

FACTORS INFLUENCING THE INTERNATIONALIZATION OF BUSINESS: A STUDY ON THE READYMADE GARMENTS (RMG) INDUSTRY OF BANGLADESH

Aminul Haque Russel

Daffodil Institute of IT, Dhaka.
Email: aminul_nu@diit.info

Abstract: *The purpose of this research paper is to identify the factors influencing the internationalization of Bangladesh RMG sector. In order to meet the research objective, the quantitative method, in the form of survey, was adopted. A structured questionnaire consisting with a set of close-ended questions was developed to collect data. Data were collected from 90 respondents involved in internationalization operations. PLS-SEM technique was used to analyze the collected data. The study found that among five categories identified in the literature, four categories including market seeking motives, efficiency seeking motives, network seeking motives and strategic resource seeking motives influence Bangladesh RMG manufacturers; while resource seeking motives do not influence them to go for internationalization. It is expected that the findings of this research will contribute to the literature by identifying the factors influencing emerging economies' RMG businesses to go for internationalizations. It is further expected that this study will add a country-specific body of knowledge on the factors influencing foreign market entry by RMG manufacturers from an emerging economy.*

Keywords: *RMG; Internationalization; Market, Resource, Network, Efficiency & Strategic resource seeking motives.*

1. Research Background

Bangladesh is one of the fastest growing economies in the world (International Monetary Fund, 2016; Robin et al., 2017). Bangladesh has managed to maintain around 7% of GDP growth over the last decade and it is expected to increase to 8% by 2020 (The Daily Star, 2018). The development in the Ready-made Garments (RMG) sector is the key contributor of Bangladesh's economic progress. With creating more than 4.2 million employments and earning foreign currency, this sector has been contributing significantly in Bangladesh economic development. It is estimated that by 2021, Bangladesh RMG sector will have a \$50 billion market whereas it was only \$28.09 billion in the fiscal year 2015-2016(Rashid, 2016).Bangladesh ready-made garment (RMG) industry started its journey in the late 1970s and has become the largest industry of the country. Bangladesh has become the second largest RMG product exporter in the world after China as it has created significant footprint in the global market while becoming the most significant industry for the economic development of Bangladesh through creating millions of jobs and earning foreign currency (Abedin, 2018).In this twenty-first century, globalization is a key feature of business environment (Al-Hyari et al., 2012). Organizations across the

world endeavor excessively to go beyond national boundary and utilize the global market opportunity thereby creating value for the stakeholders. Organizations are aspired for internationalizations by the globalization and its benefits. Since the beginning of the globalization concept, internationalization has been a key issue to both the practitioners and academic community (Aminur, 2017). In line with growing economy, the country has been experiencing an extensive rate of rapid RMG internationalization. Bangladeshi RMG manufacturers are currently adapting strategic move to capture the growth opportunities in the global market. In fact, total RMG sector of Bangladesh is export oriented and expanding their wings in the global market rapidly. It has already ensured its presence in most of developed economies including Europe and America (Rahman & Siddiqui, 2015).

2. Rationale of the Research

Internationalization decision of an organization can be triggered by a broad range of factors such as profitability prospects, resource transfer, market seeking motives, competitive advantage over local competitors, diversification benefits, and differential regulation benefits (Trivedi, 2012; Rahman & Anuar, 2011). Also, scholars have formulated number of theories such as economic perspective (e.g. Resource Based View by Barney, 1991), process perspective (Hermansdottir, 2008) and behavioral approach (Johanson & Vahlne, 1977) to explain the process in seeking a better understanding of the factors influencing internationalization and entry mode strategies adopted by MNCs (Ofilli, 2016). There is hardly any study conducted in identifying the reason of internationalization of RMG sector. According to Yamakawa et al., (2008), studies of RMG business from emerging economies like Bangladesh are very few. Marques et al., (2017) added that despite their significance in the global economy, internationalization of emerging countries' RMG sector remains understudied. Specifically, the unavailability of research on influence of internationalization decision process of RMG manufactures from Bangladesh has created literature gap. Such literature gap influenced the researcher to study in this area. Therefore, it is expected that the findings of this research will fulfill this gap through contributing to the literature on what influence emerging economies' RMG businesses to go for internationalization. It is further expected that this study will add a country-specific body of knowledge on the factors influencing foreign market entry by RMG manufacturers from an emerging economy.

3. Objectives of the Research

The main objective of this research is to critically examine the influencing factors of internationalization of Bangladeshi RMG sector and to make some strategic recommendations for the future internationalization of Bangladesh RMG industry.

4. Literature Review

4.1. Internationalization

Internationalization has become a global phenomenon since the establishment of globalization that opened up the global market for the entities across the world. Altbach (2004) simplified internationalization as a response to globalization, as a mean for

organizations to cope with or exploit globalization. Internationalization of a business entity thus refers to the expansion of its business activities into overseas market (Robert, 2016). Internationalization concept generally indicates either actual overseas activities or operations execution or as a firm's attitude towards overseas activities (Yenera et al., 2014). According to Hitt et al., (2006), internationalization is a strategy which organizations use to argument sales of their products or services crossing the borders of global regions into different geographic locations. Calof and Beamish (1995) have defined internationalization as "the process of adapting firms' operations (strategy, structure, resources, etc.) to international environments". Internationalization is explained by Schwerizer et al., (2010) as a process through which an organization endeavors for getting better position within a multitude of networks beyond the home country market. They further address that it is an entrepreneurial activity, thus they suggest adding the entrepreneurship aspect to the revised business network internationalization process model proposed by Johanson and Vahlne (1977) which is the revised model of the earlier Uppsala model. In their revised model, Johanson and Vahlne (2009) emphasized to see internationalization as the end product of organization which are seeking and utilizing multiple opportunities so as to overcome foreignness. In this revised model, they further proposed that a firm can either utilize its present networks with which it already has connections to enter a new market; or it can contract with a new entity working in an overseas market and through continuing business activities, trust emerges and a new network is established.

4.2. Motives of RMG internationalization

In the new global economy, internationalization has been a fundamental part of organizational activities. Narayanan (2015) found that organizations go beyond national boundary in order to overcome difficulties in the domestic market as well as to increase the probability of survival. According to Trivedi (2012), internationalization strategy of an organization can be triggered by a broad range of factors such as profitability prospects, resource transfer and market seeking motives, competitive advantage over local competitors, diversification benefits and differential regulation benefits. Organizations can reduce instability in their businesses through engaging in internationalization as a result of international diversification such as operating businesses in a number of countries instead of relying on a single market (Ahmed et al., 2016). A study conducted by Organization for Economic Co-operation and Development (2009) revealed a number of motives of firms' internationalization, among them knowledge and growth related motives are the effective factors for internationalization of firms from emerging economies. More specifically, factors related to growth seem to be more significant to SMEs, reflecting their climbing acceptance of global corridors and possible future growth potential for the business. In addition, firms' pool of knowledge resource and search for leveraging knowledge advantage locating in external actor is also found to push and pull them accordingly towards internationalization. According to Rana and Sorensen (2013), the endeavor of diversifying risks while increasing profit is one of the key reasons of internationalization of SMEs. The study of Howcroft et al., (2012) found that firms go for internationalization to spread their risks in addition to reducing

the impact of economic cycles as well as domestic downturn. However, they acknowledged that geographical diversification does not protect from an industry specific downturn or global downturn.

Over the years a number of motives for internationalization are identified by different empirical studies. The study of Dunning (1993) and Lundan (2008) categorized these motives into four namely resource seeking motives, market seeking motives, efficiency seeking motives and strategic asset seeking motives or capability seeking motives. It was further supported by Verbeke (2009) as he found natural resource seeking; market seeking, strategic resource seeking and efficiency seeking are the key motives behind internationalization of firms from emerging economies. In addition, Tulder (2015) added the network seeking motives to recognize network as an important part of internationalization consequent to recent studies. Rugman and Collinson (2006) found that firms go for international expansion to diversify, tap growing international product and service market, follow the competitors, reduce costs, reduce protective devices and take technological experts advantages. Daniels et al., (2009) identified some general influencing factors for internationalization namely increasing sales and profits, acquiring resources and minimizing risks. Motivations for internationalization are categorized into two namely proactive motives and reactive motives (Rana & Sorensen, 2013; Perks & Hughes, 2008).

4.3. Market seeking motives

Demand aspects are the basis of market seeking motives. When it is acknowledged by the decision makers of a firm that accessing specific target market overseas is important and they thereby believe that their presence in that market is essential for this access, they will focus on market seeking motives. Market seeking companies invest in a specific market with an intention of supplying products and services (Das & Banik, 2015). Several reasons of such action are identified by Dunning (1993) and Lundan (2008). First of all, market seeking companies often invest on a foreign market to exploit or promote new markets through being motivated by the sheer size of the market or a projection of market growth where company can enter and make profit for the shareholders. Secondly, companies may seek their presence in leading markets as they may act as a part of global production and marketing strategy. Thirdly, government of overseas country may encourage for the investment from the organizations from different countries. They often offer incentives like tax reduction, low cost labor, reduced trade barriers which might influence them to invest in a foreign location (Lunda, 2008; Wadhwa et al., 2011).

Most importantly, companies with a limited home market force them to go for internationalization. When the home market can bring enough revenue for the firm due to extensive competitive market, saturated market, lack of enough customers, etc., the firm will likely to seek for foreign market (Lunda, 2008; Wadhwa & Reddy, 2011). According to Wadhwa and Reddy (2011), countries with fast economic growth, attractive population growth and market growth influence market seeking companies to expand their businesses on their markets. Hence it can be hypothesized that;

H1: Market Seeking Motives is positively related to internationalization.

4.4. Resource seeking motives

Companies investing in overseas market to gain resources are called resource seekers. Companies with this category aim to attain specific types of resources which are not available at home market such as raw materials or natural resources or that are available at a lower cost on the foreign market such as unskilled labour force at a cheaper wages in contrast to home market (Dunning, 1993; Lunda, 2008 & Wadhwa, 2011). Hence it can be hypothesized that;

H2: Resource seeking motives is positively related to internationalization.

4.5. Efficiency seeking motives

Another category of internationalization motives of firm is efficiency seeking. Efficiency seeking motives take place in two occasions. First, companies attempt to take advantages of differences in costs and availability of traditional factor endowments in different markets. Second, companies attempt to take advantages from economies of scale and scope and the difference in consumer behavior and capability of supply (Lundan, 2008; Das & Banik, 2015). Companies motivated by these types of motives are often large, experienced and diversified multinational companies (Eckel, 2003). Hence it can be hypothesized that;

H3: Efficiency seeking motives is positively related to internationalization.

4.6. Strategic asset seeking motives

Strategic asset seeking is the last category of internationalization motives identified by Dunning (1993). According to him, strategic asset seeking companies get motivated for international expansion to acquire and complement a new technological base instead of exploiting the existing assets. The examples of strategic resources include knowledge, patent, skilled employees and strategic supplies needed to develop competitive advantages. Firms support their long term strategic goals through focusing on developing strategic assets. The key motive of attaining strategic resources is to either ensure long term sustainability as well as to strengthen competitive position in the market (Eckel, 2003; Kubickova et al., 2014; Das & Banik, 2015). Hence it can be hypothesized that;

H4: Strategic resource seeking motives is positively related to internationalization.

4.7. Network seeking motives

Network has been considered as a key international entrepreneurial cultural dimension. The network theory of internationalization described that internationalization of firms are motivated by their relationships with other actors (Mainela et al., 2014). The network orientation with organization reflects companies' participation extent in cooperative venture, alliance and other forms of similar internationalization mode (Blankenburg et al., 2015). Collaborations and relations, network with outsider is imperative for the companies in making internationalization decision. Organizations intend to nurse, develop and expand existing network through assessing the network seeking motives.

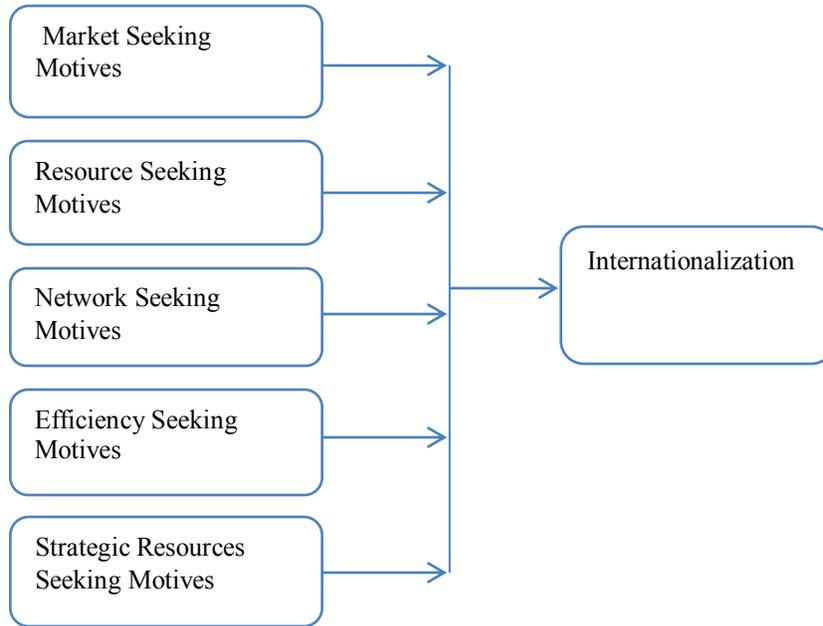
Personal relations, supplier-customer connections and relations, contractual corporation or other types of relations based on mutual trust and gain are the examples of network relations (Mainela et al., 2014); and these factors are deemed to influence internationalization. Hence it can be hypothesized that;

H5: Network seeking motives is positively related to internationalization

5. Theoretical Framework

Based on the literature review, five categories of factors have been sorted out which have influence to RMG businesses of Bangladesh to go for global expansion. Therefore, the research will be conducted on the following theoretical framework.

Figure 1: Theoretical framework



6. Research Methodology

Type of research: This is a causal research as in this research at first, the factors (cause) which are working behind to influence RMG sectors go for internationalization and then the internationalization of RMG company (effect) will be measured which is matched with the cause and effect relationship feature of the causal research (Malhotra, 2007).

Research approach: The research is using deductive approach based on the theories related with internationalization, discussed in the literature review, a theoretical framework has been developed and whole research is following that (Malhotra & Naresh, 2006).

Data collection: In this research both primary and secondary data were used to full-fill the research problems.

Primary data were collected through a structured questionnaire survey. The best way to ensure content validity is to select and adapt items from previously validated instruments. Accordingly, all the scale items for this study have been borrowed from previous research. The questionnaire was developed with a set of close-ended questions using a five point Likert scale from Strongly Agree (5) to strongly disagree (1). The questionnaire had two parts where initial part seeks to gather demographic information, second part seeks to identify respondents' perceptions about the influential factors of internationalization of Bangladeshi RMG companies. The questionnaire was developed using English Language.

Secondary data were collected from books, journal, newspapers and websites through both electronic and print library as well as internet search engine.

Population, sample size and sampling method: Employees of different RMG factories located in three districts of Dhaka division including Gazipur, Savar and Central Dhaka were the target population of this research. A purposive sampling technique was used to select a sample size of 90 top level employees based on their knowledge, availability and willingness. This sampling technique allowed identifying the respondents with best knowledge of the subject matter (Saunders et al., 2012). The respondents are the employees working in international operations or involved in internationalization process of RMG companies. The survey was conducted within a period of 25 days starting from 24th October, 2018 to 17th November, 2018. A total of 100 sets of questionnaire were distributed and 90 filled questionnaires were received in usable form.

Data analysis technique: The collected data were analyzed with the SPSS 20 version software and SMART PLS3. After that output is shown in different charts, table and figure.

7. Data Analysis & Findings

7.1 Demographic Findings

According to the findings, most of the internationalization related employees in Bangladesh RMG sector are male though most of the workers in this sector are female. Only 6 out of 90 respondents were found female. Most of the employees are young and educated and the age of all the respondents is between 25 years to 50 years and around 95% of employees completed minimum of graduation while only 4.44% completed higher secondary level. 80% of the respondents have more than 3 years experience of working in international operations, whereas only 20% have less than three years of experience in international operations. Most importantly, none of the respondents was found with less than one year of experience.

Table1: Respondents' demographic profile

Profile	Groups	Frequency	Percent (%)
Gender	Male	84	93.33
	Female	6	6.67
Age	25 - 30	11	12.22
	31 - 35	31	34.44
	36 - 40	22	24.44
	41 - 45	11	12.22
	46 - 50	15	16.68
	Above 50	0	0
Education level	Higher Secondary	4	4.44
	Graduation	32	35.56
	Post-graduation	54	60
Duration of job	1 - 3 years	18	20
	4 – 6 years	36	40
	7 – 9 years	14	15.55
	Above 9 years	22	24.45

To summarize the demographic information section data analysis, it can be said that Bangladesh RMG industry employees are mostly young but experienced and well educated in their respective field. However, they failed to ensure the participation of female at this level.

7.2 Measurement model

First, the model is run for the indicators and constructs reliability and validity under the measurement model. Then the path co-efficient is examined under the structural model. Becker et al., (2012) suggested reporting indicator loadings, AVE, composite reliability, discriminant validity, and multicollinearity of indicators.

7.2.1 Construct validity and reliability of the reflective constructs

Based on the results of initial measurement model, 3 items with poor factor loadings were dropped, leaving total 23 items for the final analysis. All 23 standardized loadings are high and positively significant ($p < 0.05$). Table 2 displays the constructs with composite reliability and AVE values and Cronbach's Alpha and items with standardized factor loading. The internal reliability can be evaluated considering Cronbach's alpha and composite reliability. A satisfactory reliable value will be between 0.60 and 0.95 (Bagozzi & Yi, 1988; Hair, Ringle, & Sarstedt, 2013).

Figure 2: Model after trimming

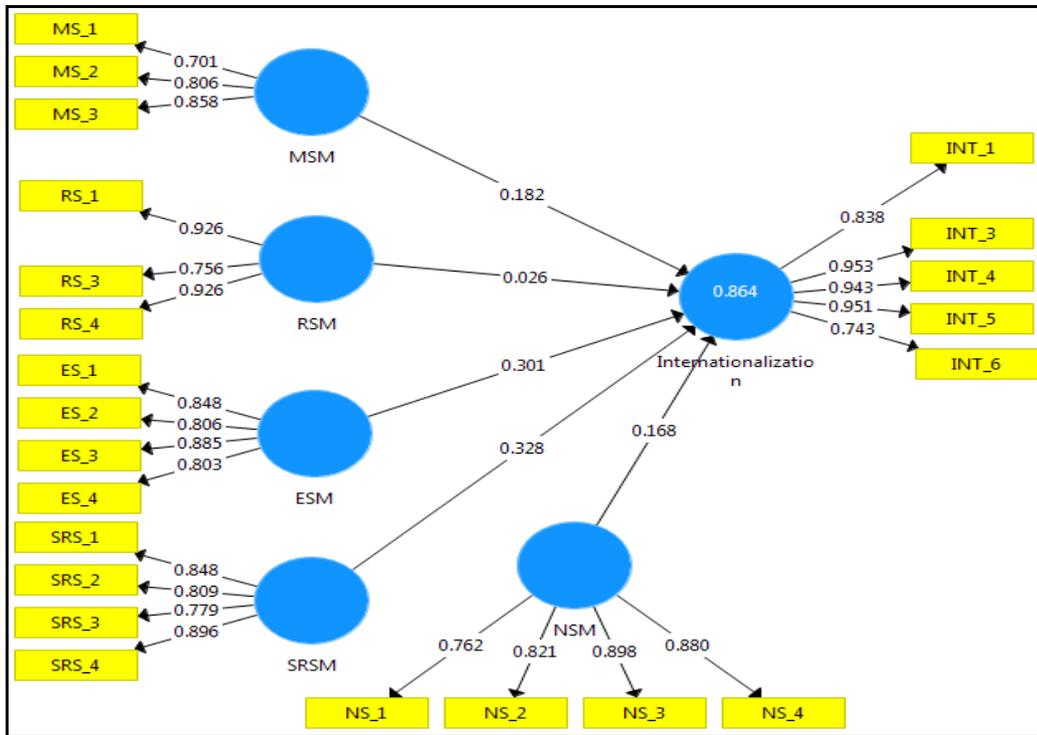


Table 2: Construct and Items with Standardized factor loading

Market seeking motives (Composite reliability=0.833, average variance extracted=0.626,Cronbach's Alpha= 0.701) Factor loading

MS_1: Developing existing markets	0.701
MS_2: Entering new markets	0.806
MS_3: Limited home market	0.858

Resource seeking motives (Composite reliability=0.905, average variance extracted=0.762,Cronbach's Alpha= 0.845)

RS_1: Better access to natural resources in host country	0.926
RS_3: Better energy and water supply in host country	0.756
RS_4: Better infrastructure in host country	0.926

Efficiency seeking motives (Composite reliability=0.903, average variance extracted=0.70,Cronbach's Alpha= 0.858)

ES_1: Possibility to later gain from differences in supply and costs for labor, resources etc. between countries	0.848
ES_2: Possibility to later gain from differences in consumer patterns between countries	0.806
ES_3: Possibility to later benefit from economy of scale and scope	0.885
ES_4: Possibility to lower the total tax burden by being in more than one country	0.803

Network seeking motives (Composite reliability=0.907, average variance extracted=0.709, Cronbach's Alpha= 0.862)

NS_1: Increased prospect of gaining technology, management/marketing expertise, and or organizational skills	0.762
NS_2: Being able to follow or stay close to main clients/suppliers	0.821
NS_3: Better use of partners' resources	0.898
NS_4: Start new collaboration	0.880

Strategic resource seeking motives(Composite reliability=0.901, average variance extracted=0.696, Cronbach's Alpha= 0.854)

SRS_1: Acquiring a whole or part of another company to gain knowledge about foreign markets	0.848
SRS_2: Acquiring a whole or part of another company to gain technological knowledge (patents, employee skills, systems etc).	0.809
SRS_3: Acquiring a whole or part of another company to reduce competition	0.779
SRS_4: Better access to skilled and educated labor	0.896

Internationalization(Composite reliability=0.950, average variance extracted=0.792, Cronbach's Alpha= 0.932)

INT_1: I know the process of 'internalization' very well.	0.838
INT_3: I think internationalization helps to a firm's to cope with or exploit globalization	0.953
INT_4: It helps to adapting the operations of a firm to international environment.	0.943
INT_5: It helps to getting better position with in a multitude network.	0.951
INT_6: I think it increases the profits of the RMG sector.	0.743

Reliability estimates for each construct exceed the threshold value of 0.70 (Nunnally & Bernstein, 1994). Here, all the reflective constructs have a value above 0.7 that confirms strong internal reliability. Although Cronbach's alpha has been used widely in social science, it provides a conservative outcome for PLS-SEM; consequently, researchers suggested composite reliability as an alternative measure (Wong, 2013). Also, table 2 demonstrates that the Cronbach's alpha (CA) values are satisfactory. The computed average variance extracted (AVE), also known as convergent validity, shows the degree of shared representation of items with constructs. All AVE values for each construct are acceptable as they exceed the recommended 0.50 value (Bagozzi & Yi, 1988). Table 3 shows that all of our reflective indicators are statistically significant (t-value > 1.96 and p-value < 0.05). These results confirm strong convergent validity in our model for the reflective constructs.

Table 3: T-statistics and p-values for convergent validity of constructs

Constructs (latent variables)	Indicators	Original Sample	T Statistics	P Values
Efficiency seeking motives (ESM)	ES_1	0.848	26.392	0.000
	ES_2	0.806	15.572	0.000
	ES_3	0.885	46.029	0.000
	ES_4	0.803	20.854	0.000
Internationalization (INT)	INT_1	0.838	29.012	0.000
	INT_3	0.953	149.171	0.000
	INT_4	0.943	95.102	0.000
	INT_5	0.951	116.209	0.000
	INT_6	0.743	19.325	0.000
Market seeking motives (MSM)	MS_1	0.701	9.390	0.000
	MS_2	0.806	22.125	0.000
	MS_3	0.858	31.501	0.000
Network seeking motives (NSM)	NS_1	0.762	15.138	0.000
	NS_2	0.821	24.919	0.000
	NS_3	0.898	49.350	0.000
	NS_4	0.880	55.813	0.000
Resource seeking motives (RSM)	RS_1	0.926	102.954	0.000
	RS_3	0.756	10.724	0.000
	RS_4	0.926	53.795	0.000
Strategic resource seeking motives (SRSM)	SRS_1	0.848	38.678	0.000
	SRS_2	0.809	16.278	0.000
	SRS_3	0.779	17.955	0.000
	SRS_4	0.896	40.325	0.000

To test the discriminant validity we used the Fornell–Larcker criterion (1981) and cross-loading (Wong, 2016). Fornell and Larcker used the square root of AVE, which should be larger than the latent variable correlations (LVC). For cross-loading examination, each indicator's loading to its latent construct should be higher than that of other constructs. Table 4 shows the square root of AVE, where each latent variable's value is greater than other LVC.

Table 4: Fornell–Larcker Criteria of Discriminant Validity

	ESM	Internationalization	MSM	NSM	RSM	SRSM
ESM	0.836					
Internationalization	0.824	0.890				
MSM	0.750	0.782	0.791			
NSM	0.818	0.821	0.770	0.842		
RSM	0.803	0.810	0.781	0.821	0.873	
SRSM	0.785	0.801	0.728	0.822	0.817	0.834

Table 5 shows the cross-loading of all indicator items with each construct. It can be observed that items loading of the construct have a higher value than loading on other constructs. Both of these findings confirm the strong discriminant validity of the reflective constructs.

	ESM	Internationalization	MSM	NSM	RSM	SRSM
ES_1	0.848	0.738	0.583	0.691	0.718	0.660
ES_2	0.953	0.706	0.694	0.621	0.747	0.673
ES_3	0.943	0.685	0.574	0.551	0.622	0.673
ES_4	0.951	0.603	0.533	0.665	0.697	0.665
INT_1	0.743	0.783	0.546	0.612	0.584	0.601
INT_2	0.682	0.771	0.568	0.615	0.684	0.588
INT_3	0.606	0.824	0.595	0.609	0.677	0.588
INT_4	0.803	0.905	0.643	0.649	0.643	0.656
INT_5	0.603	0.792	0.569	0.608	0.606	0.521
MS_1	0.613	0.530	0.701	0.529	0.659	0.530
MS_2	0.489	0.672	0.806	0.650	0.474	0.634
MS_3	0.686	0.745	0.858	0.722	0.727	0.740
NS_1	0.645	0.639	0.594	0.792	0.674	0.681
NS_2	0.649	0.658	0.667	0.821	0.660	0.660
NS_3	0.764	0.695	0.642	0.898	0.717	0.814
NS_4	0.691	0.620	0.709	0.880	0.638	0.699
RS_1	0.792	0.630	0.574	0.606	0.926	0.648
RS_3	0.602	0.484	0.492	0.502	0.756	0.482
RS_4	0.813	0.592	0.525	0.685	0.926	0.744
SRS_1	0.766	0.806	0.536	0.846	0.750	0.876
SRS_2	0.590	0.649	0.626	0.630	0.645	0.809
SRS_3	0.562	0.695	0.577	0.593	0.572	0.779
SRS_4	0.682	0.572	0.648	0.612	0.744	0.896

7.3 Structural model

After measurement model, the structural model needs to be evaluated to draw the conclusion. For formative constructs, we will evaluate three things: collinearity, coefficient of determination (R^2), and the path coefficient between the constructs.

7.3.1 Collinearity assessment

Collinearity is assessed by variance inflation factor (VIF), for which a value of 5 or above typically indicates problem (Hair, Ringle, & Sarstedt, 2011). However, a maximum, the VIF for formative factors should be below 10, but for a more rigorous test, they should be

below 3.30 (Petter et al., 2007). Collinearity assessment of our model shows that all the construct values of independent variables are below 3.30 (see Table 6).

Table 6: Collinearity measurement by VIF

	Internationalization
ESM	2.38
Internationalization	2.32
MSM	1.53
NSM	1.92
RSM	2.90
SRSM	3.14

7.3.2 The co-efficient of determination (R^2)

R^2 is a major part of a structural model evaluation. R^2 value of 0.25, 0.50, and 0.70 are referred to as a weak, moderate, and strong coefficient of determination, respectively (Hair et al., 2013). In our model, the squared multiple correlations of the endogenous variables indicates that the model explains 86.4% of the variance in internationalization of RMG sector of Bangladesh (see table-7)

Table 7: The value of co-efficient of determination (R^2)

	R Square	R Square Adjusted
Internationalization	0.864	0.856

7.3.3 Path co-efficient

Path coefficients in the PLS-SEM are tested for the relationship between constructs and significance level. Table 8 shows that efficiency seeking ($\beta = 0.301$, $t = 3.468$, $p < 0.05$), market seeking ($\beta = 0.182$, $t = 2.17$, $p < 0.05$), network seeking ($\beta = 0.168$, $t = 2.179$, $p < 0.05$) and strategic resources seeking ($\beta = 0.328$, $t = 3.614$, $p < 0.05$) motives strongly influence internationalization of RMG sector and resource seeking ($\beta = 0.026$, $t = 0.316$, $p > 0.05$) motives has no significant effect on internationalization.

Table 8: Significance testing results of the structural model path coefficients

	Pathco-efficient	T Statistics	P Values	Hypothesis
ESM -> Internationalization	0.301	3.468	0.001	Accepted
MSM -> Internationalization	0.182	2.170	0.030	Accepted
NSM -> Internationalization	0.168	2.179	0.030	Accepted
RSM -> Internationalization	0.026	0.316	0.752	Rejected
SRSM -> Internationalization	0.328	3.614	0.000	Accepted

7.3.4 Cross-validated redundancy (Q^2)

The Q^2 is a mean for assessing the structural model or inner model's predictive relevance. Specially, a Q^2 value larger than zero for a particular endogenous constructs indicates the path model's predictive relevance for this particular construct (Hair et al., 2014). In our model, Q^2 value of internationalization of Bangladeshi RMG sector is 0.63 which meets the criteria.

8. Discussion and Conclusion

According to the theoretical framework developed based on earlier studies, the motives of internationalization can be categorized into five: market seeking motives, resource seeking motives, efficiency seeking motives and network seeking motives. From this study, it is found that all the constructs and sub-constructs satisfied all the reliability and validity tests. Statistical findings reveal that four constructs have significant influence in taking the decision of internationalization. So the internationalization of RMG sector largely depends on the accumulative structure of all sub-constructs. The findings support the hypotheses (H1, H3, H4 and H5) of the model (see table-8). Approximately 86.4% of the variance in internationalization is accounted for by these five independent constructs in the model. As this study finds a significant positive impact of market seeking, network seeking, efficiency seeking & strategic resource seeking motives on internationalization, such findings strengthened the arguments established by previous studies. According to the findings, Bangladesh RMG manufactures do not seek resources from international market though earlier studies found it as one of the key motivators for internationalization of SMEs from an emerging economy country (Dunning, 1993; Lunda, 2008). Therefore, Bangladesh RMG companies are recommended to invest on overseas market to gain resources which are not available at home market such as raw materials or natural resources or the resources which are available at a lower cost on the foreign market such as better infrastructure, better energy and water supply in host country. Finally, it is recommended that companies should make a comprehensive plan setting out the goals, objectives, policies and resources to guide their international expansion over a future period to attain sustainable long-term growth in the global market. In making that decision, a number of factors including home and host country factors, and firm-specific factors should be considered. Though efforts were made to encounter the limitations, a few limitations need to be addressed. The research was carried out only in a specific geographic location, thus conducting in a diverse locations may offer a better conclusive results. This research further used a small sample size which may limit the generalizability of the findings. Thus future research might be conducted at a large scale such as diverse geographic locations taking large number of samples.

References

1. Abedin, J. (2018). Overall problems and prospects of Bangladesh Ready-Made Garments Industries. *International Journal of Scientific and Research Publications*. 6 (2), 19-32.
2. Ahmed, U., Julian, C., Balbaki, I. & Haddian, V. (2016). Firm internationalization and export incentives from a Middle Eastern perspective. *Journal of SME Development*, 13(4), 660-669.

3. Al-Hyari, K., Al-Weshah, G. & Alnsour, M. (2012). Barriers to internationalization in SMEs: Evidence from Jordan, *Marketing Intelligence and Planning*, 30 (2), 18-32.
4. Altbach, P. G. (2004). Globalization: Myths and realities in an uneven world. *Tertiary Education and Management*, 10(1), 3–25.
5. Aminur, R. (2017). Challenges and Success from Globalization Perspectives: Exploring Global Dimension of Career Building through Internationalization: A Deconstructive Reading. *Global Journal of Human-Social Science*, 17 (1), 12-23.
6. Azuay, R. (2016). Internationalization Strategies for Global Companies: A Case Study of Arla Foods, Denmark. *Journal of Accounting & Marketing*, 5 (4), 1-9.
7. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17, (1), 99-120.
8. Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16, 74–94.
9. Becker, J. M., Klein, K., & Wetzels, M. (2012). *Hierarchical latent variable models in PLS-SEM: Guidelines for using reflective-formative type models*. *Long Range Planning*, 45, 359–394.
10. Blankenburg Holm, D., Johanson, M. & Kao, P. (2015). From outsider to insider: Opportunity development in foreign market networks. *International Entrepreneurship Journal*, 13(3), 18-25.
11. Cohen, J. (1988). *Statistical Power Analysis for the Behavioral Sciences*. Lawrence Erlbaum, Mahwah, NJ.
12. Calof, J. L., & Beamish, P. W. (1995). Adapting to foreign markets: explaining internationalization. *International Business Review*, 4(2), 115-131.
13. Daniels, J., Radebaugh, L., & Sullivan, D., (2009). *International Business*, (13th Ed.). Pearson publication.
14. Das, K. & Banik, N. (2015). What motivates Indian firms to invest abroad? *International Journal of Commerce and Management*. 25(3), 330-355.
15. Dunning, J. (1993). *Multinational enterprises and the global economy*. Addison-Wesley Publishing Company.
16. Dunning, J. H., & Lundan, S. M. (2008). *Multinational Enterprises and the Global Economy*. Edward Elgar Publishing, Cheltenham, UK.
17. Eckel, C. (2003). Fragmentation, efficiency seeking FDI and employment. *Review of International Economics*, 11 (2), 317-331.
18. Fornell, C., & Larcker, D.F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18, (1), 39-50.
19. Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *The Journal of Marketing Theory and Practice*, 19, 139–152.
20. Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2013). A primer on partial least squares structural equation modeling (PLS-SEM). *Qualitative research*, 6. Thousand Oaks, CA: SAGE Publications, Inc.
21. Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Los Angeles: SAGE.
22. Hermannsdotir, A. (2008). Theoretical underpinning of the internationalization process. Working Paper, No. 02, Institute of Business Research, University of Iceland.
23. Hitt, M., Tihanyi, L., Miller, T. & Connelly, B. (2006). International diversification: antecedents, outcomes, and moderators. *Journal of Management*, 32(6), 831-867.
24. Howcroft, J.B., Haq, R., Carr, C., & Mullineux, A., (2012). Bank Internationalization, Risk Transference, Risk Management. *European Financial Review*, April-May 2012.
25. International Monetary Fund. (2016). *World economic outlook: Too slow for too long*, Washington: International Monetary Fund.

26. Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of international business studies*, 8(1), 23-32.
27. Johanson, J. & Vahlne, E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsider ship. *Journal of international business studies*, 40 (9), 1411-1431.
28. Kubickova, N., Votupalova, M. & Toulouva, M. (2014). Key motives for internationalization process of small and medium-sized enterprises. *Procedia Economics and Finance*, 12 (2), 319-328.
29. Marques, J., Wegener, A. & Schneider, S. (2017). Internationalization strategies of emerging market banks: Challenges and opportunities.
30. Malhotra & Naresh K. (2006). *Marketing Research – An applied Orientation*. (4thed.). Publisher: Pearson Education.
31. Malhotra, K. N. (2007). *Marketing Research – An applied Orientation*. (5thed.). Prentice- Hall Inc., NJ.
32. Mainela, T., Puhakka, V. & Servais, P. (2014). The concept of international opportunity in international entrepreneurship: a review and a research agenda. *International Journal of Management Reviews*, 16 (1), 105-129.
33. Narayanan, V. (2015). Export Barriers for SME: A Literature Review based on Leonidou's Model. *Entrepreneurial Business and Economics Review*, 3 (2), 105-123.
34. Nunnally, J., Bernstein, I. (1994). *Psychometric Theory*. New York: McGraw-Hill.
35. Ofili, O. (2016). Internationalization: Choosing the Right Entry Mode: Lessons from EBay's Strategy in China. *European Scientific Journal*, 12, 1857–81.
36. OECD (2009). Top Barriers and Drivers to SME Internationalization, OECD.
37. Perks, J. & Hughes, M. (2008). Entrepreneurial decision-making in internationalization: propositions from mid-size firms. *International Business Review*, 17 (3), 310–333
38. Petter, S., Straub, D. W., & Rai, A. (2007). Specifying formative constructs in information systems research. *MIS Quarterly*, 31, 623–656.
39. Rashid, H. Impact of Brexit on Bangladesh's RMG (2016). <http://www.theindependentbd.com/arcprint/details/53450/2016-07-30>
40. Rana, M. & Sorensen, O. (2013). Exploring management and entrepreneurial factors in the internationalization of SMEs: evidence from the Bangladeshi apparel industry. *International Journal of Entrepreneurship and Small Business*, 19 (4), 517-42.
41. Rahman, A. & Anwar, R. (2011). What motivates Malaysian banks to go international? *8th International Conference on Islamic Finance*, Doha: Qatar National Convention Centre.
42. Rahman, H. & Siddiqui, A. (2015). RMG: Prospect of Contribution in Economy of Bangladesh. *International Journal of Scientific and Research Publications*, 5 (9), 1-8.
43. Ian M. Rugman, Collinson, S., & Richard M. Hodgetts (2006). *International Business*. (4th ed.). UK, Pearson Education Limited.
44. Robin, I., Salim, R. & Bloch, H. (2017). Cost efficiency in Bangladesh banking: dos financial reform matter? *Applied Economics*, 50 (8), 891-904.
45. Saunders, M., Lewis, P. & Thornhill, A. (2012). *Research Methods for Business Students*, (6th ed.), UK: Pearson Education Limited.
46. Schweizer, R., Vahlne, E. & Johanson, J. (2010). Internationalization as an entrepreneurial process. *Journal of International Entrepreneurship*, 8 (4), 343-370.
47. The Daily Star. (2018). *Economy to stay strong- World Bank pins hope on domestic demand, export, improved infrastructure*, January 11, [online] Available at: <https://www.thedailystar.net/business/bangladesh-gdp-growth-rate-fiscal-year-2017-18-economy-stay-strong-1518199> (Accessed on 6 March 2018)
48. Trivedi, A. (2012). *International and multinational banking*, India: Macmillan Publishers India.
49. Tulder, R. (2015). Getting all motives right: A holistic approach to internationalization motives of companies. *Multinational Business Review*, 23 (1), 36-56.

50. Verbeke, A., (2009). *International Business Strategy*, (2nded.). Cambridge University Press.
51. Wadhwa, K. & Reddy, S. (2011). Foreign Direct Investment into Developing Asian Countries: The Role of Market Seeking, Resource Seeking and Efficiency Seeking Factors. *International Journal of Business Management*, 6 (11), 219-227.
52. Wong, K. K. (2013). Partial least squares structural equation modeling (PLS-SEM) techniques using smart PLS. *Marketing Bulletin*, 24(1), 1–32. Doi: 10.1108/EBR-10-2013-0128
53. Wong, K. K.-K. (2016). Mediation analysis, categorical moderation analysis, and higher- order construct modeling in partial least squares structural equation modeling (PLS-SEM): A B2B example using Smart PLS. *The Marketing Bulletin*, 26, 1–22.
54. Yamakawa, Y., Peng, M.W. & Deeds, D.L. (2008). ‘What drives new ventures to internationalize from emerging to developed economies?’ *Entrepreneurship: Theory & Practice*, 32 (1), 59–82.
55. Yenera, M., Dogruo, B. & Ergunb, S. (2014). Challenges of Internationalization for SMEs and Overcoming these Challenges: A case study from Turkey. *Social and Behavioral Sciences*, 150, 2-11.