2010) noted several bad effects of foreign direct investment on the economies of developing countries. Among these consequences are addiction on foreign capital, unreliable inflows of foreign capital, focus simply on low-tech industries, and the warning to domestic firms. As a result, those governments have attempted to limit foreign direct investment. The world, however, has been readjusting to this radical perspective ever since the early 1990s (Hill & McKaig, 2015).

The amount of FDI that a country receives is directly affected by its economic development. Most foreign direct investment flows into developed economies, according to Chen et al. (2010). In addition to the potential degree of financial expansion, administrative steadiness, social equality, trade contracts, and financial liberalization, there are other factors influencing inward foreign direct investment (Büthe & Milner, 2008).

Numerous studies have examined how FDI affects the economy of host countries in many facets. A study by Findlay (1978) showed foreign direct investment augmented the economy of host countries and created jobs at the same time. The Borensztein et al. (1998) study produced parallel outcomes. He found a significant link between FDI and growth and jobs in 12 Latin American

countries. According to some research, FDI can create jobs if it is beneficial. Similar research was carried out by Aaron (1999). A growing amount of FDI creates direct jobs as well as indirect jobs. In 1997, he showed that FDI in developing countries led to the creation of 26 million jobs (direct) and 41, 6 million (indirect) jobs.¹⁶ Alterzinger and Bellak (1999) studied the employment act of domestic versus foreign-owned firms. Based on the results of the study, it was revealed that firms with direct foreign investment had a greater influence on labor costs while firms with indirect FDI had a greater focus on market acquisitions. The experimental outcomes also indicated that indirect FDI firms perform better in terms of employment than direct FDI firms. Nunnenkamp et al. (2007) examined the case of Mexico in line with these findings. Mexico has witnessed a reduction in joblessness due to foreign direct investment. Studies have studied how FDI leads to a rise in employment via growth, and some have studied the link between FDI and employment. FDI contribution to growth and employment is affected by environmental and social factors in the host country, according to Buckley et al. (2002). The same paradox was considered by Fry (1992). According to him, foreign direct investment could result in greater growth in the economy, which could perhaps result in more employment opportunities. In addition, he argued that FDI and domestic investment have a negative (indirect) relationship. Rawski (2002) conducted an interesting study on this subject. According to him, FDI and labor market growth exist in two directions in the case of China. Apart from the jobs it generates, it also results in high wages in the beneficiary countries. Researchers have found that Multinational Enterprises (MNEs) pay higher wages than domestic firms based on their FDI-wage relationship. The overall wages rate sometimes are increased the wages form of multinational (Lipsey, 2001; Lipsey, 2002; Warsiet al., 2013). For growth, advanced technology and employee skill are important. Foreign firms that have high employee turnover may help facilitate this process, according to the proponents. Employees that leave foreign multinationals to join a domestic company become sources of technology transfer. The same problem was observed in South Korea by Bloom (1992). The production managers who left foreign firms and joined domestic firms in South Korea resulted in substantial technological transfer. In some cases, foreign companies retain their employees by giving higher salaries, thereby avoiding the transfer of technology [Glass and Saggi (2002)]. Furthermore, statistical evidence indicates that FDI has a

¹⁶ <https://archive.conscientiabeam.com/index.php/29/article/view/1588/2203>

significant impact on labor force efficiency of the host country. The productivity of workers in multinational firms and domestic firms differs significantly, as Harrison (1996) demonstrates. For example, Harrison (1996) showed a considerable variance between the outputs of labor who works in foreign firms rather than domestic firms. A study conducted in Kenya by Ramachandran and Shah (1998) supported the same views. They found that a foreign-owned company had 59% higher value addition per worker than a domestically owned company.¹⁷ The authors claimed that the differences in training between local and multinational companies were the cause of the productivity gaps.

FDI has a lot of effects on the host country's economy. This act is the first step towards enhancing economic growth in host countries by providing the essential capital (Caves, 1996; Dunning, 1993; Blomstrom and Sjöholm, 1998; Smarzynska, 2002; Akinkugbe, 2005). Through its expansion of managerial, labor skills, and training, it encourages evolution in the host nations (de Mello, 1999). The third goal is to promote the technological upgrading (de Mello and Sinclair, 1995; Markusen and Venables, 1999). It therefore enhances technological development and promotes industrial growth for the host nation (Asheghian, 2004). The presence of FDI in the host nation may also help promote economic growth, as it is generally accepted that multinational corporations (MNCs) supplement native industries and contribute to development and prosperity (Grossman and Helpman, 1991; Barro and Sala-i-Martin, 1995). In Dunning's (1981, 1988) FDI theory, the three sets of advantages all contribute to the determination of Foreign Direct Investment (FDI). An ownership advantage is one that includes the firm's advantages over competitors' brands, patents or technological and marketing expertise. Companies can contest with their local rivals despite the disadvantages of being foreign in market segments they serve. FDI with bundled products, capital lending and technical assistance is preferred over unbundled products, capital lending and technical assistance since it adds to internationalisation. (Wheeler and Mody, 1992). It is the location-specific advantages that make FDI more attractive to the chosen foreign country than the other countries and they relate to how valuable it is for the firm to operate in and invest in the host country. For example, companies may choose to locate manufacture facilities abroad due to the high cost of transportation. The power of location also entails the presence of huge local markets, ordinary properties, an educated work strength, low

¹⁷ <https://archive.conscientiabeam.com> › download

labor cost, good organizations (the absence of corruption, clarity of law), governmental steadiness and low trade and additional tax charges. Global economic development has been enhanced by FDI. By transferring technology knowledge and managerial expertise, FDI helps to create jobs, grow GDP, and raise living values in host countries.

FDI in relation to local employment:¹⁸

It's been studied how FDI and job creation go together. According to the latest announcement by the Bangladeshi government, it has plans to launch at least 100 new Export Processing Zones (EPZ), Special Economic Zones (SEZ) and Economic Zones (EZs) within the next 15 years.¹⁹ For developing countries such as Mauritius, FDI with EPZ is a great driver of employment establishment (Rama, 2003). A specific area may become economically mobile when it receives foreign direct investment. The direct creation of jobs is not possible through FDI in Pakistan, India and China. Indirectly, this may lead to an expansion of the job market, since it stimulates the development of the economy. (Rizvi & Nishat, 2009). A study conducted by Abor and Harvey (2008) determined that FDI could contribute to the growth and creation of employment in a country like Ghana where unemployment is very high. As Craigwell (2006) found, the Caribbean region is similar. It was established that FDI and employment are positively related through Granger panel causality tests, indicating the importance of an active skill policy and human capital. In their study of the V4 (Czech Republic, Hungary, Poland & Slovakia), Brincikova and Darmono (2014) discovered that FDI inflows did not significantly influence unemployment, but they could positively influence GDP growth. Between 1980-2006, foreign direct investment in Latin America boosted employment levels because the productivity was higher and FDI involved a lot of women in several sectors, which assisted them harness the resources that were underutilized and help them boost their progress (Vacaflares, 2011). Ernst (2005) looked at Argentina, Brazil, and Mexico in the 1990s, and found that except for Mexico, FDI doesn't have a lot of impact. As described by him, the reason why foreign direct investment was accepted into the market was because it was considered brownfield investment, i.e. a merger or acquisition of an existing company or industry. Jobs didn't get created because of that. The

¹⁸ https://www.researchgate.net/publication/346095647_Impact_of_FDI_on_Employment_Level_in_Bangladesh_A_VECM_Approach#pf6

¹⁹ <https://elibrary.worldbank.org/doi/abs/10.1596/30555>

Malaysian data covering 1990 to 2007 and using the ARDL bound method, Pinn et al. (2011), showed no long run relationship between employment and FDI. FDI can promote employment in secondary and tertiary industries over time and FDI can influence tertiary industry employment levels in a bidirectional way, according to Liu (2012). Foreign direct investment also helps build up the Chinese economy and work force. Businesses want to introduce advanced technology to deal with the existing amount of labor due to the growing volume of trade. According to Greenaway, Hine, and Wright (1999), the wages of effective labour forces generally rise. Asaleye, Okodua, Oloni, and Ogunjobi (2017) allege that trade could hamper growth in employment in Nigeria. With increased trade, more workers were required to compete with the pace of liberalization in the 80s and 90s, thus unemployment may have increased at that time as most workers were unskilled and poverty had also not declined significantly at that time (Carneiro & Arbache, 2002). In their study of Vietnam's liberalization scenario for the period 1999-2004, Kien and Heo (2009) discovered that the increased rate of output to maintain size of market share created more labour demand in the industrial sector than before. Egypt's informal and uneven employment side was explored by Salem and Zaki (2019). In order to increase the amount of formal (productive) firms, the informal (least productive) firms have been evicted through a crowding out process. Through crowding out and openness, there are fewer informal (least productive) firms left. FDI has led to an increase in exports that has led to the relocation of extra labor from other sectors of the Chinese economy into the manufacturing sector (Fu & Balasubramanian, 2005). Raihan (2008) believes trade liberalization causes job destruction as well as job creation. There is a positive correlation between export-oriented manufacturing industries and export substituting industries. During the 1990s, Uruguay became an open economy with more capital intensive technology due to the reduction in trade barriers. In addition to creating jobs, it destroyed jobs as well. Overall, it resulted in more job destruction. There were two main factors that led to this, namely reducing and union involvement, with the concluding having a greater impact on job loss as well as capital destruction. As most developing nations have a growing population, creating employment is a huge challenge for them. Growth in employment is linked to economic growth. The living standards of people of that area tend to rise when the number of employed people increases in that area. They will also be more productive. As a result, the economy expands. Bangladesh Bureau of Statistics (BBS) says in

2016-17 the employment to population ratio was 55.8%.²⁰ There has been an improvement in both the service and industry sectors. The service sector employed 35.6 percent of people, and the industrial sector employed 16.81%.²¹ From 2019 onward, these percentages become 40.38% and 21.32%. (IBID) While keeping behind its half of the population, a country may not be able to develop. In 2016-17, women occupied 36.3% of the human labour force, which was satisfactory.²² Over the past few years, foreign direct investment (FDI) has been performing well. The United Nations Conference on Trade and Development (UNCTAD) reported that Bangladesh attracted its highest ever inflow of foreign direct investment in 2018.²³ With FDI, it ranks second among South Asian nations.²⁴ Up until 1990, it was not possible to specify the amount of FDI.²⁵ It began to rise afterward, but the rate of growth was inconsistent because of social and political instability. However, the recent situation is pretty good. As compared to 1990 and 2010, where the export of goods and services totaled just over 2 billion US dollars, the volume of exports in 2018 reached 40.558 billion US dollars.²⁶ USA, UK, and Germany account for most exports. In terms of exports, readymade garments account for most of the market, mostly 80%.²⁷

Theories of FDI²⁸

A significant increase in foreign direct investment arose from the emergence of globalization and trade liberalization policies. Due to these variations, researchers began to focus their attention on multinational corporations and capital flows internationally. Since there is no universal explanation for this phenomenon, many economists were interested in explaining its different sides. Faeth (2009) points out that the FDI theories were based on trade theory perspectives during the early stages of FDI research. There were theories for studying why multinationals

²⁰

http://bbs.portal.gov.bd/sites/default/files/files/bbs.portal.gov.bd/page/a1d32f13_8553_44f1_92e6_8ff80a4ff82e/Bangladesh%20%20Statistics-2017.pdf

²¹ <https://www.statista.com/statistics/438360/employment-by-economic-sector-in-bangladesh/>

²² https://asiafoundation.org/wp-content/uploads/2018/12/EDIG-Female-employment-stagnation-in-Bangladesh_report.pdf

²³ https://unctad.org/system/files/official-document/wir2018_en.pdf

²⁴ <https://www.investmentmonitor.ai/fdi-data/investors-guide-south-asia-india-fdi>

²⁵ <https://www.bb.org.bd/pub/halfyearly/fdisurvey/fdisurveyjanjun2020.pdf>

²⁶ <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=BD>

²⁷ <https://link.springer.com/article/10.1007/s42943-022-00049-9>

²⁸ <https://core.ac.uk/download/pdf/38122325.pdf>

invest in foreign countries, as well as why some companies select to do business in a specific country.

The Eclectic Paradigm of Dunning:²⁹

Established by professor Dunning, the eclectic theory of direct foreign investment combines three different theories: O-L-I: Ownership advantages, Location advantages, and Internalization advantages. An organization must possess certain features that would allow it to defeat operating costs on a foreign market in order to successfully enter a foreign market. A company's specializations or proficiencies are its advantages. It is possible for a firm to achieve greater marginal profitability or lower marginal cost by taking advantage of its own specific advantages abroad compared to its competitors when the firm has a monopoly over those advantages (Dunning, 1973, 1980, 1988). According to this theory, intangible assets are those that are not tradable within transnational companies, but which can be transferred between companies at low costs, leading either to a higher income or a decreased cost. For transnational corporations, location advantages are the most important factor in determining where they will conduct their operations. FDI flows are affected by three broad categories of advantages: a) economic, b) political, and c) social. Economic advantages include factors such as the cost of production, transportation, telecommunications, and capacity of the market. 3. Social advantages include distances between the home and home country and the cultural diversity of the residents. Leaving aside the first two conditions, it is necessary that the company realized a profit by using the advantages of the country of origin along with a few additional factors that are outside of the country of origin as well (Dunning, 1973, 1980, 1988).

Transaction cost theory:³⁰

A transaction cost economist could be thought of as a person who tries to organize transactions in a way so as to minimize their transaction costs (i.e., market structures, hybrid structures, firms, or bureaus) (Williamson 1979). It has been argued (Williamson 1979, 1986) that an organization

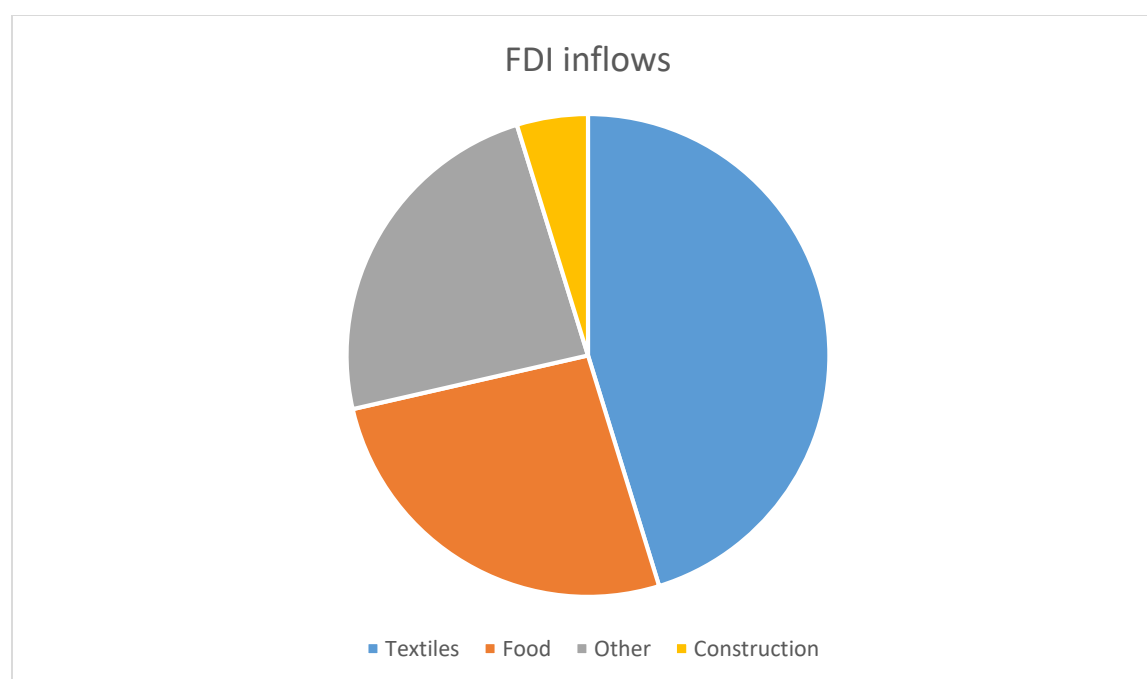
²⁹ https://www.academia.edu/23259517/RAZIB_HOSSAIN_Foreign_Direct_Investment_on_Bangladeshi_Garments_and_textiles_Sector

³⁰ https://link.springer.com/referenceworkentry/10.1007/978-3-642-28036-8_221

with the lowest transaction costs is most efficient in terms of economic efficiency. There are coordination costs associated with monitoring, controlling, and managing each type of transaction, according to the theory. The cost of running an economic system of firms is what Williamson defines as transaction costs. Using transaction costs instead of internal production costs allows a decision-maker to compare internal production costs with transaction costs and determine whether to use a firm organization or market tracking. A decision of this nature is therefore primarily driven by cost.

FDI Inflows by sectors

A sector-by-sector analysis of FDI in Bangladesh indicates that foreign investors have shifted their focus from agriculture to manufacturing. In the pie chart, FDI is flowed to manufacturing, power and energy, whereas agriculture, trade and commerce, and services were ignored.



Source: <https://www.bb.org.bd/pub/halfyearly/fdisurvey/fdisurveyjanjun2020.pdf>

Foreign Direct Investment on Bangladeshi Garments Sector³¹

The Foreign Investment Chamber of Commerce and Industry (FICCI) says Bangladeshi entrepreneurs will have to advance their working situations because of foreign direct investment

³¹ <https://core.ac.uk/download/pdf/38122325.pdf>

(FDI) in the readymade garment (RMG) industry. According to FICCI, Bangladeshi entrepreneurs will be required to provide better working conditions, safety measures and better wages if foreign entrepreneurs set up world standard RMG factories in the country. There are at least 500 RMG units in Bangladesh that do not follow adequate safety procedures, putting the workers' lives at risk continuously.³² Manufacturing units and warehouses for these garment companies violate building codes and lack the necessary firefighting equipment and emergency fire extinguishers. In order to feed the nation's export-oriented garment industry, leaders of BGMEA claim massive investments are required in the backward linkage. A several billion dollar worth of yarns and fabrics are imported every year by Bangladesh. The Press Trust of India reports that by 2030, India and China will account for 38 per cent of global gross investments, making them the largest investors among developing countries.³³ The global economy will be affected by all of this. As labour costs are very low in Bangladesh, competition on the international market is weakened by the high labour costs in China, South Korea, India and Pakistan. In order to continue its development process, Bangladesh requires Foreign Direct Investment (FDI). Bangladesh has tried to be FDI friendly since independence. Bangladesh opened its economy to foreign direct investment in the late 1980s to boost economic growth. Board of Investment (BOI) was established by the government in 1989. This program's primary goal is to attract foreign investment and make it as easy as possible. In the 80s and 90s, Bangladesh created economic zones to encourage foreign investment. A senior foreign ministry official of Bangladesh told The Daily Star that Bangladesh is the second largest country exporter of RMG products after China. A majority of Bangladesh's garment firms have foreign investment through foreign direct investment (FDI). However, a smaller number of Bangladeshi garment firms retain foreign equity for their safety against quota allocations of garment exports to the U.S. In addition, foreign companies are permitted to invest in the Bangladeshi garment sector only if their plants are located in export processing zones, and if they are not competing with the domestic subcontractors that supply the exporting firms. Therefore, Bangladesh is the major export market for virtually all the foreign direct investment firms.

³² https://www.ilo.org/dhaka/Whatwedo/Projects/WCMS_240343/lang--en/index.htm

³³ <https://www.worldbank.org/en/news/press-release/2013/06/03/india-by-2030-india-and-china-will-dominate-global-saving-and-investment-says-new-world-bank-report>

According to Bangladesh Bank data, the country received \$271 million in foreign direct investment (FDI) last year, an 11 percent increase from \$244 million the previous year.³⁴ Among the investors in the sector, South Korea was the largest with investments of \$50.32 million, followed by Hong Kong, which invested \$35.11 million.(IBID) After China, the United States were the highest earners with 25.19 million dollars, the United Kingdom was next (\$14 million), the Netherlands was the second (\$6.18 million), the British Virgin Islands was third (\$26.46 million), Sri Lanka was second (\$22.36 million) and India was third (\$11 million).(IBID) Foreign investment in Bangladesh decreased by 10.80% from \$2.87 billion in 2019 to \$2.56 billion in 2020, according to official figures.(IBID) The country has been gradually moving toward higher-value items due to its ability to overproduce traditional garment items, CPD research director Khondaker Golam Moazzem told a newspaper. Since the country still imports huge quantities of fabrics, FDI should also flow into the backward linkage and textile sectors.

Present condition of RMG sector in Bangladesh³⁵

Within a short period, Bangladesh has become a world leader with its garment industry, which is a major contributor to the development of Bangladesh's industrial sector. It has also contributed significantly to reducing unemployment by inspiring the economy. Bangladesh's 5,000 factories employ approximately 3.6 million people (out of a total workforce of 74 million), making it the largest readymade garment producer in Southeast Asia.³⁶ Also, it offers a good range of products at a fair price, particularly in the value and entry-level segments. Bangladesh offers two broad categories of ready-to-wear garments: woven products and knitted products. In terms of garment export earnings, woven garment products continue to dominate. With about \$15 billion in exports in 2010, readymade garments are the country's most important industrial sector.³⁷ Although the country produces a wide range of garment products, just a few constitute the majority of the production. These categories include shirts, T-shirts, trousers, jackets, and sweaters. Several surveys conducted by McKinsey and KPMG in recent years indicated that the supreme vital cause people purchase from Bangladesh is the price. As a result of significant

³⁴ <https://www.fibre2fashion.com/news/textile-news/fdi-in-bangladesh-s-textile-weaving-sector-jumps-by-11-in-2020-275767-newsdetails.htm>

³⁵ <https://core.ac.uk/download/pdf/38122325.pdf>

³⁶ <https://textilelearner.net/readymade-garment-industry-in-bangladesh/>

³⁷ <https://bdnews24.com/opinion/comment/new-opportunities-for-the-garments-industry>

efficiency increases, future prices will remain very competitive, despite wage increases (BGMEA).

Present condition of Garments workers in Bangladesh³⁸

Textile/garment manufacturing accounts for the majority of Bangladesh's economy. 80 percent of Bangladesh's exports are clothes.³⁹ The average Bangladeshi worker works lengthy hours for low wages, and 85% of them are women.⁴⁰ They not only work in overcrowded conditions and do not have any financial protection, but they also earn low wages. The workplace is also dominated by sexism and sexual harassment targeted at women. A lot of factories have closed down in recent years due to global economic problems, which result in layoffs, pay cuts and a struggling economy (on top of that, a stressed workforce). Workers in these factories struggle to survive; unable to provide for themselves and their families. Here are a few ways they are struggling to survive.

In sweatshops, workers' rights are violated. Long shifts and little free time are common for these workers. Due to the high number of workers, there is very little space for them to work. A working environment like this is quite dangerous. Factory owners, despite the fact that labor unions are legal, are taking steps to restrict and prevent their formation. The factory owners take advantage of the situation by overpowering their workers.

These laborers have been severely affected by Covid-19. Before the pandemic closed many factories and reduced the level of garment exports, the workers in the factories were struggling to make ends meet. The pandemic has resulted in a drastic drop in sales for Western brands. They have canceled their orders from factories. Most of the orders placed by Western companies were canceled. Workers and factories were both affected by this. Because of these low demand levels, 58% of factory owners no longer have the ability to pay their workers.⁴¹ Many of these

³⁸ <https://borgenproject.org/tag/unsafe-working-conditions/>

³⁹ https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/insights/bangladesh-garment-industry

⁴⁰ <https://laborrights.org/blog/201307/worth-women-and-workers-bangladesh-garment-industry>

⁴¹ <https://borgenproject.org/tag/workers-in-bangladesh/>

struggling workers are then let go by management. A family will not exist without a job and they will not be able to support themselves.

In Bangladesh, women still lack the rights and conditions they deserve despite accounting for 85% of the textile workforce. (IBID) Maternity leave is unfair and women are subject to sexual harassment. According to an article from Business and human rights resource center in Bangladesh, around half of all women interviewed never took the required break although the government guarantees maternity leave for at least 100 days for the first two children.⁴² While it is illegal for companies to demote a woman solely due to maternity leave, many women who do get maternity leave have to return to a lower position.

Efforts by Organizations

In order to escape poverty, Global Giving educates and empowers women working in sweatshops. To achieve this, they will also hope that others will follow their example by struggling for their rights. Supporting Global Giving provides immediate improvements to the lives of individual women as well as assisting women as a whole to achieve more equality and independence.⁴³

Human Rights of Workers

In Bangladesh, low pays and imbalanced treatment are the root cause of widespread hardship for the working class. With the global pandemic, layoffs and pay cuts have increased even more than before the outbreak. This recent pandemic simply brought attention to an issue that existed before. Of course, sweatshop workers in Bangladesh deserve to be treated fairly, and they should be granted the rights they are entitled to. (Samira Akbary)

From my above explanation about FDI advantages, considering the working condition of workers, it is quite clear that ‘Modern Slavery’ is practiced which is a negative effect of FDI. In my next part I will include more about modern slavery.

Modern slavery⁴⁴

⁴² <https://www.business-humanrights.org/en/latest-news/bangladesh-study-shows-female-garment-workers-are-being-deprived-of-maternity-leave-and-childcare-rights/>

⁴³ <https://www.oecd.org/dac/gender-development/OECD-report-on-womens-rights-organisations.pdf>

⁴⁴ https://assets.publishing.service.gov.uk/media/5e56a40d86650c539fff3f20/DFID_Study_on_Modern_Slavery_in_Bangladesh_.pdf

Bangladesh is a complex place with regards to modern slavery. There's a lot of mistreatment going on nowadays, and most of it's related to jobs. The primary challenge confronting Bangladesh is long work hours, poor working conditions, and low wages—as will be discussed in detail for each type of modern slavery. There aren't many other options available to workers so they accept these conditions. Modern slavery is about mistreating people for profit. It's cheap to make stuff in Bangladesh, and profits are small, so taking advantage is common. Especially in the garments industry, prices are continually pushed down by consumer pressure. In competitive markets, workers are under pressure to reduce costs to remain competitive, creating a 'race to the bottom'. Ship breaking and commercial sexual exploitation are the trade-offs workers take for more pay. The weakness of helpless groups still plays a key role, as their limited choices effectively lead them into unfair work, including commercial sexual abuse. The United States' Trafficking in Persons report indicated Bangladesh could be downgraded to Tier 3 based on field research.⁴⁵

Literature review on modern slavery ⁴⁶

In one study, researchers found that defining modern slavery is hard. "The term slavery has been defined differently in over 300 international treaties since 1815" (Bales, 2004).⁴⁷ In accordance with the 1926 Slavery Convention of the League of Nations, slavery is defined as "any or all of the power associated with ownership is exercised over [an individual]."⁴⁸ Basically, forced or compulsory labor is defined under the Forced Labour Convention of 1930 as "work or service required of an individual under threat of consequence and not voluntary on their part."⁴⁹ Abolition of slavery, slave trade, and institutions and practices similar to slavery, published by the UN in 1956, expanded slavery to include debt bondage, serfdom, forced marriage, and exploitation of children (Mende, 2019). In 2000, the UN Office of the High Commissioner for Human Rights recognized trafficking as another form of modern slavery.

An updated definition of slavery was developed by scholars and practitioners in accordance with the Bellagio-Harvard Guidelines (Allain, 2012). By definition, slavery occurs when someone's

⁴⁵ <https://www.state.gov/wp-content/uploads/2022/04/337308-2022-TIP-REPORT-inaccessible.pdf>

⁴⁶ https://vbn.aau.dk/ws/files/415527585/Thesis_UyenPhan_final.pdf

⁴⁷ <https://www.ohchr.org/en/instruments-mechanisms/instruments/slavery-convention>

⁴⁸ <https://www.jstor.org/stable/23279811>

⁴⁹ https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158894/lang--en/index.htm

individual liberty is restricted considerably, in order to exploit their ability to be used, managed, purchased, sold, transferred, or disposed of. In the meantime, critics have questioned whether a clear definition is necessary. It is not possible to differentiate slavery from other methods of abuse (Mende, 2019). It is important to address other forms of mistreatment as well as modern slavery. In addition, slaves can be defined in a variety of ways depending on their location, time, and culture, indicating a local custom or practice while also evolving over time, as Bales argues (2004: 167). It is therefore necessary to examine slavery through a broader lens of exploitation that takes context into consideration. A combination approach linking slavery definition with the outlook for different types of exploitation is necessary to have a better understanding of modern slavery, since there is no agreed definition (Quirk, 2006; Voss et al., 2019) and this definition is often criticized (Mende, 2019). Moravcsik, 1998) says defining slavery allows researchers, educators, and policy makers to account for culturally varied sides of slavery. As a result, slavery is defined by (international) law (Mende, 2019). So, this study contributes to addressing modern slavery from a more holistic perspective by addressing other types of exploitations beyond those defined by the definitions. Yet, modern slavery has developed in regard in strategy, regulation, and civil society circles in spite of the challenge of describing it and evaluating it. Forced labor, human trafficking, bondage, debt bondage, forced marriage, child labour, and organ stealing are some examples of what it covers.

Many business models are characterized by slavery, particularly forced labour and debt bondage (Christ & Burritt, 2018). More than 60 percent of modern slavery victims are in forced labour, a number that is estimated to be around 25 million (International Labour Organization, 2017). This type of exploitation most commonly occurs when sufferers are enforced to work for a profit. Globalisation and comparative cost advantages within capitalist structures allow this sort of exploitation to find its way into business operations and internationally supply chains (and might even tolerate it) (Christ & Burritt, 2018; Gold, Trautrim, & Trodd, 2015; Lund-Thomsen & Lindgreen, 2014). Using low-cost labor is one of the most profitable additions to any business and its supply chain (Gold et al., 2015), which is assisted and allowed by global dissimilarity and hierarchical communal links. Further, most products are manufactured by international chains that are compound and particular. A product's final result is influenced by many different companies. When slave-made commodities reach the next level of the supply chain, such as exporters or wholesalers, they are inseparably mixed with other items (Gold et al., 2015). Due to

this, businesses have caused modern slavery, either indirectly or openly. Sugar cane plantations in Brazil, which manufacture ethanol fuel, have been discovered to be slave plantations many times (Rush, 2007). Thailand's fishery industry is also affected by forced labour, especially on children (Chantavanich, Laodumrongchai, & Stringer, 2016). Research conducted in the UK's agricultural, industrial, and cannabis industries has found that migrant workers are particularly weak to enslavement (Phung & Crane, 2018). Bales & Cornell (2008) and Christ, Rao, & Burritt (2017) report that the Intercontinental Hotel Group in England engaged in slave labor (Bales & Cornell, 2008; Christ, Rao, & Burritt, 2019). The British Broadcasting Corporation (BBC) exposed slavery and child labor on cacao farms in West Africa (Gold et al., 2015). In Bangladesh, debt bondage is a common practice. Despite these dangerous and unacceptable conditions, the international community has yet to speak out against them until more than 1,000 people died in the collapse of the Raza Plaza garment factory in 2013 (Christ & Burritt, 2018; Johnson Jr, 2013). Traditionally, slaves did production and domestic work for their owners, but they're now doing other stuff to make a profit faster (Crane et al., 2018). A good example of this is that enslaved laborers are being turned into imprisoned customers who must pay to use services like accommodation, food, transportation, and immigration.

As a result, these labourers may find themselves in a condition where they are underprivileged of their freedom and are forced into working under oppressive conditions, under pressure, or under more understated means such as manipulating debt, keeping identification documents, or threatened with deportation to immigration offices (International Labour Organization, 2021). As new actors enter the picture, these activities become more prevalent. They are the on-site contractors, subcontractors, or intermediaries who perform work for organizations on a contract basis. They facilitate the matching of workers with organizations, their implementation of tasks, as well as the resolution of conflicts between workers and organisations (Bonet, Cappelli, & Hamori, 2013). It is extremely difficult to detect and prevent slavery due to its hidden nature, despite its illegality. Slavery continues to evolve and innovate to allow companies to make higher profits.

Approximately 40 million people were trapped in modern slavery in 2016, according to the Global Estimates.⁵⁰ Globally, modern slavery and human trafficking are on the rise, and the

⁵⁰ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_574717/lang--en/index.htm

Sustainable Development Goals (SDGs) have committed the global community to ending them by 2030. Despite the fact that thirteen years of human history are but a moment, it is still necessary to find a way to rip away the systems of pressure that, in some cases, date back centuries - and in others, have been borne of new and illegal business models, extensive migrations, crises, and conflicts - which represent a great deal of failure and resistance. Efforts at the national and international levels must be accelerated in order to meet the ambitious 2030 target for ending modern slavery.⁵¹ Policies and programs must address modern slavery's root causes at all levels, both nationally and globally, in order to be effective. We need more and better info on how many people are affected by modern slavery and how they get caught up in it, as well as a lot more information on its various forms and manifestations.

In the Forced Labour Convention, 1930 (No. 29) of the International Labour Organization, a forced service is defined as “any work or service that is imposed upon a person who has refused to offer himself voluntarily and for which a penalty is threatening or that is imposed under the threat of any penalty.”⁵² In certain areas of economics or industries, forced labour may be mostly established and it is important to recognize that the state is determined by the type of the connection between an individual and their “employer”, and not by the form of action completed, no matter how difficult or dangerous certain conditions of work may be. No matter how legal or illegal the situation may be under national law, forced labour nevertheless remains forced. It is a forced situation, for example, when a woman is compelled to engage in commercial sexual exploitation in spite of its illegality or dangers.

An employer or third party applies forcible pressure to force an adult to perform work for which he or she has not voluntarily offered themselves. Force can involve forcing the worker to agree to take a job during the recruitment process or forcing the worker to do work that wasn't negotiated at the time of recruitment or preventing the worker from leaving. Children who are forced to perform forced labor are defined, for the purposes of measurement, as children who are forced to perform such work under the threat of a third party (other than their parents) or as children who are forced to perform such work because either their parents or their parents are engaged in forced labour. A child may be forced into taking a job during recruitment, or forced

⁵¹ https://www.ilo.org/global/topics/sdg-2030/goal-8/target-8-7/WCMS_803310/lang--en/index.htm

⁵² https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029

to work on tasks that weren't agreed upon at recruitment or prevented from leaving the job after starting.

More than 27 million people are still stuck in slavery, which is illegal around the world, according to Kevin (2012).⁵³ From brick kilns to brothels to multinational corporation offices, Kevin Bales' disturbing story of slavery today spans the globe. He documents the heartbreaking appearance of a "new slavery" as he studies situations in Mauritania, Brazil, Thailand, Pakistan and India. Slaves today aren't a longstanding investment, like they were in the past. Rather, they are inexpensive, easy to maintain, and disposable.

The new slavery is the result of three interrelated factors. As the world's population has grown tremendously over the last three decades, millions of needy, distressed people have poured into the labor market, flooding it with poor and anxious workers. As a consequence of the revolution of the globalized economy and the modernization of agriculture, the poor farmers have been dispossessed, and so they are becoming available for enslavement. In addition, speedy changes in the global economy in the emerging world have led to exploitation and forcefulness, leading to the destruction of communal guidelines that may have once sheltered those most defenseless.

Bales's intense case studies include illuminating historical, geographical, and cultural contexts for slaves, slaveholders, and public officials. A child prostitute or a bonded miner who is freed from modern slavery is aware that separation will lead to starvation if the outcome is liberation. Aspects of the new slavery are discussed in Bales' work, and he presents examples of positive results from organizations such as Anti-Slavery International, the Pastoral Land Commission in Brazil, and the Human Rights Commission in Pakistan. For effective naming and shaming campaigns that target corporations linked to slavery, researchers should follow raw supplies and goods from slave to marketplace. The book *Disposable People* shows how slavery can be abolished in today's global economy for the first time.

Most cases of forced labour manipulation in the industrial sector were familiar in lesser-revenue countries. Force has been detected in the production of a range of products that until recently had escaped public attention, even in the context of small garment or footwear factories within largely informal sectors in South Asian countries. For example, most production of medical

⁵³ *Disposable People: New Slavery in the Global Economy* (2012)

garments is outsourced to factories in Asia that rely on migrant workers, which produces approximately 150 billion pairs of gloves every year.⁵⁴ Work hours and production targets are excessive in many of these factories, recruitment fees are high, passports are illegally retained, and in some cases, workers are beaten and imprisoned. Several major electronics, telecommunications, and technology brands have also received criticism for using forced labour in their supply chains, which is part of labor exploitation at the higher end of the manufacturing scale.

Forms⁵⁵

Global competition in the garment industry has led to increased opportunities for exploitation in Bangladesh. With a cheap labour force, it was simple to increase market share. Due to consumer pressure, however, earnings for workers have decreased and working conditions have worsened. In general, industry management pays close attention to low wages and poor working conditions. Often, outsourcing is used to avoid this kind of attention. Specifically, the informal sector supplies certain services and products to formal sector factories so that brands can keep production costs low. A garment industry that outsources to the informal sector is in a position to avoid labor laws designed to protect worker rights. International companies have been incentivized to set up factories in export processing zones (EPZs) in Bangladesh. Among them: tax avoidance, health and safety laws not being able to be applied, pollution tax, and workers not being allowed to unionize. Up until recently, the EPZs did not have upgraded conditions of work. In February 2019, for instance, H&M workers went on strike demanding increases in pay - 7,500 workers were permanently dismissed, since the employer was based in the EPZ, meaning that Bangladesh's labour laws had no effect on them. (Business and human rights resource center 2019) Since the spotlight has been shining on the international garment industry, exploitation is no longer a problem in factories that serve the international market but exploitation still remains a problem in factories that produce clothing for the domestic market. But still there is problem regarding workers safety with the international companies. I have provided several examples of it in the further writing. The garment industry is disreputable for its exploitative working conditions and low wages, most of which are attributed to what amounts to bonded labor when

⁵⁴ <https://www.bma.org.uk/media/1093/in-good-hands-medical-gloves-report-web-23-03-2.pdf>

⁵⁵ <https://www.antislavery.org/slavery-today/modern-slavery/>

salaries are withheld for several months to prevent workers from moving to other factories. This statement clearly specifies modern slavery in garments industry.

Threats and helplessness among high-risk groups⁵⁶

Weaknesses to exploitation can be found at several levels. In a competitive job market, people agree to take jobs that can be exploitive. The pressures of family life and domestic hardships cause people to make decisions grounded on a logic of 'knowledgeable agreement' in an already stressful atmosphere. Even as people become more aware of various forms of exploitation, finding work often makes them to work in risky environments, rather than choosing a harmless substitute. The laws protecting the employment of garment workers cannot prevent people from losing their jobs because of injuries, protests or other reasons. The informal garment sector is common with child labour, according to several interviewees. During the evenings and at night, when the police are less likely to enter factories, children are hired to work. It is common for orphans or families with underemployed or no working parents to start working when they are children. Their pay is typically lower than everyone else's. Additionally, due diligence procedures have resulted in an increase in production costs, which illogically has led to an increase in the helplessness of garment workers. Bangladesh's rising production costs and the opening of EPZ's in other countries like Ethiopia have led to a lot of factories moving, in some cases bringing their Bangladeshi managers along to replicate Bangladesh's cost-minimising practices. Many workers lose their jobs as a result. Increasing computerization is negatively impacting the roles of women, who are also affected by this trend.

Performers and organizers⁵⁷

It is tough to identify employers in the garment industry as modern slave owners due to the nature of their employment. The fear of losing their jobs will prevent workers from identifying employers. In this exploitative sector, there are other players. Employers and employees can use these brokers to recruit, transport, and hire workers in rural areas. Brokers have long served as a means of connecting people with jobs. Throughout history, their part has gotten more and more hateful, making a system that weakens workers' rights and produces their capital. Broker companies help the undertaking of workers among factories in order to shield shortages for

⁵⁶ <https://www.coursehero.com/file/103866422/DFID-Study-on-Modern-Slavery-in-Bangladesh-pdf>

⁵⁷ <https://www.coursehero.com/file/103866422/DFID-Study-on-Modern-Slavery-in-Bangladesh-pdf>

manufacture runs when there is a dearth of labour, when a factory is damaged by fire and production needs to shift to a different place, or when a factory is damaged by sudden, severe weather as well as other circumstances. Among those who engage in exploitation are shop floor workers, foremen, and low-level managers. There's also been a lot of international pressure to enforce laws.

In the garment sector, worker exploitation is least widespread. There have, however, been a number of gaps found that continue to place workers at risk, because factory owners and employers are under pressure to keep costs low. As a result of the high level of competitiveness in the industry, a paradox is created when the industry experiences an expansion of factories and improved wages and conditions, resulting in a loss of employment for workers, enhancing their vulnerability to exploitation because they will have to find jobs in less regulated areas.

Cases of unexpected death among factory workers⁵⁸

Bangladesh's garment sector is shaped largely by brands such as H&M, Tommy Hilfiger (PVH), Zara (Inditex), Benetton, Carrefour, Joe Fresh (Loblaw), LPP, Mango, and Primark. Yet most consumers are not aware that these top excellence products are made possible through the untiring struggles of hard working people. This silence is due to the fact that these companies do not share lawful duty for safe working conditions. Bangladesh's garment workers are especially helpless to factory fires. My following examples will reveal how foreign investments shows no care to poor workers from whom they are earning huge amount of money.

In 2005, a boiler explosion on the first floor caused the ruin of the Spectrum factory in Savar, which was built on a former swamp. It was discovered that 64 workers had been buried alive. Zara (Inditex) and Carrefour were among the brands that traced from Spectrum.

The Garib & Garib sweater factory caught fire in February 2010 because of an electrical short circuit. The emergency lighting also went out. There were no windows open, so the fire spread very quickly. Aside from boxes blocking stairwells, roof access was blocked by metal structures, and two of the building's gates were secured with padlocks. Breath of smoke caused the deaths of

⁵⁸ <https://borgenproject.org/conditions-garment-workers-bangladesh/>

21 workers. A brand such as H&M has share with the factory. At last audit, H&M found no serious fire safety problems in its factory, a spokesperson said.

Almost a month later, Matrix Sweater Limited factory had a small fire alarm also set off by an exploding light at the plant, a partner for Zara (Inditex Group). The factory had 3000 workers, many of whom ran to escape the seven-story building, which did not have a fire exit or boxes blocking the stairwell. The rush took one worker's life.

During December 2010, it has been reported that 29 people were killed by a fire at That's It Sportswear, a garment factory in Ashulia. PVH's Tommy Hilfiger clothes were made in the factory.

Eurotex Limited, a company located in old Dhaka, experienced a boiler explosion on December 3, 2011. Crushed to death were two women who worked in the garment and textile industry. The factory manager closed the gates after the gates were initially open. He insisted that nobody had been injured and advised workers to return to work. There is some evidence that a witness says that workers rushed back up the stairs and pushed back against those who were coming down, resulting in the deaths of those workers. These factories are the ones that works for Tommy Hilfiger (PVH) and Zara (Inditex).

Almost a year later, 112 were killed in a fire that occurred in a factory of Tazreen Fashions. The fire began on the first floor due to exposed wiring. All of the factory's staircases led to the ground floor, where the fire was raging, so firefighter deaths were caused by narrow building exits. C&A clothes are made by Tazreen Fashions.

A fire at Smart Exports Garments in Dhaka, which supplied clothing for Zara, Leftie's, and Bershka—all Inditex labels—in January 2013 caused the deaths of seven workers and two teenagers because there were no fire extinguishers or emergency exits, nor were employees trained in fire safety.

In Mirpur, a fire that occurred on May 8th 2013, killed seven people. Primark has been supplying Tung Hai for a long time.

In Savar, Rana Plaza collapsed after structural failure, which controlled five garment factories. 1304 garment workers were killed in the breakdown, making it the lethal garment factory

accident in history. Rana Plaza was manufacturing clothing for numerous chains at the time, including Zara (Inditex), Benetton, C&A, Carrefour, LPP, Primark, Joe Fresh (Loblaws), and Mango.

Child labour in Garments industry⁵⁹

Bangladeshi garment workers receive less than one third of what would be reflected a living wage on a daily basis compared to international standards. Children whose parents work long hours and earn low wages tend to be pulled out of school and allowed to work in a variety of jobs. This condition is impaired by the presence of a number of international garment brands, including but not limited to the following: H&M, C&A, Esprit, Marks & Spencer, GAP, VF Corporation and Kmart Australia. Stop Child Labour and SOMO published a report Branded Childhood, which details these significant outcomes. A large portion of Bangladesh's textile exports are destined for the European Union. Brands and retailers globally are consequently responsible for safeguarding workers' and their children's rights.

Working children in an indirect manner

The number of children between the ages of 5 and 17 who are employed in Bangladesh still exceeds 3.5 million. A total of 690,000 children are estimated to be employed in child labor within the Dhaka Division.⁶⁰

The zero tolerance policies of buying companies have contributed to a significant reduction in child labor at export-oriented garment factories in Bangladesh in recent years. Unlike the buying companies, which are part of a supply chain that makes their clothing available to the buying companies, the working children seen in the report actually incline from garment workers. Sometimes they work in completely different industries, or at home. Low wages and long hours are causing workers' children to not attend school and to engage in child labor.

Lack of concern for worker safety by brands⁶¹

⁵⁹ <https://stopchildlabour.org/garment-brands-contribute-to-low-wages-long-working-hours-and-child-labour-in-bangladesh/>

⁶⁰ <https://stopchildlabour.org/garment-brands-contribute-to-low-wages-long-working-hours-and-child-labour-in-bangladesh/>

⁶¹ <https://qz.com/india/516038/report-most-of-hms-best-factories-in-bangladesh-still-dont-have-working-fire-exits/>

A commitment was first made by H&M, which invests heavily in Bangladeshi garment production. It's important to note, however, that according to a report completed by the Clean Clothes Campaign on Oct. 1 (pdf), in combination with numerous labor groups, the company has been "affectedly after plan" when it comes to successful factories that the company sources from. Fire safety is one of those late developments.

A further concerning thing is that the report only examined H&M's "Platinum" and "Gold" suppliers, which are supposed to meet the maximum labor and environmental standards. H&M uses 56 of Bangladesh's 229 factories. In about 61% of the buildings, fire exits were not up to the standards set forth in the agreement, which specify that the fire exits should contain walled stairwells and doors that should be fire rated. In the event of a fire, exits on upper floors of factories can quickly become surrounded in smoke, causing workers to become stuck. Taking this risk isn't a small one. A 2012 fire at Tazreen Fashions that killed 112 people is an example of Bangladesh's persistent factory fire threat. Almost all mass fatality fires in the Bangladesh garment industry are due to the lack of adequate fire exits, according to the report, which estimates that this damage alone threatens the lives of nearly 79,000 workers.

Further examples of companies refusing to support poor workers' safety plans will follow.

It has been reported that Japan's Fast Retailing, which operates several fashion brands, including Uniqlo and Theory, did not sign a contract that would bring in legal safeguards for Bangladeshi workers after the Rana Plaza disaster which claimed the lives of 1,100 people. Retail companies were expected to finance and support certain basic safety and human rights protections after the Rana Plaza building collapsed in Bangladesh in April. A Tokyo-based Fast Retailing spokesman told Bloomberg the company is still considering joining the contract, but hasn't decided yet.

Several companies, for example Gap, have declared that they did not sign the agreement because they feel that they will be able to obtain quicker results by establishing their own inspection plans. Despite its position as Asia's largest fashion retailer, Miyazawa says it does not have a firm deadline for deciding whether to join the agreement.

Review from different research⁶²

⁶² <http://article.jfinacc.com/pdf/10.11648.j.jfa.20170505.13.pdf>

An analysis of Bangladeshi garment factories working conditions, including overcrowding, poor ventilation, and difficulty moving. Over the past ten years, the negligence on the part of different problematic functions has resulted in almost 1000 deaths among workers (Stanwick & Stanwick 2015). It was found that 100% of the fires in the garment factory were caused by electrical short circuits, 44.29 % by boiler explosions, 37.14 % by fire in storage warehouses and 27.47 % by transformer explosions, 24.17 % by fire in the canteen kitchen, 8.57 % by overheating, and 21.43 % by other causes. The workers have also been informed of fire by factory alarms in almost 77.14 percent of cases, management in 20% of cases, and workers in 2.86% of cases have been told to leave work by their supervisors (Hossain 2016). Many non-governmental organizations (NGOs) support the workers' struggle for increased wages in Bangladesh and reduce the disasters in the garment industry. It has been accused that most apparel companies lack adequate supply chain responsibilities (Velinova 2014). It is due to the rapid expansion of the Bangladeshi garment industry that the building structure quality was poor and the government laws were not adhered to that the Bangladeshi garment industry is so unsafe. There are sometimes no alternative employees available and a low wage is forced upon female workers (Clean Clothes Campaign 2012). As a result of hazards, different types of losses occurred; infrastructure ruins, machinery ruins, materials ruined, production ruined, and fire extinguishers were lost. There were several fire incidents in the factory that resulted in most of the losses (Mizanuzzaman 2016). Working conditions are overcrowded, electrical connections are poor, wages are late, there is no labor union formed, management and employees are not properly trained, safety tools are not available, a back door is not available, aisles are narrow, and building codes are not followed (Kibria 2014). A higher score on the Fire Risk Index (FRI) represents a lower risk. But in Bangladesh perspective, the value of FRI is below 5. The fire safety rating below five indicates a problem. In almost 100% of factories, fire safety standards are below industry standards (Wadud, Huda & Ahmed 2014). There are several labour organizations that have asked the government to explain what they have done to prevent victims from being harmed in any incident. Companies, building owners, and governments were the targets of labor organizations' legal challenges. The labor unions of Tazreen Fashion have already demanded that comprehensive relief be provided for victims of fire at Tazreen Fashion, the medical costs be covered, full and fair-minded payment should be given to the victims and their families, salaries to be guaranteed even when the victims are not working, and permanent workers welfare funds

be established. Investors are responsible for some of these things, like funding victims' families in Tazreen Fashion fire incidents (Theuws 2013). It is unfortunate that Bangladesh's ready-made garment industry has a very poor safety record when it comes to the different risks it entails. The responsible parties (owners, inspection authorities, the government and investors) have not audited factories in more than a decade regarding safety issues. (Ahmed & Hossain, 2009) Bangladeshi apparel industry is not known for its health and safety issues. Bangladeshi garment factories often experience different types of incidents. In spite of this, safety arrangements are only taken sporadic after a hazardous event. Only a few organizations consider the sufferer after an incident (Better Work 2013). Almost 59% of factories require some kind of safety assessment, according to an analysis. As a result of the safety assessments, 51% of the buildings were deemed to be electrically safe, 30% fire safe, and 19% structurally safe (ILO / IFC 2016). All levels of the apparel industry must ensure safety at work. Fires sometimes caused all the factory gates to be locked when they occurred. As a result, the situation becomes more life-threatening. The big apparel buyers should share their private knowledge of workplace hazards with workers and accept responsibility for their safety since true fire safety means workers are free to report dangers at work and can negotiate better protections (Deadly Secrets 2012).

Further, modern slavery does not only end in forced labour, but it is also related to low payment which are offered by companies. Although workers make best quality products and those are sold to different countries with a handsome amount but the workers themselves are the sufferer.

Typical example of a low wage for garment workers ⁶³

A woman who produces garments for Zara earns less than 40 cents a day, while Zara billionaire Amancio Ortega earns 781 000 USD per hour. Among the brands Ortega owns are Zara, Massimo Dutti, and Bershka. In 2016, he received a dividend of 1, 32 billion US dollars, making him the wealthiest person in Europe.

An hourly wage of 40 cents⁶⁴

⁶³ <https://www.framtiden.no/english/zara-owner-781-000-usd-an-hour-%E2%80%93-garment-worker-40-cent.html>

⁶⁴ <https://www.framtiden.no/rapporter/rapporter-2015/777-darlig-rad-med-nal-og-trad/file.html>

Shirts and blouses for Zara are made by women and men who have different realities. Those working for Zara in Bangladesh are paid 40 cents an hour which is 30 BDT. In the aftermath of the Rana Plaza tragedy, Zara has not taken action to ensure transparency. The demands for more transparency from NGOs and unions have led many global brands to expose their supplier lists. It appears that the company is not interested in observing. The transparency of supplier lists plays an important role in safeguarding the brands' responsibility for accidents, and in improving working conditions.

Methodology⁶⁵

Methodology is an academic discipline which examines in a systematic, theoretical manner a body of methods and principles associated with the practice of studying any given field of study, usually in relation to a network of methods and principles. In this literature, I mainly analyze FDI impacts in garments sector in Bangladesh, whether FDI has a positive effect like job creation or the creation of modern slavery.

Research approach⁶⁶

There are two basic types of research approaches, deductive approach and inductive approach, and depending on the purpose of the study, the researcher will have to choose between them (Saunders, Lewis, & Thornhill, 2007). Since I am conducting study based on existing theory, collecting primary and secondary data and tried to make a conclusion, I have used deductive approach for my study.

Research Strategy⁶⁷

According to Marschan-Piekkari and Welch (2004), research strategy should match the research question (Yin 2009); the focus of the study is to determine whether FDI only creates job opportunity or it creates modern slavery. Research was conducted using a case study, Hartley (2004) writes that case studies have been used as a common method of research in organizational studies because there is a wealth of data available; the aim of a case study research involves adapting it to a causal perspective to explore research questions and concerns (Hartley, 2004). This study examines one specific issue within the firm through a case study approach. An

⁶⁵ <https://core.ac.uk/download/pdf/38122325.pdf>

⁶⁶ https://projekter.aau.dk/projekter/files/460095845/IKEA_REPORT.pdf

⁶⁷ https://projekter.aau.dk/projekter/files/460095845/IKEA_REPORT.pdf

independent case study can handle a full range of evidence, and is a great way of testing and confirming evolved theories (Yin 2009). Bangladesh Garments industry is well known in the world for its best quality cloths and an attractive destination for foreign investors. This company was chosen because they are growing continuously in the international market, which makes it an ideal candidate for this research. According to Yin (2009), the choice of a research method determines how a study will be conducted, either a quantitative or qualitative approach.

Qualitative research, as opposed to quantitative research, places emphasis on words as opposed to numbers (Bryman & Bell, 2007). In my study, secondary data collection (theory) was combined with primary data collection (survey questionnaires and interview) with the purpose of conducting a qualitative study. Qualitative research is most commonly conducted through interviews and observation, according to Holme, Solvang and Nilsson (1997). By utilizing a qualitative approach, the researcher is able to gain a broader understanding of the research as well as highlight their perspective. As Yin (2009) points out, when deeper understandings of a problem are needed a qualitative approach is appropriate.

Research Methodology⁶⁸

The design of the research focuses solely on its problem. In their article Saunders, Lewis & Thornhill (2009, 136-138) say that it assists the author in following a tight process when collecting and analyzing data. I used different types of cases related to FDI in Bangladesh. It helps to look for the answers of my research question. A case study offers much better data than other approaches, such as surveys, since it is much more specific. As well as providing a comprehensive picture from multiple perspectives (for example, interviews, surveys, observation and document review), case studies can also provide information gathered from multiple sources. The definition of case study is defined by Bryman & Bell (2007), as the specific analysis of one specific example, such as one particular company, one particular place, one particular individual, or one particular situation. Studying a case means examining a specific example, so the case study matches the study objectives. Throughout this thesis, primary data is generated. Survey questionnaires were used to collect the data. In order to complete this research I had to survey the different garments industry located in Dhaka. One set of questionnaires has been prepared. There's only one problem to solve in the research design. A streamlined system for collecting

⁶⁸ <https://core.ac.uk/download/pdf/38122325.pdf>

and analyzing data has been developed by Saunders, Lewis, and Thornhill (2009, 136-138). My research focuses on FDI cases in Bangladesh. My research question can be answered using it. In comparison with other approaches, such as surveys, case studies offer much more specific data. In addition to showing information collected from a variety of sources (for example, interviews, surveys, observations, and a review of documents), case studies provide a complete picture of what has happened. The purpose of a case study, as defined by Bryman & Bell (2007), is to analyze a single example in a detailed and intensive manner, such as a single business, a single location, a single individual or a single situation. In general, case studies examine one single example in depth; thus, they are linked to the previous objectives. There is a great deal of primary data generated in this thesis. Survey questionnaires were used to collect data. The garments industry in Dhaka had to be surveyed for this research. I have prepared two sets of questionnaires; one is for general (public comments) and one is for employees (their thoughts). It was given to one client who has used his own company and his partner company for this survey.

Qualitative Method⁶⁹

Using qualitative methodology, the empirical research is supported by qualitative evidence. Introducing concepts out of data collection is a qualitative method, according to Bryman & Bell (2007). To obtain more specific information regarding FDI's impact on Bangladesh's garment industry, I prepared both semi-structured interviews and a survey. My understanding of FDI in Bangladesh was greatly enhanced by this interview.

Primary Data⁷⁰

It is important to set up a research procedure before gathering data, Yin (2009) argues. This was done by using questionnaires.

Secondary Data⁷¹

Specifically, secondary data is information that has been collected by others and analyzed by others. I gathered secondary data from the company website as well as past thesis, books, articles, journals and other academic data written on the topic liability of foreignness, how to

⁶⁹ <https://core.ac.uk/download/pdf/38122325.pdf>

⁷⁰ https://projekter.aau.dk/projekter/files/460095845/IKEA_REPORT.pdf

⁷¹ https://projekter.aau.dk/projekter/files/460095845/IKEA_REPORT.pdf

overcome it. In addition to cost and time savings, secondary data analysis offers high quality data (Ibid).

Collecting data using a questionnaire⁷²

A questionnaire was used to collect data in this study. Because a complicated questionnaire could lower response rates, I wanted to keep it simple and short. In my opinion, the answer process would be easier if the questionnaire had a certain structure. A questionnaire has the advantage of providing high levels of privacy. Moreover, the survey questions are presented in the same way to all respondents, so they are not influenced by the interviewer. There are some drawbacks in that the response rate is lower and there is no guarantee that the questionnaire will be filled out by the right person. I was also not able to explain a question or motive to a respondent if they do not understand it. My interaction with respondents was indirect. Thus, it was important to express myself well.

Data Collection Procedure⁷³

This study utilizes both primary and secondary data to achieve the research objectives. I made two sets of survey questionnaire both in employee and general perspective. For the general category, I have shared the survey link through facebook, whatsapp group. And for the employee category, I provided the survey questionnaire to a Team Leader who helped me to gather responses from two different companies. Historically, secondary data have been described as information that has been gathered and recorded by someone else before (and for purposes other than) the current research needs of the researcher (Saunders, Lewis & Thornhill, 2009, 136-138). Usually secondary data comes from historical sources, are previously accumulated, and do not require any further preparation. Those interested in participating in the survey were provided a questionnaire and the data gathered from the firms' officials at the Dhaka EPZs. Email was the primary means of communication.

Research Limits and Boundaries⁷⁴

A field study involving self-observation is not conducted. There are technical and time constraints as well as a financial deficit that make this proposal impractical. A previous case

⁷² https://projekter.aau.dk/projekter/files/460095845/IKEA_REPORT.pdf

⁷³ <https://core.ac.uk/download/pdf/38122325.pdf>

⁷⁴ <https://core.ac.uk/download/pdf/38122325.pdf>

study and indirect contact via email with employees of the garment industry officials in Bangladesh are used to inform the analysis made in the thesis. As a result, reliability and validity are always in question. Because of the large area of study, it is impossible to cover everything that is significant. Several challenges have been identified and addressed during the research process. In spite of this, there are some issues that remain unresolved and will require further research and investigation. This paper also received criticism for being dependent on secondary data for most of its information. It is still impossible to ensure that there are no errors created throughout this procedure, regardless of how carefully I choose the data collection and analysis.

Data Analysis Procedure

FDI firms' effects on Bangladesh are the subject of the thesis. In order to learn more about the management criteria of a company, I interviewed one official in order to determine whether there are any modern slavery practices and also labour rights. I then searched for secondary data to support my primary data. I explained the current situation and made recommendations based on my findings.

Results of the study⁷⁵

I made two sets of questionnaire to get general and employee's perspective. If I talk about employee perspective I received 45 responses. I asked in the survey about working in the company, their thoughts to recommend this job to their friends or family, open communication, payment, work pressure, benefits, bonus payment, reward for best outcome and so on. The responses were indirect as they were asked to complete the survey by following a link and the option of revealing their identity was optional. As from my previous findings, most of the workers are afraid to raise their voice in the fear of losing their job. So the survey part was very sensitive. But from the general perspective I received total 168 responses where I can see people's concern about modern slavery. I think it is very clear to say that for outsiders protesting is quiet easy rather than those who are involved in the company. I have attached the survey questionnaire and interview question in my next part.

Company Interview (contacted by email only)

⁷⁵ Own recommendation

I interviewed a Team Executive of the firm named QMP Bangladesh. The main interview questions and answers are in the following.

Questions	Responses
<p>1. Is your company open to foreign direct investment? In that case, how did it perform for your company?</p>	<p>Please provide detailed answer</p> <p>As a result of an investment by a Japanese investor, our company has now become a foreign direct investment (FDI) firm. Even though we had expanded our business after allowing FDI, our sales and export volume did not increase much for the first 1-2 years. The sales volume of our company increased over a period of several years. We now see the difference between what our company was like in the past and what it is like now. As a result of the foreign investor, our company has grown significantly, but our best benefit was getting so many new customers. As a foreign direct investment company, we have been successful in increasing sales and export volumes as well as expanding internationally.</p>
<p>2. Is Bangladesh's RMG sector generally benefited by foreign direct investments?</p>	<p>If yes, please provide a brief answer</p> <p>As far as I am concerned, yes. By attracting foreign direct investment, my company is able to increase manufacturing and services, creating jobs and reducing unemployment rates. Boosting a country's economy is a result of higher incomes and more purchasing power due to increased employment.</p>

3. What are the benefits of foreign direct investment to your company in terms of employment? How?	<p>Please provide short answer</p> <p>As we experienced increased order so we required lot of employees as well as substitutes to complete huge order in a given time. Also we have an arrangement for part time job opportunity for poor students who can support their families as well as their study.</p>
4. Is your company committed to fighting modern slavery?	<p>❖ Yes Yes</p> <p>❖ No</p>
5. Is there training available for your employees so that they can be protected from modern slavery?	<p>Please provide short answer</p> <p>Each sector has a leader. Workers have full right to share their thoughts and problems related to work without showing their identity. If we get any negative report our investigation team do their best to find out and solve it as soon as possible.</p>
6. When suspected of being involved in modern slavery, does your organization take any action?	<p>If yes, please provide a short answer</p> <p>Yes, if we suspect any practice of modern slavery, the person who is responsible for this is suspended immediately.</p>
7. If your organization uses child labor, how do you ensure it doesn't?	<p>Please provide a short answer</p> <p>We are very strict about child labour. I know most of the firms (especially smaller firms) use child as their vital production. But as our hiring process is very transparent, we check all details about the workers such as age, any medial issues etc.</p>

8. Throughout your organization, do original documents related to workers' identities remain on file (e.g. passports, birth certificates, and national identification cards) at all times?	<div>❖ Yes No</div> <div>❖ No</div>
9. Is your company penalizing workers if they fail to meet their production goals?	<div>❖ Yes No</div> <div>❖ No</div>
10. Does every employee receive a written contract that includes their wages and hours of employment?	<div>❖ Yes Yes</div> <div>❖ No</div>
11. Is it routinely monitored to ensure that the living conditions that workers are living in (such as dormitories, hostels, or other forms of shared accommodation) are adequate (for example, fire safety, space, temperature, lighting, sanitary facilities, privacy, and ventilation)?	<div>❖ Yes Yes</div> <div>❖ No</div>
12. Are workers free to leave their accommodations at any time?	<div>❖ Yes Yes</div> <div>❖ No</div>

13. Is it possible for workers to leave their jobs without being punished or restricted?	❖ Yes Yes ❖ No
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Conclusion⁷⁶

To get an overview of this study I have included a table below which shows the benefits of FDI and its relationship with modern slavery.

Benefits of FDI	FDI in relation to modern slavery
New jobs are created: as investors build new companies in the host country it leads to increase employment opportunity (Research FDI 2021).	Manufacturing: Companies don't like to share information about manufacturers. Forced labour does exist in manufacturing which leads to extreme poor working condition. Price competition causes race over garments industry which indicates to profit over safety. (Research FDI 2021)
Revenue to the government through taxation	Brands or buyers: Brands or buyers place extra pressure in the production process that increases modern slavery risks. This situation is created through violent price compromise, competition, late orders, last minute changes, cancellation of orders. ⁷⁷ This practice leads to extreme overtime, unlawful subcontracting and workers are not get paid for their work.
Development of human resources: FDI boosts human resources by proper training, sharing knowledge so that they can be updated with	Investors: Modern slavery practices are inseparably knotted with investors' investment portfolios. Since investors have a great deal of

⁷⁶ <https://core.ac.uk/download/pdf/38122325.pdf>

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<https://www.oxfam.org.au/wp-content/uploads/2021/11/Made-inPoverty-the-True-Price-of-Fashion-Oxfam->

the new technology and working environment. (Research FDI 2021)	influence over global business, we cannot destroy modern slavery without their active involvement. As the garment industry strives to maintain competitive pricing, cost-cutting measures increase the risk of modern slavery. It is important to note that when workers are not paid on time, factories and equipment are not repaired and maintained, and suitable training is not provided to them, the danger of employment exploitation and dangerous working situations increases. ⁷⁸
Increase economy: By creating more jobs and higher salary, FDI helps to upward the economy. (Research FDI)	

There is a connection between FDI and job creation in this study. As Bangladesh is an overpopulated country its unemployment rate is high. So when any foreign company choose Bangladesh to do its business they get benefits like cheap labour, cheap cost. On the contrary, this vast population can have a chance to be employed and be independent. Foreign companies require more employees so that they don't get late to deliver their order. So in this case most of the people are hired. That's how it creates job opportunity for this huge population. But in another way workers do not receive proper payment and respect which it is their right to have it. Then it creates modern slavery. In my previous explanation, I have included different case of death of the garment workers while working for foreign brands which indirectly points to modern slavery. Alongside it also studies whether FDI creates modern slavery or not. I have presented information which reveals how FDI is helping to decrease the unemployment rate and making more job opportunity. On the contrary, I have tried to find out its relation with modern slavery. Although it's not an open topic to discuss, so I have to gather information related to workers safety and brands negligence. Then I have linked those incidents to get final thought

⁷⁸https://www.oxfam.org.au/wp-content/uploads/2020/11/2020-AC-006-WSM-Research-Report_Digital_FA_

about modern slavery related to FDI. According to this research, FDI firms are good options to create jobs in the RMG sector in Bangladesh, and local firms can benefit from their productivity. In Bangladesh, increased FDI in the RMG sector will lead to a significant increase in economic growth, as well as a more profitable business for both investors and companies. The study also shows that foreign ownership improves the production and quality of products of domestic firms if they allow foreign capital into the firm. But on the other hand, when I conducted the survey both in employee and general perspective about modern slavery, I found out that companies both domestic and FDI companies are not really interested and not giving so much priority. My example of tragic accidents and brands negligence can clearly proof this statement. But I think this topic should be discussed more in future and make an equal place for all workers about their rights. But at some point during my research I have also realized that not all companies put pressure on workers I mean no slavery. In Bangladesh, there are a several number of green factories⁷⁹ which are internationally certified and specially made for workers peace and to maintain a healthy environment. Those green factories can be a good example to fight against modern slavery. I usually end my thesis by describing briefly what information a reader can learn from it. In addition to knowing information about reliability and validity, the readers can evaluate the usefulness of a thesis based on its authenticity. Additionally, some recommendations for future research are included in the end.

The study's usefulness⁸⁰

In this article, it discusses how FDI in Bangladesh's RMG sector can lead to increased job creation and economic prosperity. Due to the argumentative nature of my topic, I also included whether FDI leads to modern slavery or not. Reader can get valuable and up-to-date info about Bangladesh's RMG industry. Using the thesis as a motivational tool can help investors stand against modern slavery and fight for rightful wages and facilities for the workers.

⁷⁹ <https://textilelearner.net/green-garment-factories-in-bangladesh/>

⁸⁰ <https://core.ac.uk/download/pdf/38122325.pdf>

Identifying future research needs⁸¹

RMG sector in Bangladesh can be improved by taking a number of steps. Research in this area is very broad. As time passes, the situation of the subject always changes. Future research should be conducted on how FDI firms are connected to the RMG sector in terms of job opportunities. This thesis is also heavily influenced by my topic on modern slavery. It is really hard to get proper recommendations regarding modern slavery since it is a hidden secret. According to me, if brands become more transparent about their FDI firms in Bangladesh, about their business model to promote more employment, and about their efforts to stop modern slavery, I believe we can see a world where everyone has equal rights in the near future.

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Appendix 1: Survey questionnaire (Employee perspective)

Survey about modern slavery (Employee perspective)

Think about your work condition, facilities, safety you have had. Thank you for your participation.

What's it like working here?

Multiple choice

☐ Not staisfied
 ☐ Moderate
 ☐ Satisfied
 ☐ Very satisfied

How do you feel when you come into work? *

Miserable

1

2

3

4

5

Delighted

Would you recommend working here to your friends? *

☐ Yes
 ☐ No
 ☐ Maybe

"Throughout the organization, there is open communication" *

☐ Completely agree
 ☐ Most of the time
 ☐ Hard to communicate
 ☐ Only deal with team leader

"I get good pay for what I do." *

☐ Completely agree
 ☐ Agree to a point
 ☐ I should be paid more
 ☐ I am really underpaid

"I feel very pressurized during work" *

Strongly disagree

1

2

3

4

5

Strongly agree

"My company offers a wide range of benefits which I am happy about." *

We get nothing

1

2

3

4

5

We're very satisfied

Do you get paid bonus for extra hours? *

- ☐ Yes
- ☐ No
- ☐ Sometimes

Do you get rewarded for your great service such as employee of the month? *

- ☐ Yes
- ☐ No
- ☐ Sometimes
- ☐ Never

Do they provide any transportation/transportation allowance if you live far? *

- ☐ Yes
- ☐ No
- ☐ Depends on the distance

Do they have any accommodation for their employees? *

- ☐ Yes
- ☐ No

Do you get your weekly holiday/monthly holiday/yearly holiday? *

- ☐ Yes
- ☐ No
- ☐ Depends on maturity level

Do you get proper respect from your employer? *

- ☐ Yes
- ☐ No
- ☐ Sometimes

Are you treated like slaves? *

- ☐ Yes
- ☐ No
- ☐ Sometimes

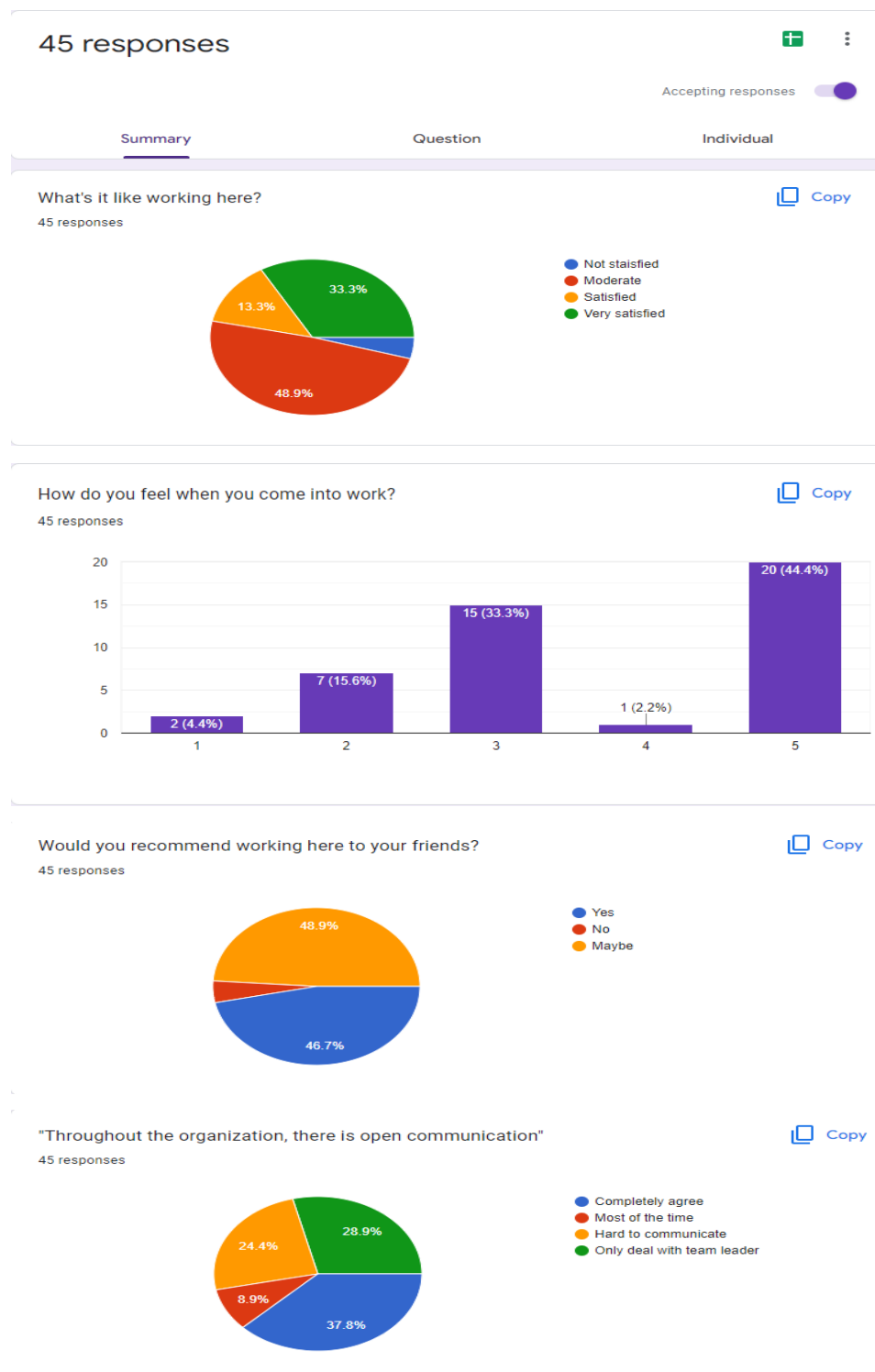
Do you have your own right to complain about any difficulties or issues related to work? *

- ☐ Yes
- ☐ No
- ☐ Depends on the situation

What changes would you like to see in the work? *

- ☐ On duty food
- ☐ Over pay for extra hour
- ☐ Free transportation
- ☐ Paid sick leave
- ☐ All from the above

Appendix 2: Survey questionnaire responses



"I get good pay for what I do."

45 responses

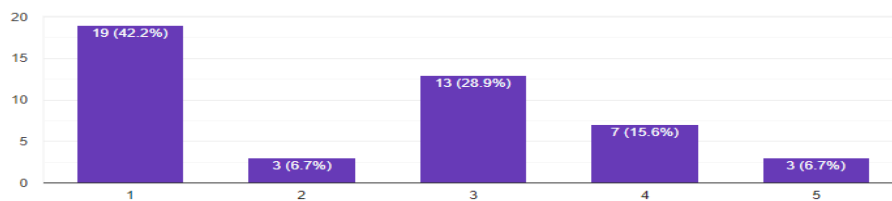
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"I feel very pressurized during work"

45 responses

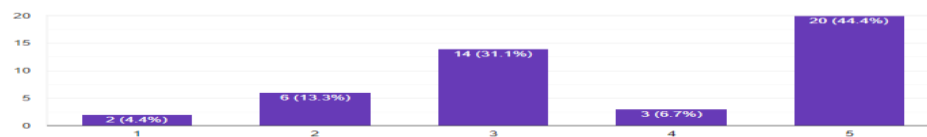
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"My company offers a wide range of benefits which I am happy about."

45 responses

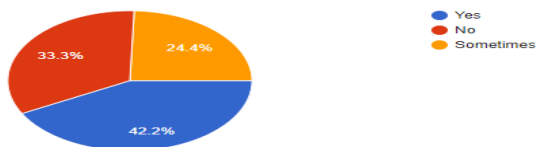
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Do you get paid bonus for extra hours?

45 responses

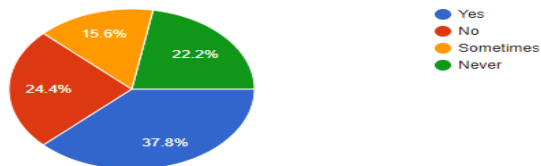
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Do you get rewarded for your great service such as employee of the month?

45 responses

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Do they provide any transportation/transportation allowance if you live far?

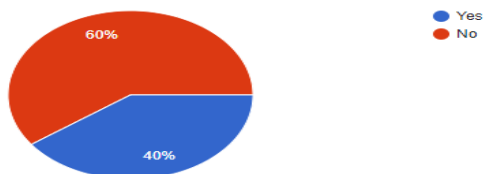
45 responses

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Do they have any accommodation for their employees?
45 responses

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Do you get your weekly holiday/monthly holiday/yearly holiday?
45 responses

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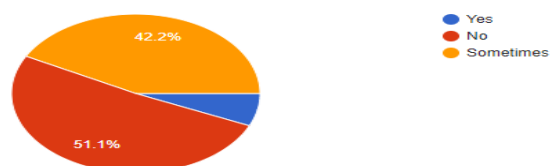
Do you get proper respect from your employer?
45 responses

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Are you treated like slaves?
45 responses

 Copy



Do you have your own right to complain about any difficulties or issues related to work?
45 responses

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What changes would you like to see in the work?
45 responses

 Copy



Appendix 3: Survey questionnaire (General perspective)

Survey about modern slavery (General perspective)

Think about modern slavery in today's world, who are mostly affected by this. Thank you for your participation!

Do you know about modern slavery? *

- ☐ Yes
- ☐ No

What describes modern slavery? *

- ☐ Human trafficking
- ☐ Forced labour
- ☐ Child labour
- ☐ Forced marriage
- ☐ All from the above

Does modern slavery exist in today's world? *

- ☐ Yes
- ☐ No
- ☐ Maybe

Does Garments industry in Bangladesh practice modern slavery? *

- ☐ Yes
- ☐ No
- ☐ Maybe

If you are aware about FDI (Foreign Direct Investment), does it create any pressure to Bangladeshi Garment's industry specially to labour? *

- ☐ Yes
- ☐ No
- ☐ Maybe

Does FDI (Foreign Direct Investment) create new opportunity (job) in Bangladesh? *

- ☐ Yes
- ☐ No

How do you think the workers in garments industry should be treated?

- ☐ They should be received all facilities
- ☐ They should be given proper respect
- ☐ They should be awarded for their dedicated job
- ☐ They should be provided all types of security/safety
- ☐ All of the above

What do you think if it's rightful to create pressure on workers to finish job before time? *

- | | | | | | | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Strongly disagree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Strongly agree |

Can modern slavery be controlled in Garments industry? *

- ☐ Yes
- ☐ No
- ☐ Difficult to control

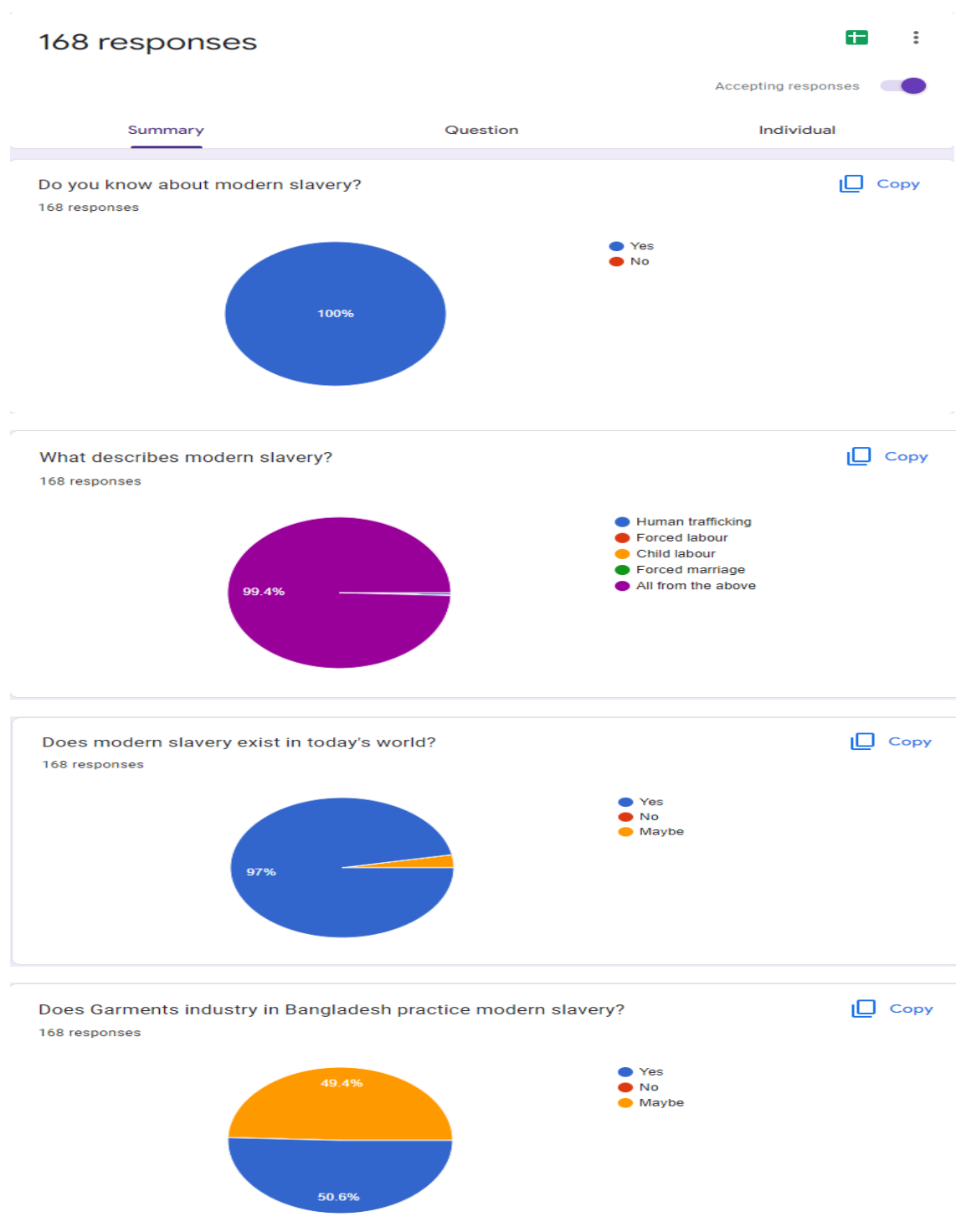
What steps should be taken to prevent modern slavery? *

- ☐ Social awareness
- ☐ Education about slavery
- ☐ Donating money and time
- ☐ Pay attention to its victims
- ☐ All from the above

What will you do if you observe slavery in your surrounding?

- ☐ Raise your voice
- ☐ Gather community who supports anti-slavery
- ☐ Raise social awareness
- ☐ All from the above

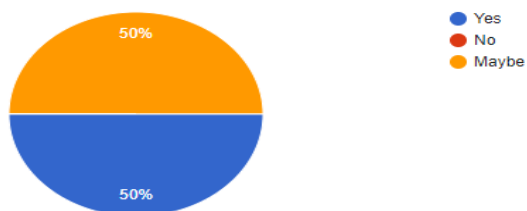
Appendix 4: Survey questionnaire responses (general perspective)



If you are aware about FDI (Foreign Direct Investment), does it create any pressure to Bangladeshi Garment's industry specially to labour?

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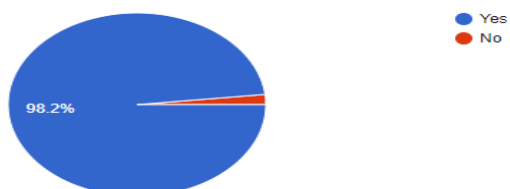
168 responses



Does FDI (Foreign Direct Investment) create new opportunity (job) in Bangladesh?

 Copy

168 responses



How do you think the workers in garments industry should be treated?

 Copy

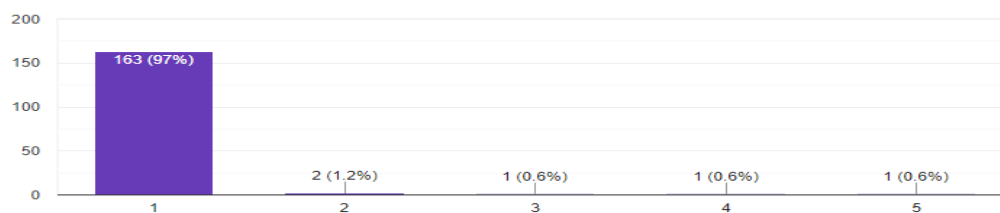
168 responses



What do you think if it's rightful to create pressure on workers to finish job before time?

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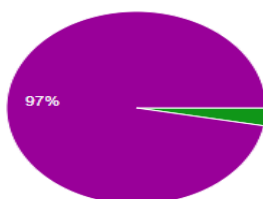
168 responses



If the company needs to finish orders before time, what facilities should they provide to their employees?

 Copy

168 responses

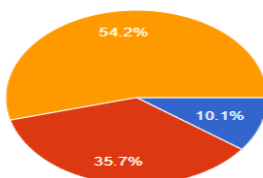


- Provide accommodation for workers who live far
- Provide transportation
- Provide free meal
- Provide extra pay for extra hours
- All from the above

Can modern slavery be controlled in Garments Industry?

 Copy

168 responses

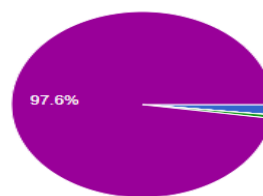


- Yes
- No
- Difficult to control

What steps should be taken to prevent modern slavery?

 Copy

168 responses

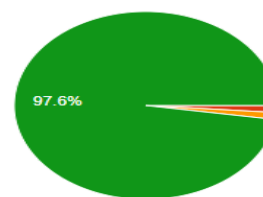


- Social awareness
- Education about slavery
- Donating money and time
- Pay attention to its victims
- All from the above

What will you do if you observe slavery in your surrounding?

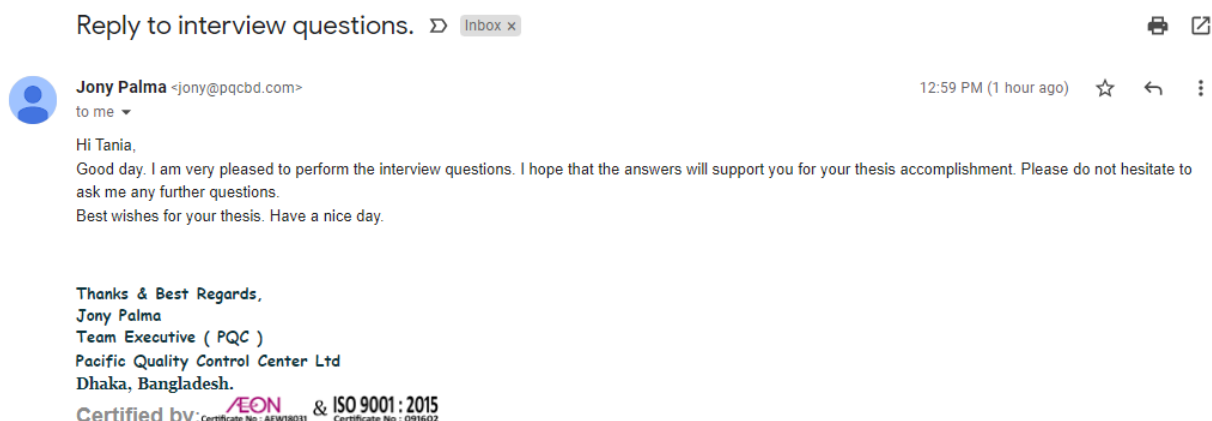
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166 responses



- Raise your voice
- Gather community who supports anti-slavery
- Raise social awareness
- All from the above

Appendix 5: Interview response by email



Questions	Responses
1. Is your company open to foreign direct investment? In that case, how did it perform for your company?	<p>Please provide detailed answer</p> <p>As a result of an investment by a Japanese investor, our company has now become a foreign direct investment (FDI) firm. Even though we had expanded our business after allowing FDI, our sales and export volume did not increase much for the first 1-2 years. The sales volume of our company increased over a period of several years. We now see the difference between what our company was like in the past and what it is like now. As a result of the foreign investor, our company has grown significantly, but our best benefit was getting so many new customers. As a foreign direct investment company, we have been successful in increasing sales and export volumes as well as expanding internationally.</p>
2. Is Bangladesh's RMG sector generally benefited by foreign direct investments?	<p>If yes, please provide a brief answer</p> <p>As far as I am concerned, yes. By attracting foreign direct investment, my company is able to increase manufacturing and services, creating jobs and reducing unemployment rates. Boosting a country's economy is a result of higher incomes and more purchasing power due to increased employment.</p>
3. What are the benefits of foreign direct investment to your company in terms of employment? How?	<p>Please provide short answer</p> <p>As we experienced increased orders, we required a lot of employees as well as substitutes to complete huge orders in a given time. Also we have an arrangement for part time job opportunities for poor students who can support their families as well as their study.</p>
4. Is your company committed to fighting modern slavery?	<p>❖ Yes Yes</p> <p>❖ No</p>

5. Is there training available for your employees so that they can be protected from modern slavery?	<p>Please provide short answer</p> <p>Each sector has a leader. Workers have full right to share their thoughts and problems related to work without showing their identity. If we get any negative report our investigation team do their best to find out and solve it as soon as possible.</p>
6. When suspected of being involved in modern slavery, does your organization take any action?	<p>If yes, please provide a short answer</p> <p>Yes, if we suspect any practice of modern slavery, the person who is responsible for this is suspended immediately.</p>
7. If your organization uses child labor, how do you ensure it doesn't?	<p>Please provide a short answer</p> <p>We are very strict about child labour. I know most of the firms (especially smaller firms) use child as their vital production. But as our hiring process is very transparent, we check all details about the workers such as age, any medical issues etc.</p>

8. Throughout your organization, do original documents related to workers' identities remain on file (e.g. passports, birth certificates, and national identification cards) at all times?	<p>❖ Yes No</p> <p>❖ No</p>
9. Is your company penalizing workers if they fail to meet their production goals?	<p>❖ Yes No</p> <p>❖ No</p>
10. Does every employee receive a written contract that includes their wages and hours of employment?	<p>❖ Yes Yes</p> <p>❖ No</p>

11. Is it routinely monitored to ensure that the living conditions that workers are living in (such as dormitories, hostels, or other forms of shared accommodation) are adequate (for example, fire safety, space, temperature, lighting, sanitary facilities, privacy, and ventilation)?	<p>❖ Yes Yes</p> <p>❖ No</p>
12. Are workers free to leave their accommodations at any time?	<p>❖ Yes Yes</p> <p>❖ No</p>
13. Is it possible for workers to leave their jobs without being punished or restricted?	<p>❖ Yes Yes</p> <p>❖ No</p>

