

# Reasons for Expatriates Working in Bangladesh and the Ways to Replace Them with Local Human Resources

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**Abstract:** *The study aims to find the reasons that companies usually consider while employing expatriates in their organizations and steps that can be taken to develop our local human resources to replace them. To achieve the goal of this study a sample of 30 individuals from different companies were interviewed using a structured questionnaire through convenience sampling. Data were analyzed using SPSS software version 25.0. Descriptive statistics, reliability analysis and factor analysis were also done. The outcome of the study shows that Business Communication Skill, Technical Knowhow and Global Market Competitiveness remains the major reasons for entrepreneurs to recruit expatriates. As a solution to the problem, respondents mostly emphasized on skill development initiatives, improvisation of business communication skill, reinforcement of vocational education in the mainstream education system and Industry academia collaboration. This will assist the government, the policy makers and the other stakeholders to take policy decisions regarding the expatriates working in Bangladesh and improving skills and expertise of our local human resources to replace them.*

**Key words:** *Communication Skill, Industry Academia Collaboration, Vocational Education, Lifelong Learning Habit, Human Resource Development.*

## 1. Introduction

The growth of Bangladesh was unprecedented in terms of both economic and social perspective during the last decade. The country has registered GDP growth of 7.65% for the year 2018 (Bangladesh Bureau of Statistics, 2019). The macroeconomic stability of Bangladesh was also admirable. The economy is also graduating from Least Developed Country (LDC) to a Developing Country in the scale of Gross National Income (GNI) Per Capita, Human Assets Index (HAI) and Economic Vulnerability Index (EVI) as set out by United Nations. To keep the momentum of the economic growth, macroeconomic stability has been associated to a great extent with the country's progress in the areas of social development including education, health and poverty reduction. One of the catalysts for recent development of Bangladesh economy is especially massive industrialization and development of service sector fueled by competitive labor force. In fact, there are strong evidences that highly or densely populated countries develop their economies by harnessing surplus labor in the developed countries widely known

as dual sector theory of development (Lewis, 1954). In the developed economy, marginal productivity of labor is likely to be in the higher side and growth is expected to sustain in long run. Bangladesh's labor intensive export growth is an exact demonstration of Lewis (1954) formulated growth path through transfer of surplus labor from traditional sector to modern industries. But the irony is that the resources we are accumulating burning our labor fuel has been flying out in terms of reverse remittance in different countries. To augment and sustain the growth, human capital is one of the key driving factors. Till now the lone competitive advantage on factors of production for Bangladesh is labor and that is the result of abundance to some extent. In the backdrop of these constraints, a silver lining takes the form of a large and growing labor force, which may be utilized for labor-intensive growth. Even if the growing youth population can be viewed as a potential resource and has recently been labeled as "demographic dividend", this potential can be actually utilized if their human capital potential is fully utilized. In fact, utilization of the growing labor force for Bangladesh's future growth requires that the labor force's productivity is enhanced through proper education and skill development. This in turn requires adoption of proper plan and target for skill training. Despite having not so many researches on the adverse effect of skill gap, the government recognized the need for the improvement of the country's technical and vocational education and training often denoted as TVET. The commitment of the government has been reflected in the adoption of National Education Policy 2010 and National Skills Development Policy 2011. These policies have outlined the routes for expansion, diversification, extension and development of the technical and vocational training program. Narrowing down to the corporate level, this skill gap has been compelling reason for entrepreneurs to hire expatriates. There is no harm to hire different level of skilled expatriates from around the globe to grasp the knowhow. However, the question is for how long? Capability of our local human resources should be built in such a manner so that they can replace the expatriates and be the savior of the nation's economy.

### **1.1. Rationale of the Study**

Overall balance of payments of Bangladesh showed USD 885 million deficits during FY 2017-18 (Islam, 2018). Deficit balance in trade stands at Tk.149.96 billion followed by services Tk. 39.13 billion and in terms of income Tk. 17.61 Billion for the same period (Islam, 2018). The same source has reported that, Bangladeshi taka has been depreciated by 3.74% against US Dollar year over year. Foreign Exchange Reserves in Bangladesh decreased to 32381.50 USD million in January from 32689.20 USD million in December of 2019 (Trading Economics, 2020). The above evidence substantiates the fact that our economy has been adversely affected by resources flight. Consumption propensity has also been showing increasing demand of foreign goods and services which essentially leads to reverse flow of foreign exchange reserve. According to some

recent publications from media and different other sources, presently around 0.5 million Indian are working in Bangladesh (Islam, 2018). According to industry insiders, around 5 lakh foreigners are working in different sectors including ministries. But among them only 1 lakh are registered with Bangladesh Investment Development Authority (BIDA). Every year they send over USD 5 billion to their own country (The Daily Star, 2019). Another report of Transparency International Bangladesh (TIB) revealed that 10.6 million foreigners are working in Bangladesh illegally and sending around 30,590 million USD to their own country (Amader Somoy, 2020). This could be a major catalyst for the economy to losing in the macroeconomic indices. On the other hand, there is hardly any empirical study on why Bangladeshi firms are recruiting foreigners and how they can be replaced by the local human resources. Under this backdrop, the present research has been undertaken to identify the reasons of hiring foreigners in Bangladesh and provide recommendations on how to replace the foreigners by local manpower.

### **1.2. Objective of the study**

The specific objectives are:

1. To identify the factors considered by employers while hiring expatriates instead of local human resources.
2. To rank all these factors in terms of their importance and finding solutions as to the development of local human resources to replace them.

### **2. Methodology**

A descriptive research methodology was applied while conducting the study. Both primary and secondary sources were used for collecting the information.

#### **2.1. Sampling procedure**

Total 30 (thirty) respondents were selected from different industries/sectors of the country. Keeping the limitations in mind a non-probability convenience sampling procedure was used for selecting the respondents.

#### **2.2. Data collection**

Data were collected from both primary and secondary sources. A survey was conducted through the help of the questionnaire among 30 respondents who are mostly working at mid to senior levels. To have the idea about the prior work in the area under investigation, several journals, research papers, news paper clips have been collected and analyzed as external sources of data.

#### **2.3. Questionnaire design**

The questionnaire was designed in 3 (three) parts. To start with, some demographic data of the respondent i.e. Age, Education, Gender have been captured. In the second part organization's profile was collected with Number of Total Employees, Number of Expatriates working, Sector/Industry. The third part included the survey items.

## **2.4. Data analysis technique**

Collected data were analyzed using IBM SPSS version 25.00. Descriptive statistics was used to summarize the mean and standard deviation of the influencing factors to hire expatriates and steps to be taken to develop local human resources to replace them. All the responses were gathered on five point likert scale. Ranking on the basis of mean and standard deviation was done based on the questions and to find the key factors. Cross tabulation analysis on industries or sectors in case of hiring expatriates has been conducted followed by Pearson Chi-Square, Likelihood Ratio and Linear-by-Linear Association.

## **3. Economic and Industry Outlook of Bangladesh**

Bangladesh's economy grew 7.86% last fiscal year riding on the agriculture sector as the government disclosed the final figure of the gross domestic product for 2017-18 (The Daily Star, 2018). Agriculture and industry sectors have a great contribution to the increase in the GDP growth. Having one of the lowest wage rates in the world, Bangladesh has fueled an expanding industrial base led by its RMG industry. Moreover, we have a vast range of industry sectors including our agricultural processing, construction, ICT, engineering, pharmaceuticals, jute & leather processing and ship-building industries.

### **3.1. Economic overview**

Bangladesh has made a remarkable progress in poverty reduction in last decade supported by sustainable economic growth. In 2000 average rate of poverty was 48.9% as compared to 24.3 % in 2016 (World Bank, 2017). Bangladesh has become a middle income country since 2015 and in 2018, the economy of Bangladesh was able to comply the criteria to be graduated from Least Developed Country (LDC) to Developing Country. The progress is under surveillance by United Nation (UN) for advancement in 2024.

#### **3.1.1. GDP**

GDP or Gross Domestic Product is the aggregate of production of all goods and services of an economy for a certain period of time. This data is a great utility to the policymakers displaying the snap shot of the economy whether it is expanding or contracting. As per the report of Bangladesh Bureau of Statistics (BBS) agriculture grew 4.19 percent, industry grew 12.06 percent and the services sector rose 6.39 percent in 2017-18 (BBS, 2019). The government has undertaken various infrastructure projects and if those are implemented, the growth will accelerate further.

#### **3.1.2. GNI**

Gross National Income (GNI) is the aggregate of all goods and services which have been produced using own factors within and across the globe. GNI demonstrates the total value addition by a country's economy in a given year irrespective of the geographic location of the factors of production.

**Figure 1: Overview of Per Capita Income from 1972 to 2019 (The Daily Star, 2019)**

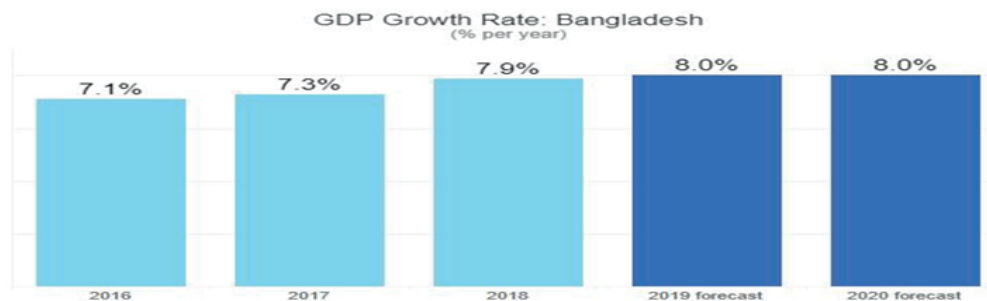


Per capita GNI of Bangladesh has ramped up by 9 percent to \$1,909 from \$ 1,751. In 1972 it was only \$120 and took a decade to get double in 1982 at \$240. It contributes only \$80 to make it \$320 in the next ten years till 1992. At the outset of new millennium, the per capita GNI started rising and registered 124% growth to 940% in the decade to 2012 and two folded to \$ 1,909 in the next 7 years. GNI per capita has positive correlation with the quality of life of citizens. However per capita income is a broad average use should consider also the problem of income distribution.

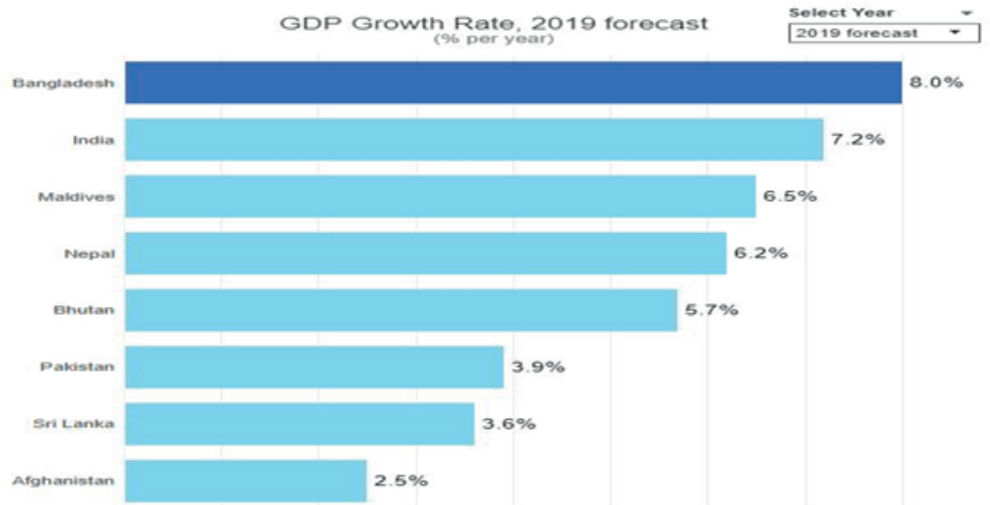
### 3.1.3. Growth Forecast

An Asian Development Bank (ADB) report showed GDP growth of Bangladesh is forecasted to hit the all-time record 8.1% very soon (Daily Star, 2019). The entire size of GDP in FY 2018-19 will increase to Tk. 2,536,177 crore from Tk. 2,250,479 crore year-over-year. The provisional data of Bangladesh Bureau of Statistics (BBS, 2019) has reported that, agricultural sector growth in this year is going to register 3.51%, the industrial sector to 13.02% and service sector to 6.50%.

**Figure 2: Bangladesh’s GDP expected Growth rate in 2019-20(WEF, 2109).**



Additionally, the Gross National Income (GNI) in the current fiscal year is expected to reach Tk. 2,649,786 and the per capita GDP1 to \$1,827.

**Figure 3: Bangladesh's GNP expected Growth rate in 2019-20(WEF, 2018).**

#### 4. Labor Market Overview

The substantial growth of economy does not commensurate to the generation of employment even taking many jobs created by ready-made garment industry and export oriented business across the country into account.

##### 5.1 Workforce

In recent surveys the workforce has been showing a positive progression in the female population engagement. This may be the result of transforming mindset and culture of the nation towards the women empowerment. The growth of the population is much higher in the urban areas as compared to rural areas therefore more working-age population for both males and females are from urban areas. The unique feature of our demography is more than half of our population are lying within the age of 25 years which is often referred as demographic dividend. This dividend can be utilized to the maximum extent by converting this working age to human capital.

##### 5.2 Skills

Skills development policy for Bangladesh aims at improving the coordination and delivery of skills for the betterment of the nation as a whole. To more effectively manage its human resources and develop an integrated approach to skills development, there is a need to think beyond state controlled TVET (Technical and Vocational Education and Training) systems and emphasize on the varied types of formal and non-formal training through which skills are developed. It is a full range of formal and non-formal vocational, technical and skills based education and training for employment and or self-employment in keeping with international trends.

### 5.3 Wages

In general sense, wage means the payment given to the workers or employees on the basis of a piece of work or on weekly, daily, hourly basis for work or services. In economical area, wage means the portion of the national income accruing to labor as earned income, as contrasted with the unearned income accruing to capital in the form of rent, interest, and dividends. In Bangladesh the wages are paid to the workers in the RGM sector is one of the lowest rates in the world.

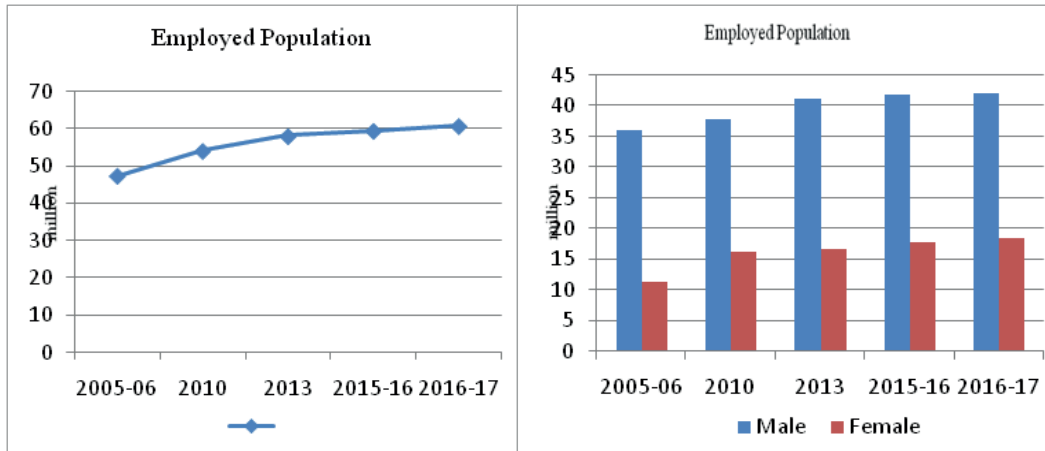
**Figure 4: Falling Real Wages (CPD, 2019)**

<b>FALLING REAL WAGES</b>					
<b>Year</b>	<b>2013</b>	<b>2015-2016</b>	<b>Change (%)</b>	<b>2016-17</b>	<b>Change (%)</b>
<b>National</b>					
Male	14,309	13,844	-32	13,583	-1.9
Female	13,712	12,732	-.71	12,254	-3.8
Total	14,152	13,602	-3.9	13,258	-2.5
<b>Urban</b>					
Male	17,930	16,957	-5.4	17,106	0.9
Female	15,558	13,847	-11.0	13,321	-3.8
Total	17,192	16,022	-6.8	15,912	-0.7
<b>Rural</b>					
Male	12,512	12,211	-24	11,708	-4.1
Female	12,464	11,532	-7.5	11,206	-2.8
Total	12,500	12098	-3.2	11,608	-4.0

### 5.4 Employment/Unemployment Scenario

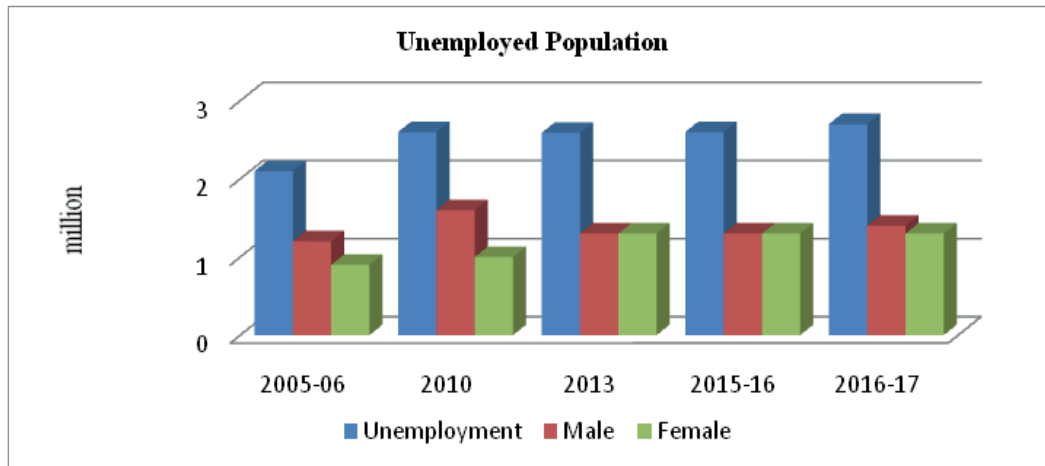
**Employment Status:** In terms of employment status, total number of employed population was 47.4 million, 54.1 million, 58.1 million, 59.5 million and 60.8 million in 2005-06, 2006, 2013, 2015-16 and 2016-17 respectively. From 2005-06 to 2016-17 the number of employment for both male and female was slowly increasing. In 2005-06 male people were employed 36.1 million whether female were only 11.3 million which was 24.8 million less than male. In 2016-17 the male employment reached to 42.2 million where female were to 18.6 million. For the whole 11 year period male employment rate increased for 6.1 million but female employment increased for 7.3 million which is 1.2 million higher than male.

**Figure 5: Employment Scenario in Bangladesh (BBS, 2019)**



**Unemployment Status:** The total number of unemployed population was continuously increasing from 2005-06 to 2016-17. But the ratio of unemployed male and female population was in ups and down.

**Figure 6: Unemployment scenario in Bangladesh (BBS, 2019)**



In 2005-06 it is observed that the unemployed male were 1.2 million where female were 0.9 million which was 0.3 million less than male population. In 2013 and 2015-16 the number of unemployment for both male and female was same at 1.3 million. In 2016-17 female unemployed population was slightly decreased for 0.1 million compared to male at 1.4 million.

### 5.5 Market demand

Bangladesh has been undergoing a major evolution in terms of structural transformation of economy from Agricultural based to Industrialization. In transition, the

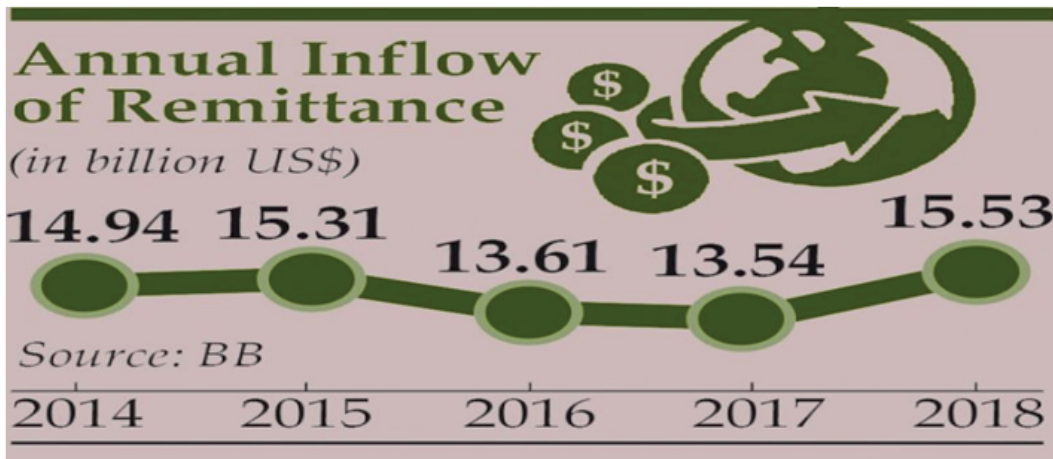


want of skilled human resource has become gravely scarce. Lot of academic education has been rendering with eventual production of highly educated unemployed youth. Gap of skilled labor forces are increasing over growth sectors like Ready Made Garments/Textile, Power & Energy, Telecommunication and IT sector.

### 5.6 Flow of remittance

Foreign remittance is a great contributor to the foreign exchange reserve of the country. If we consider the whole economy as an engine, the remittance is the fuel to run that engine. The circulation of cash is instrumental helping the economy to drive. Lots of emigrant workers from Bangladesh have been contributing in this form and the amount is being increased significantly. Inward remittance was increased by almost 15% resulting in about \$2.0 billion in the year 2018 (Islam, 2019). Remittance inflows augmented from \$13.54 billion in 2017 to \$15.53 billion in 2018 in spite of falling trend in outbound jobs of Bangladeshis (Islam, 2019). The inflow of the remittance was stimulated by the global upward trends in fuel prices. The Bangladesh Bank and the other government bodies are restlessly trying to escalate the remittance inflows from the different corner of the world. According to the BB's latest statistics, the money sent home by Bangladeshi working abroad amounted to \$1.20 billion in December 2018, up by \$24.57 million. Remittance stood at \$1.18 billion November 2017. It was \$1.17 billion in December 2017 (Islam, 2019).

**Figure 7: Annual Inflow of Remittance in Bangladesh (FE, 2019)**



The recent trend of soaring import and extreme dependence on foreign consultants in our infrastructure projects, soaring dollar value have declined foreign exchange reserve and this growing outbound remittance will be another blow to our foreign exchange reserve.

### 5.7 Skill Gap and Capacity Development

Skill level of workers in Bangladesh is not aligned with the growth trajectory it is

currently in. Low level of skills has been identified as the major constraint to the growth of Bangladesh. Training transforms workforces into human capital and helps them to stay relevant by improving skill and competitiveness among other things. It is obvious that there is immense scarcity of skilled and experienced workers which make a huge difference between the supply and the demand of the skilled employees in the various sectors in Bangladesh. It is found that the number of prospective employees with general education goes beyond the number of prospective employees with technical background. The Economist Intelligence Unit (EIU) in a study found that about 50 percent of the educated youth is unemployed (The Daily Star, 2015). The unemployment, including the workers who engage themselves in low profile job in spite of having higher education compared to the requirements asked by the employers, should not be considered the regular service as there is no marginal productivity and the employment is redundant. It can be clearly said that there is a great miss-match between the market demand for and market supply of the workers who are skilled and have standard technical knowledge, and also obvious in glut in job hunters in the general education.

### **5.8 Overview of Foreign Workers in Bangladesh across Major Sectors**

Over 500,000 foreign nationals currently working in Bangladesh take away around \$5 billion every year (The Financial Express, 2019). Most of them are working illegally. As per the data of Bangladesh Investment Development Authority (BIDA), in last five years they have provided work permits to 13,147 employees in the commercial and the industrial sector (CPD, 2018). BIDA also renewed the work permits of 17,389 employees in the same time period (CPD, 2018). However, there is no clear data about how many foreign workers are currently working in the country. Most of the foreigners are working in mid and high level management. A good number of foreign professionals are engaged in Bangladesh's apparel, textile, buying house, telecommunication, information technology, poultry and poultry feed sectors.

#### **5.8.1 Telecommunication**

The telecommunication industry in Bangladesh outbreaks with the evolution of mobile technology. The mobile penetration has been excellent and has surpassed all expectations. The sector has a ripple effect over the economic development ensuring the quickest flow of information and data across the users. Lot of foreign employees are also working in telecommunication sector of our country.

#### **5.8.2 RMG**

Ready Made Garments (RMG) sector has been one of biggest pool of expatriate workers in Bangladesh. The industry is very vibrant in terms of changing machinery and technology and to ensure smooth operation of this technology, the sector needs to hire foreign experts. Center for Policy Dialogue (CPD, 2018) has found that, more or less

16% of all apparels factories in Bangladesh employ foreign experts. The number is still not authentic they also claimed.

### **5.8.3 Energy**

According to Bangladesh Power Development Board (BPDB) the demand for power generation shall reach 34,000 megawatts (MW) by 2030 (SREDA, 2015). To support the growth of industrial sectors, government of Bangladesh has plans to increase the power generation phase by phase. Total investment in the power sector over the next 15 years is anticipated to be at \$70 billion (Privacy Shield, 2019). The private investors wish to invest their money as independent power producers (IPPs) and with the initiative of Public Private Partnership (PPP) for setting up at least 55 power plants for generating a sum of 12,000 MW or more (Dhaka Tribune, 2018). As this sector is highly technical a number of foreign workers are working there. Most of the gas lifting companies are from abroad and maximum of their employees are also from foreign countries.

### **5.8.4 Infrastructure**

There are a number of big infrastructure constructions like Padma Bridge, metro rail, Kornofully tunnel going on in our country. Construction works of these projects are done by the foreign construction firms. Maximum of the employees of this construction firms are foreigner. So Bangladeshi citizens are losing a lot of employment opportunities in infrastructure sector.

### **5.8.5 Banking**

There are some foreign banks working in our country. Top and mid-level employees of these banks are foreigners.

### **5.8.6 Information Technology**

Information technology is a bustling sector of our country now. There is a huge opportunity of employment in this sector. The young people of our country are losing the opportunity some time for lacking of their skill in this area.

## **6. How Remittance Outflow is Hurting Bangladesh Economy**

Bangladesh is an import oriented country. Amount of annual import is much higher than annual export. As a result there is a scarcity of foreign currency in our country. It is revealed that Bangladesh placed 5th among the 15 countries sending remittances to India after the UAE, the USA, KSA and the UK. About \$ 3.716 billion remittance was sent from Bangladesh to India in 2013. Some other sources said that an almost equal or more amounts are sent through hundi and other illegal ways (CPD, 2015). If this huge amount of foreign currency was not remitted to others countries, those might be invested to our country and could create huge job opportunities.

### **6.1 Impact on Foreign Currency Reserve due to Remittance Outflow**

Annually, \$5 billion gets remitted from the country by foreign nationals (The Daily Star, 2018). Reserve of foreign currency of our country is earned by the expatriates of our country. But a huge amount of foreign currency is remitted from our country by the foreign workers working in our country. So there is a serious negative impact of the foreign workers to the foreign currency reserve of the country.

### **6.2 Impact on Employment Opportunity for Locals**

Despite that there are a huge number of young unemployed people in Bangladesh while lots of foreigners are now working in our country. The government agencies have no statistics on the number of foreign nationals working in Bangladesh, different NGOs have estimated that the number might be around half a million.

### **6.3 Foreign National Dependency**

There are lots of educated people looking for jobs in the merchandising sector but most of them are not good at communication at all. Language proficiency especially in English is a big challenge for the job hunters in Bangladesh. Besides that many candidates having excellent academic record lack expertise in performing simple technical job. It is unfortunate that the postulants with academic excellence do not or have little technical knowhow to perform in the real world job. Therefore they cannot capitalize their theoretical knowledge from the job market.

### **6.4 Govt. Revenue Loss due to Tax Evasion**

Tax evasion has been a major cause for Government Revenue loss. Lack of proper co-ordination among the stakeholders and a part of the business community has been identified. Several RMG factories hire foreign professionals without complying proper due diligence and legal procedure.

## **7. Analysis and Findings:**

Applying the methodology of the paper, key findings of the paper are described below:

### **a. Level of Dependency on Foreign Workers**

The first part of the questionnaire attempted to identify the dependency of local companies on foreign employees upon collecting some demographic information of the respondents followed by the corporate profile of the organization where she or he is currently working.

**Table - 1: Demographic Breakdown of Respondents:**

Category	Frequency	Percentage
<b>Age</b>		
30-40	2	6.7
40-50	19	63.3
50-60	9	30
<b>Gender</b>		
Male	28	93.3
Female	2	6.7
<b>Education</b>		
Honors	4	13.3
Masters	26	86.7
<b>Working Department</b>		
Human Resources	13	43.3
Customer Relationship Management	9	30.0
Engineering	4	13.3
Accounts and Finance	4	13.3

In the above table, frequency and percentage of respondent's demographic data was collected. Most of the respondents were from mid age and very highly educated. Most of them are also working in the Human Resources department from where the skill and other gaps in local employees as compared to expats are easily identifiable.

**Table - 2: Profile of the Organization**

Category	Frequency	Percentage
<b>Industry/Sector</b>		
RMG/Textile	7	23.3
NGO	1	3.3
Power & Energy	7	23.3
Agro and Food Processing	1	3.3
Telecommunication & IT	3	10.0
Others	11	36.7
<b>Range of Yearly Revenue</b>		
Below BDT 100 Million	5	16.7
100 Million – 1000 Million	5	16.7
1000 Million – 2000 Million	8	26.7
Above 2000 Million	12	40.0
<b>Number of Employees</b>		
Below 100	9	30.0
100 – 500	5	16.7
500-1000	3	10.0
1000 – 5000	6	20.0
Above 5000	7	23.33
<b>FDI</b>		
Yes	9	30
No	21	70
<b>Employee Development Budget</b>		
Below 500,000	11	36.7
500,000 – 1 Million	12	40.0
1 Million – 10 Million	4	13.3
Above 10 Million	3	10.0

The above table shows the company profile of the respondents. Ready Made Garments followed by Power and Energy sector had the maximum respondents. Most of the companies are big sized in terms of revenue and number of headcounts with a frustrating amount of budget allocation for training and development of existing employees.

**Table - 3: Expatriates Working Information**

Category	Mid-Level Manager	Skilled in Special Fields	Top Level Manager	Grand Total
Expatriates working in the organization	1	12	65	78
Percentage	1%	15%	83%	100%

Category	Number of Expatriates Working	Percentage
Others	24	31%
RMG/Textile	20	26%
Telecommunication & IT	15	19%
Power & Energy	11	14%
NGO	5	6%
Agro and Food Processing	3	4%
Grand Total	78	100%

According to the data of the above table, single major employer of foreign employees remains with RMG/Textile sector followed by Telco & IT and power and energy sector. 65% of the foreign employees are hired in the Top level managerial positions as per data. The above data helps us to conclude that, we have to work on improving the managerial capacity of our local human resources since we are still dependent on foreign employees to a large extent for the managerial positions.

b. Key factors that drive companies to hire foreign workers

Over half of the questionnaire was developed on the basis of Likert scale to find organization's individual opinion regarding the key influencing factors to hire foreign workers in the organizations and how our local human resources can be developed to replace them.

**Table - 4: Influencing Factors to Recruit Expatriates**

Factors	Mean	Std. Deviation
Business Communication skill	4.5333	0.62881
Experience	4.4667	0.86037
Technical Know How	4.4667	0.57135
Global Market Competitiveness	4.3000	0.87691
Effective Dealing with Foreign Clients	4.1667	0.98553
Controlling Mechanism of Foreign Owned Companies	3.9333	0.73968
Contractual Obligations of JVCs	3.5000	0.90019

According to above table some descriptive statistics were conducted to find the mean and standard deviation of 7 (seven) influential Factor to Recruit Expatriates in the organization. Data were collected in the Likert scale ranging from Not-Important to Very Important basis.

**Table - 5: Steps to be taken to Develop Local Human Resources**

Steps to be taken	Mean	Std. Deviation
Skill Development Initiative	4.3667	0.61495
Improvisation of Business Communication Skill	4.5000	0.62972
Reinforcement of Vocational education in the mainstream education system.	4.0000	0.64327
Industry Academia Collaboration	3.9000	0.66176
Human Resource Development Fund	3.6333	0.66868
Lifelong Learning Habit	4.4333	0.67891
Industry training and workforce development	3.8333	0.69893
Mapping Self Development and Performance Appraisal	4.1333	0.73030
Policy Reformation on Repatriation	3.7333	0.73968
Apprenticeships Reinforcement	3.7000	0.79438
Demand Driven Flexible and Responsive Training Provision	5.3000	7.37727

According to above table some descriptive statistics were conducted to find the mean and standard deviation of 11 (eleven) proposed steps to develop own human resources to replace foreign workers. Data were collected in the Likert scale ranging from Not-Important to Very Important basis.

**Table - 6: Factor Analysis on Influential Factors to hire expatriates**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.456
Bartlett's Test of Sphericity	Approx. Chi-Square	67.130
	df	21
	Sig.	0.000

At this part KMO and Bartlett's Test of factor analysis was conducted to identify the statistical significance of the 7 (seven) influential factors of hiring foreign employees in the organization. As per the above table the level of significance was reported 0.00 which is less than 0.05 which makes the factor analysis statistically significant.



**Table - 7: Total variances explained on Influential Factors to hire expats**

Total Variance Explained						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.476	35.369	35.369	1.558	22.262	22.262
2	1.614	23.059	58.428	1.463	20.895	43.157
3	1.302	18.594	77.022	1.611	23.008	66.165
4	0.683	9.758	86.780			
5	0.524	7.488	94.268			
6	0.218	3.116	97.384			
7	0.183	2.616	100.000			

Extraction Method: Maximum Likelihood.

The above table is showing the maximum likelihood in the form of percentage i.e. 35% which means a single component can explain more than one third of the total variance. A value of 35% is good and acceptable.

**Table - 8: Factor Analysis on Steps to be taken to develop local resources**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.411
Bartlett's Test of Sphericity	Approx. Chi-Square	78.423
	df	55
	Sig.	0.021

At this part KMO and Bartlett's Test of factor analysis was conducted to identify the statistical significance of the 11 (eleven) Steps to be taken to develop local resources and replace foreign employees. As per the above table the level of significance was reported 0.02 which is less than 0.05 which makes the factor analysis statistically significant.

**Table - 9: Total variances explained on Steps to be taken to develop local resources**

Total Variance Explained			
Factor	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	2.388	21.711	21.711
2	1.817	16.522	38.233
3	1.434	13.039	51.273
4	1.345	12.227	63.500
5	1.195	10.861	74.361
6	0.871	7.918	82.279
7	0.706	6.422	88.701
8	0.473	4.296	92.997
9	0.389	3.536	96.534
10	0.210	1.905	98.439
11	0.172	1.561	100.000

Extraction Method: Maximum Likelihood.

The above table is showing the maximum likelihood in the form of percentage i.e. 21.71% which means a single component can explain more than one third of the total variance. A value of 21% is good and acceptable.

**Table - 10: Ranking of 7 (seven) influential factors**

Ranking							
	Business Communication skill	Technical Know How	Global Market Competitiveness	Experience	Effective Dealing with Foreign Clients	Controlling Mechanism of Foreign Owned Companies	Contractual Obligations of JVCs
Mean	4.5333	4.4667	4.3000	4.4667	4.1667	3.9333	3.5000
Std. Deviation	0.62881	0.57135	0.87691	0.86037	0.98553	0.73968	0.90019
Rank	1	2	3	4	5	6	7

Based on the above table it is evident that, Business Communication skill, Technical Know How and Global Market Competitiveness are the key 3 factors among all seven influential factors that respondents answered.

**Table - 11: Ranking of 11 (Eleven) Key steps to be taken for developing local human resources:**

Category	Mean	Std. Deviation	Rank
Skill Development Initiative	4.3667	0.61495	1.0000
Improvisation of Business Communication Skill	4.5000	0.62972	2.0000
Industry Academia Collaboration	3.9000	0.66176	3.0000
Policy Reformation on Repatriation	3.7333	0.73968	4.0000
Reinforcement of Vocational education in the mainstream education system.	4.0000	0.64327	5.0000
Mapping Self Development and Performance Appraisal	4.1333	0.73030	6.0000
Lifelong Learning Habit	4.4333	0.67891	7.0000
Demand Driven Flexible and Responsive Training Provision	5.3000	7.37727	8.0000
Apprenticeships Reinforcement	3.7000	0.79438	9.0000
Industry training and workforce development	3.8333	0.69893	10.0000
Human Resource Development Fund	3.6333	0.66868	11.0000

Based on the above table it is evident that, Business Skill Development Initiative, Improvisation of Business Communication Skill and Industry Academia Collaboration are the 3 key factors among all seven influential factors that respondents answered.

**Table - 12: Sector wise Key Reason to Hire Expatriates cross tab analysis**

		Reason for Hiring Expats					Total
		Fluency in English & Business Communication	Technical Know How	Lack of Experience in local employees	Effective dealing capability with foreign clients	Contractual Obligation of Joint Venture Contract	
Sector/Industry	RMG/Textile	5	1	0	1	0	7
	NGO	1	0	0	0	0	1
	Power & Energy	1	5	0	0	0	6
	Agro and Food Processing	0	1	0	0	0	1
	Telecommunication & IT	0	2	1	0	0	3
	Others	0	3	3	4	1	11
Total		7	12	4	5	1	29

The above table shows the sector wise key reasons to hire expats in the organizations. Fluency in English & Business Communication remains the key factor for RMG and Textile sector to hire foreign employees and on the other hand Technical know-how remains the key factor for Power and Energy and Telecommunication and IT sector.

## 8. Recommendations

To mitigate the skill gap local human resources should be the key factor to be addressed. This has to be done with the active roles from both private and public sector initiatives.

### a. Actions to be taken to Reduce the Dependency

As asked in the questionnaire to reduce the dependency on foreign workers we need to focus on developing our own human resources. Skill Development Initiative, Improvisation of Business Communication Skill, Industry Academia Collaboration, Policy Reformation on Repatriation, Reinforcement of Vocational education in the mainstream education system, Mapping Self Development and Performance Appraisal, Lifelong Learning Habit, Demand Driven Flexible and Responsive Training Provision, Apprenticeships Reinforcement, Industry training and workforce development, Human Resource Development Fund are the key steps to be taken to solve this problem. Commitment from both Government and Private sector are highly required to achieve this goal.

### **b. How Government Can Help**

To address skills gap government should restructure overall education system of Bangladesh. Technical and vocational education system has to be given priority over general education. Cash incentives can be given to the technical education students along with other instrumental support. Government has already started working by promulgating National skills development council (NSDC) established and upgrading it into National Skills Development Authority (NSDA) is under process. National Skills Development Policy (NSDP) was adopted few years back. Updating curriculum of technical and vocational education board is under process. Now is the time to analyze whether our existing institutional setup is capable to create required number of skilled hand to meet up the demand or we have to establish new institutes.

### **c. How Private Sectors Can Help**

Private Sector can establish technical institutes with up-to-date modules and laboratory facilities. Mapping self-development and performance appraisal, building lifelong learning habit among employees by creating awareness, encouraging effective apprenticeships reinforcement in the organization fixing target for employees in hours of training and development and monitoring the development in some defined scale are among the several steps that private sectors can help achieve.

## **9. Conclusion**

Seven key influential factors were considered for organizations hiring expatriates in their workforce and eleven key steps to build local human resources to replace foreign workers were considered for analysis. Narrowing down, the paper shows that, Business Communication Skill, Technical Know-how and Global Market Competitiveness become the most influential factors. To find the solution for narrowing down all eleven steps, respondents substantially emphasized on skill development initiatives, improvisation of business communication skill, Reinforcement of vocational education in the mainstream education system and Industry academia collaboration. There is some mix of significant change in the behavior of respondents in terms of industry/sector, Development budget for employees and employee headcount as well. Though the study generates useful findings, it has some limitations like; scholarly articles were not much available as few researches have been conducted in this arena. Moreover, the study has been conducted with small the number of respondents that may not represent the whole picture of the population. Hence, the finding of the study may not be applicable for all the sectors/industries.

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