

Internationalized Bangladesh

Mohammad Rajib Uddin¹, Redwan Salam²

¹(Lecturer, Operations Management, American International University-Bangladesh)

²(Lecturer, Marketing, American International University-Bangladesh)

Abstract: A direct relationship exists between natural resources of the country and investors' interest. As we know, there are several other determinants of inward FDI attractiveness of an economy. Economic growth trend, more importantly projected growth rate is a key indicator. Subjective and more difficult-to-measure factors like level of terrorism, political stability, and corruption are also equally important. Various controllable and out-of-control factors play significant role in determining what portion of inward FDI of the world is going to which country. Culture indeed plays the most cognitive role in internationalization process of a firm. The write up is still in a proposal stage.

Key terms: International business, FDI, Bangladesh, Globalization, MNCs

I. Introduction

“Give me any color, as long as it is black”!

In 1983 Theodore Levitt didn't hesitate to be aggressive enough to judge business from market point of view only. Global standardization was then the theme of the game and seemed the perfect strategy. However, at the final slope of exactly thirty years, Globalization is dissected and protrudes to a whole different ball game. Strategies differ; evolve; restructure, and so on according to the local responsiveness of the host country. The multi-dimensional features of the global market require more than just standardization to succeed and sustain. Products have become more exposed and explored to a degree that there prevails perfect competition in the market among global as well as local brands.

Many experts have exerted Globalization to be a new way for firms in organizing their activities and as the emergent of human level integration. The meaning of culture, today, does not revolve around ethnicity, race, gender, sexual orientation anymore. Diversity is way broader when it comes to internationalization of a country's business sector and keeping it sustainable and competitive.

The main focus of Bangladesh is to facilitate sustainable consumption through social marketing. Social marketing involves the use of various techniques and concepts with the aim of changing a specified behavioral change for the benefit of the society.

1.1 BACKGROUND

Despite all the challenges, during 2009-2010 (Feb), 89 new foreign and joint venture investment projects registered to Board of Investment (BOI) amounting to total USD 590 million (Source: Board of Investment Bangladesh). 82.5% of these investments were in the Service sector, distantly followed by 8.5% in Clothing sector. Within next 2 years, the composition is expected to change. Larger shares will most likely be occupied by the thrust sectors such as energy and power, transportation, etc. A number of bilateral agreements are in place for avoidance of double taxation. After much anticipation, Public Private Partnership Policy has been made effective since August 2010. With proper implementation, PPP can become the chosen vehicle for FDI. A lot of MNCs have re-invested their earning from Bangladesh to expansion and operations rather than remitting out, which shows their confidence and commitment to the franchise.

FDI inflow is most necessary for Bangladesh not only from the capital and foreign currency perspectives, but also because it transfers new technologies, skills and management practices embedded with the investor. After the global economic downturn, the world is turning to Asia and thus, it is much easier for us to attract attention than earlier times. Global FDI inflow is expected to exceed USD 1.2 trillion in 2010 and head towards \$2 trillion by 2012 (Source: UNCTAD). In Asia, more countries and more industries are being included every year. All we got to do is create the right climate and allow the right investors as this is definitely the right time.

Then comes the question: does **Bangladesh have the right investment climate to guarantee FDI? If not, what is the strategy to ensure the desired amount of FDI?**

Instead of offering excessive generous facilities for FDI inflows and by that upsetting local talents, we should opt for more free-of-cost but better ways like promoting the county's competitive advantages. For instance, the desired investors must be communicated about the large pool of cost competitive young manpower

that is the main attraction of Bangladesh as an investment destination. **Are we certain that we have reached the right audience and made them aware of us?**

2.1 Aim of the project

. In the case of Bangladesh, a thorough analysis of culture studies will promote the divergence of cross country barriers and in turn, will reach to a competitive strategy in export increase and FDI attraction. Understanding the nature of the market helps in understanding the strategies to be used in order to attract as well as meet the needs of their consumers (McKenzie, 2003). Indeed, the major objective will entail the increased sustainability on the use of products that are of international standard.

3.1 Project description and question

The analysis and data gathered will help to address the following research problems-

Main Problem

- How can Bangladesh position itself strategically as a country without culture barriers and hence most attractive country factor for internationalization?

Sub- Problems

- What factors in the macro-environment influences which sectors in barring internationalization?
- What is the rationalization of putting Bangladesh in market despising to indigenous sensitivity?
- What are the organizational factors that will influence FDI (inflow) in Bangladesh's favor to respond to the market requirement?
- Does the standardization/adaptation of the overall international marketing strategy influence outflow FDI decision?
-

The analysis will also touch on macro-environment as the background to our case in order to understand the socio-economic drivers of internationalization. This, in an imperative way, will enable us to identify opportunities for competitive advantage and key success factors in this industry. Although Bangladesh earned a negative brand image but the research will prove that there is still room for improvement and thus internationalization. Bangladesh, in its backdrop of emergence toward sustainability and mass-marketing will indeed can adapt to the new cultural environment.

4.1 Hypothesis

H0: There is a significant effect of culture in initializing the internationalization perspective in pushing FDI in developing countries.

H1: When selecting country to expand, MNEs take standardization/adaptation as key determining factor.

H2: International Marketing can adopt a new mode of entry strategy which is a mix of several strategies – Buffet Marketing.

5.1 Theoretical framework

For seeking answers to the research questions, a several discipline of theoretical support will be handled and rationalized. The gradualist approach to the internationalization phenomenon conceptualizes the internationalization of the firm as a learning process based on the accumulation of experimental foreign market knowledge (Rialp & Rialp, 2001). Both the Uppsala internationalization model (U-model) (Johanson and Wiedersheim- Paul, 1975; Johanson and Vahlne, 1977; 1990) and the Innovation-related models (I-Models) (i.e. Bilkey & Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) posit that internationalization is an incremental process based on various stages that determine changes in the behavior and commitment of the managers which are ultimately reflected on the international orientation of the firm.

For understanding how the international marketing strategy may influence export performance, international business literature is seen to have: total standardization, total adaptation, and a contingency perspective. However, it is for sure that neither total standardization, nor total adaptations necessarily lead to superior export performance, but the attainment of an optimal fir between the international marketing strategy and the particular context in which the strategy will be implemented, backed by that sole country's cultural contexts. This contingency approach looks for a balance between international marketing strategy standardization and adaptation. Thus no strategy is strictly better than the other. Therefore the research activities will rely on the contingent perspective which allows for various degrees of standardization which goes with the cultural boundaries and environmental forces.

6.1 Methodology

The scattered nature of the research area imposes on a mixed methodology- both qualitative (survey and observation and case studies and semi structured interview) and quantitative (questionnaire, primary data calculation). A few significant non-statistical data will be incorporated for elaborating the research dignity. With the quantitative data, Factor Analysis and Descriptive Analysis will be performed with a view to stretch the sample and reconfirming the null hypothesis. This research is informed by the principles and paradigmatic assumptions of mixed methods. In brief, mixed methods combine qualitative and quantitative approaches to answer a series of research questions oriented around the same central objective (Bryman 2006; Bryman et al. 2008; Onwuegbuzie & Leech 2007). Most mixed method studies adopt a pragmatic paradigm (as opposed to a positivist or constructivist paradigm), which sees no innate superiority in positivism or constructivism, which privileges the research question above all else, and which follows a critical realist ontological perspective – that certain “truths” may exist but each member of society may have their own interpretation of such truths (Carolan 2005). The qualitative phase will be comprised of semi-structured interviews with management of the local industries in Bangladesh with a possible intention to become internationalize.

The other significant source of data collection will be the secondary sources of data such as published reports, books and journal articles. The author will collect this data through library search and the online sources. The particular focus of the research will be on Bangladeshi society in order to meet the objectives of this study and answer the research questions.

7.1 Significance of the study

Due to intense marketing, the internationalization process for Bangladesh will be able to change the behavior of the consumers and producers. Moreover, they will be able to improve their standards of living. This is simply because of the healthy information that is expected to be communicated to the consumers. The rate of consumption is also likely to increase (Kotler, 2002). Consecutively, the rate of sale will also rise significantly. This is due to availability of affordable and most convenient products. For academic perspective the research will infuse old postulate and blend new strategies to reconfirm the process of internationalization for developing countries. The research will also study the extent to which a firm can become international and to understand their respective internationalization model. The policy makers will benefit from the report highly as they will get an overview of which sector needs more patronization in keeping development and internationalization in a sustainable frame.

9.1 Conclusion

Given the increased tendency towards the globalization of the world’s markets, export involvement becomes of crucial importance for firms established in Bangladesh for their survival and growth. The debate regarding the standardization/adaptation of the international marketing strategy, from a theoretical and empirical perspective, represents a key issue for achieving successful internationalization. Culture is a country’s basic profiling, and to be able to sustain a thorough marketing strategy a country’s cultural determinants must be analyzed.

References

- [1]. Aaker, David A. (1991) *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York: Free Press.
- [2]. Aaker, David A. (1996) *Building Strong Brands*. New York: Free Press.
- [3]. Barney, Jay B. (2000) *Gaining & Sustaining Competitive Advantage*. Upper Saddle River, N.J.: Prentice Hall. Ford, David (1997) *Understanding Business Markets: Interaction, Relationships and Networks*. 2. ed. London: Dryden. Grant, Robert M. (1998) *Contemporary Strategy Analysis: Concepts, Techniques, Applications*. 3. ed. Oxford: Blackwell.
- [4]. Hofstede, Geert (1991) *Cultures and Organizations: Software of the Mind*. London: McGraw-Hill.
- [5]. Jansson, Hans (1994) *Industrial Products: a Guide to International Marketing Economics Model*. New York: International Business Press.
- [6]. Jansson, Hans (1999) *International Strategic Management in Emerging Markets, Global Institutions & Networks* - Unpublished book manuscript. Gothenburg: School of Economics and Commercial Law.
- [7]. Kinneer Thomas C. and Taylor, James R. (1996) *Marketing Research: an Applied Approach*. New York: McGraw-Hill.
- [8]. Merriam, Sharan B. (1998) *Qualitative Research and Case Study Applications in Education*. San Francisco: Jossey-Bass.
- [9]. Root, Franklin R. (1994) *Entry Strategy for International Markets*. New York: Lexington Books.
- [10]. Wit, Bob de, Meyer, Ron & Heugens, Pursey (1998) *Strategy – Process, Content, Context: an International Perspective*. 2. ed. London: International Thomson Business.
- [11]. Blackston, Max (1992) *A Brand With an Attitude: a Suitable Case for*
- [12]. Treatment. *Market Research Society. Journal of the Market Research Society*.
- [13]. Henley-on-Thames. Vol. 34, No. 3, pp. 231.
- [14]. Wilk, R. 2001. *Consuming morality. Journal of Consumer Culture* 2(1), 245-260.
- [15]. Wilson, E.O. 2002. *The Future of Life*. London: Little, Brown.