Factors of Foreign Direct Investment Inflows: A Study on Korean Investment in the EPZs of Bangladesh

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ABSTRACT

This paper tries to explore the factors that influence foreign direct investment in the EPZs of Bangladesh. The researchers have collected data from a sample of 40 foreign companies that are functioning their factories in the EPZs of Bangladesh. Both primary and secondary data were used. Primary data were collected by interviewing the respondents using the structured questionnaire using the convenience sampling technique. Statistical Tools "Factor Analysis" (Principal Component Analysis and Confirmatory Factor Analysis) is used for data analysis. The result of the study is 12 constructs that influence the foreign direct investment in EPZs of Bangladesh. The findings of the present research will help the companies of the developed world to evaluate their investment strategies in Bangladesh. The results show some factors which can influence the FDI in EPZs of the country. The limitations of the study are the samples and the apathy of the respondents. The present research presents some modest suggestions for overcoming the hindrances and boosting the inflow of Korean investment in EPZs.

Keywords: Export Processing Zones, Foreign Direct Investment, Korean Investment, Key Factors, Bangladesh

INTRODUCTION

The inflows of foreign direct investment (FDI) are playing a significant role in the progress of growth and development of the world economy in terms of developed, developing, and least developing countries. FDI helps developing countries to build up physical capital, create employment opportunities, develop productive capacity, enhance the skills of local laborers through the transfer of technology and management know-how, and integrate the domestic economy with the global economy. FDI can greatly help to recover the post-COVID world and revamp the economy from the negative effects of a pandemic by creating employment opportunities.

In Bangladesh, FDI has been considered one of the main forces fueling the sound and healthy growth of the economy. FDI has also been an important part of the economic transition, business liberalization, and macroeconomic growth story in Bangladesh over the last three decades (GEDPC, 2016). The Price Water House –Coopers (2017) predicted that Bangladesh to be one of the three fast-growing economies over the next three decades. A leading UK-based newspaper: The Daily Financial Times stated that Bangladesh has achieved an economic miracle in the past 20 years. Bangladesh is now the 32nd largest economy in the world in terms of Purchasing Power Parity (PPP) (Parkin & Reed, 2022). The government of Bangladesh has taken initiatives to

connect India, China, and other South Asian countries (GEDPC, 2016). It would be a gateway to a market of 4 billion people offering a strong and growing market of 170 million (The Daily Star, 2023). Bangladesh is a land that bridges the emerging markets of Southeast Asia and the lucrative markets of ASEAN countries. It has one of the most liberal and flexible investment regimes in South Asia with the most attractive and highest profit rate (The Financial Express, 2022). The country aspires to graduate to the upper middle status by 2021 targeting to achieve an average GDP growth rate of 7.4%, reaching an investment-GDP ratio of 34% and trade-GDP ratio of 50%, attract an average FDI annual inflow of $6.7 billion and attain an export target of $54 billion (The Financial Express, 2022).

To achieve these targets, BEPZA has been significantly contributing to rapid industrialization by attracting local &and foreign investment in its eight operational Export Processing Zones (EPZs). The ongoing Covid-19 pandemic has brought some business challenges for Bangladesh and the rest of the world. However, the government has taken a time-based strategy to provide more assistance to their valued existing and prospective investors to run their business in EPZs without any hindrance during and after the pandemic. The EPZs in Bangladesh play a significant role in attracting foreign direct investment as well as local investment, which jointly contribute to an overall increase in the country's volume of exports and its earnings of foreign exchange. Foreign exchanges earned through exports by EPZ enterprises reduce deficits in the country's balance of payments. A part of this is converted into local currency to spend on the procurement of goods and services from the local market.

South Korea is an important development partner of Bangladesh and plays a critical role in the RMG, electronic, and construction sectors. The Korean Daewoo company helped a lot to train manpower in Bangladesh in 1979 (Alam, 2007). Korean multinational company Youn gone is one of the largest investors in EPZs. The Korean Ambassador of Bangladesh Mr. Lee recently highly stated the impressive accomplishment of Bangladesh's economy. He emphasized the importance of the success of KEPZ in attracting major investment from Korean companies (Parkin & Reed, 2022). Bangladesh has many strong factors that may have a significant impact on investment by EPZs in Bangladesh like a high growth rate, sound macroeconomic management, demographic dividend, liberal investment policy's strategic location, affordable and flexible cheap labor market, preferential market access, serves, and facilitates business-friendly, open, transparent, hassle-free, and fast track investment environment for foreign investors in EPZs.

All these early discussions reveal that it is crucial to comprehend the factors that influence the choice of investors to invest in different countries. Due to the ambiguity of previous findings in this significant area of economic development and employment generation through Korean investment in EPZs, we have an ambition to explore why some countries, receive more investment from Korean companies than others. Thus, an attempt has been made to study the influence of such factors which may have a significant influence on FDI inflows especially in the EPZs in Bangladesh. The present study has practical importance as well as national relevance in the sense of the economic growth and development of Bangladesh. Thus, the findings of this paper may be beneficial for exporters, investors, and policymakers while developing their policies.

Objectives of the Study

The main objective of this study is to find out the factors that affect foreign direct investment in EPZs of Bangladesh. To achieve the prime objective the specific objectives are listed below:

a) To highlight the factors that have an impact on foreign investors in EPZs.

b) To measure some strategies for boosting Korean investments in EPZs.

LITERATURE REVIEW

EPZ in Bangladesh

Presently eight EPZs are operating in Bangladesh following the success of the first zone named Chittagong

Export Processing Zone (CEPZ), which turned Bangladesh into a "New Horizon for Investment". CEPZ also earned recognition as the 3rd best competitive zone and 4th best economic potential in the years 2010-2011 (Fakiret. al., 2013). Moreover, the government aims to set up 100 economic zones with a view to converting Bangladesh into a hub for investment and export. As of January 2017, 15528 acres of land had been acquired and another 20000 acres of land acquisition were under progress (Businessnews24bd.com). It is also expected that the EPZs will help to achieve the government's vision of 2021 and 2041 as well as targets of Sustainable Development Goals (SDGs) by using its capacity in terms of production, export, and investment facilitation and above all employment generation. BEPZA always gives the highest priority to the safety, security, and welfare of the workers and the interests of the investors. Bangladeshi EPZ has become an attractive destination for investment in Asia as well as the global arena due to its' geo-regional location, the most inexpensive and easily trainable workforce, and moderate production cost. Incentives like tax holidays, duty-free import of raw materials, remittances on royalty, 100 percent foreign equity, helped exit policy, full repatriation of dividend, and capital on exit. These facilities are attracting Korean investors to invest in EPZs and outside EPZs of Bangladesh. Korea is by far one of the largest investor countries in the RMG sector of Bangladesh. More than 220 companies in the Republic of Korea are operating in Bangladesh. These Korean industries have created employment opportunities for over 1,60,000 Bangladesh workers.

Factors Influencing FDI

Developed and developing countries have been able to attract large amounts of FDI due to their favorable determinants. These determinants can basically be categorized into three host country determinants in attracting FDI. These are: first, the policy atmosphere for FDI which includes economic, political, and social mobility rules regarding entry and operations, standards of treatment of foreign firms, trade and tax policy of the country, international agreement on FDI, etc. Second, economic determinants include market size, growth, structure, access to global markets, raw materials, availability of labor, physical infrastructure, low cost of resources, cost of transport and communications, etc., and third, business facilitation which includes investment promotion, investment incentives, hassle cost related to corruption and administration, social amenities, etc. (The Daily Star, 2023).

In Quang Ninh province, Vietnam, TA et al. (2021) investigated the variables influencing investors' inclinations to make foreign direct investments. They found that attraction for FDI strategies has the greatest influence on investors' FDI intentions, followed by facilities public services, and human resources, all of which have significant effects, and then the standard of living, which has a significant impact on investors' FDI intentions.

Park and Jung (2020) looked into what influences FDI outbound to emerging nations. They discovered that while presidential visits have powerful and statistically significant effects on FDI only in nations outside of Asia, interstate factors such as South Korea's international investment treaties and official development assistance to host countries have positive effects on FDI in these countries.

Das et al. (2018) studied the factors affecting FDI inflows in Bangladesh and they found that FDI inflow in Bangladesh has a positive correlation with the GDP, inflation, infrastructure, labor cost productivity, trade openness, and trade performance and a negative correlation with tax while political stability has a non-significant negative relationship with FDI inflow.

Another researcher, Mot taleb (2007) identifies some factors which influence FDI inflow for a country and demonstrates the economic growth and GDP relationship empirically. He also found that countries with larger GDPs and high GDP growth rates and maintaining business-friendly environments with abundant modern infrastructural facilities, such as the Internet can successfully attract FDI.

Some other factors like market size, economic environment, growth, trade performance, competitiveness, labor cost and productivity, infrastructure, political risk, tax, and regulatory policies were the factors that were considered (Shan, 2013).

Aziz et al. (2014) examined the various economic factors that affect FDI inflows into Bangladesh from 1972 to 2010. They used a log-linear regression model and the method of least squares (OLS) to estimate the various

determinants' effects on FDI inflows in Bangladesh. They found both the market size and trade balance havea positive sign and are statistically significant while labor productivity has a positive sign but is not significant.

METHODOLOGY OF THE STUDY

This study covers the forty Korean enterprises that are operating in the different Export Processing Zones of Bangladesh. There are eight fully operational EPZs. However, most of the Korean industries are in CEPZ and DEPZ. So, this study has covered the thirty industries from the CEPZ and DEPZ remaining 10 industries from other EPZs. The sample enterprises of the respective proportion were selected from the population by using a convenient sampling method. This technique was adopted since a lesser amount of investment is required to arrive at a designated sample quickly (Biswas, 2018; Biswas & Rahman, 2018; 2019; 2021, 2023; Biswas &Alam, 2022; Biswas, Alam, & Akhter, 2022). The respondents were selected purposively from different categories like a corporate office, industries in EPZs, a high official of BIDA, BEPZA, KBCCI, and another group i.e. expert persons, journalists, and professional experts. From the forty Korean sample enterprises 180 executives, five from each (manager and four functional managers) covering the areas of production, marketing, finance, and human resources were selected for intensive interview. Besides these, 120 sample respondents from among the academicians, journalists, business leaders, industrialists, high officials of BIDA, BEPZA, Ministry of Commerce, and different chambers of commerce and industry were also selected for interview.

The study is based on primary and secondary data. Face-to-face interviews, telephone interviews, and field investigation techniques were adopted for collecting primary data. The secondary data were collected from the published materials of the respective enterprises, annual reports, and publications of BEPZA, BIDA, and the Ministry of Commerce, research journals, newspapers, and seminar papers presented by eminent scholars in national and international seminars on investment in Bangladesh. Statistical Tools "Factor Analysis" (Principal Component Analysis and Confirmatory Factor Analysis) is used for data analysis. An attempt was made to use the latest information and data to make the study meaningful and viable.

Table 1: The Categories of Sample Respondents

Particulars of Respondents	Number of Respondents
Academicians	15
Journalists	15
Business leaders	10
Industrialists	10
A high official from BEZPA	10
A high official of BID	10
Ministry of Commerce	10
Members of the Korean Bangladesh Chamber of Commerce and Industry	10
Members Chittagong Chamber of Commerce and Industry	10
Members of Chittagong Metropolitan Chamber of Commerce and Industry	10
Members Dhaka Chamber of Commerce and Industry	10
High officials of Korean industries in EPZs	180
Total Respondents	300

Authors' Contribution, 2023

Survey Instrument

The survey instrument (questionnaire) is administered among the respondents for collecting data. A 31-item questionnaire is designed by the researcher to gather primary and secondary data. The respondents are asked to rank each item on a 5-point Likert scale (ranging from 1 to 5 such as strongly disagree, disagree, neutral, agree, and strongly agree) to identify key forces on FDI in Bangladesh. In this study, 'Factor Analysis' (Principal Component Varimax Rotated Factor Analysis Method) is used to reveal the major dimensions of FDI.

Reliability of the Scale

Cronbach's Alpha is one of the most common internal constancy measures, to be used to test the items of measurements for research variables (Hair et al., 2006; Nandy & Biswas, 2022;Biswas & Rahman, 2015, 2017; Biswas Alam, & Akhter, 2022). In this research, Cronbach's Alpha is used to measure the level of internal reliability of Foreign Direct Investment. According to Malhorta and Peterson (2006) when Cronbach's Alpha coefficient score falls between 0.8 to 1.0,this indicates that this variable has very strong reliability. Table 2 below reports the Cronbach's Alpha reliability analysis for this study.

Table 2: Reliability of the Scale

Scale	Cronbach's Alpha	N of items
Foreign Direct Investment	0.643	31

Source: Authors' Contribution, 2023

The above table 2 indicates the reliability value (0.643) of the scale used in the present study with the moderately strong value alpha of 0.643 supported by Cronbach (1951), Bagozzi and Yin (1998), and Nunnally and Bernstein (1994).

Mode of Data Analysis

The present study used a sophisticated method of statistics – Factor Analysis using varimax rotation to analyze the collected data. To obtain the interpretable dimensions, the researcher subjected the initial factor matrices to varimax rotation procedures (Kaiser, 1958). Varimax rotated factors matrix provides orthogonal common factors. Finally, dimensions of the Foreign Direct Investment have been made based onfactor scores.

Identification of Variables Influencing FDI in EPZs of Bangladesh

The variables that influence the Korean investment in EPZs of Bangladesh as FDI have been presented in the following table 3:

Table 3: List of Factors Influencing FDI

Variables	Factors	Mean	Std. Deviation
FDI1	Developed infrastructure facilities in EPZs	4.60	.567
FDI2	Absence of bureaucratic complexities	4.20	.801
FDI3	Level of corruption	3.90	.966
FDI4	Provide one-stop services	4.06	.859

FDI5	Undisputed transfer of land ownership	3.92	.797
FDI6	Absence of local extortion	4.02	.971
FDI7	Improved labor policies and practices	4.40	.694
FDI8	Improved political and security environment	4.32	.762
FDI9	Liberalization of different policies	4.08	.846
FDI10	Access to raw materials	4.38	.747
FDI11	Lower wage rates	4.06	.812
FDI12	Higher skilled labor	4.28	.723
FDI13	Tax holidays, Tax exemption, and subsequent Corporate Tax rate	3.88	.841
FDI14	Currency exchange rate and its volatility	3.76	.764
FDI15	Access to free trade areas	4.10	.856
FDI16	Regulation on Workers Welfare Association	4.18	.889
FDI17	Regulation on health, hygiene, and safety of workers	4.40	.776
FDI18	Implementation Intensity of Rules and Regulations	4.38	.661
FDI19	Eligibility of foreign investors to sell shares through public issues	4.34	.711
FDI20	Foreign investors can acquire a local company	4.14	.850
FDI21	Full repatriation of capital invested from foreign sources	4.32	.677
FDI22	Full repatriation of profit	4.18	.713
FDI23	Avoidance of double taxation	4.02	.736
FDI24	Quick allocation of work permits	4.30	.832
FDI25	EPZ ranking	4.22	.808
FDI26	Policy consistency and forward planning by BEPZ / Govt.	4.26	.688
FDI27	Political interferences	3.96	.849
FDI28	Employment condition/ turnover ratio	4.22	.857
FDI29	Lower production cost	4.36	.626
FDI30	Timely decisions of the BEPZA / Govt.	4.54	.608
FDI31	Good working environment	4.66	.588

Source: Authors' Contribution, 2023

FINDINGS AND ANALYSIS

Description of Sample Respondents

In this analysis, 36 respondents were academicians, 76 were High officials from BEZPA, 132 respondents were High officials of the Korean industry in EPZs and 56 were from other sectors. Among 300 respondents, 128 were from the RMG sector, 40 from the Energy sector, 20 from the ICT sector, 72 from Textile and 40 from other sectors. 26.7% of the respondents who participated in this survey were First-line managers, 30.7% were mid-level managers, 6.7% were Top-level managers and 36.0% were from other positions in the organization. 25.3% of respondents had experience above 1 year, 56.0%of respondents had experience above 5 years, while 14.7% of respondents had above 10yearsof experience, and 4.0% had above 15 years of experience. Most of the respondents have a Graduate/Master's degree, which stands at about 53.3% of the total respondents, followed by 32.0% are in the undergraduate level. 13.3% of respondents have a Diploma degree and 1.3% of the respondents have M Phil / PhD. Respondents about 1.3% were Korean and 98.7 % were Bangladeshi based on their nationality.

Appropriateness of Data for Factor Analysis

Kaiser-Meyer-Olkin (KMO) is a useful method to show the appropriateness of data for factor analysis. This method is a measure of sampling adequacy. The KMO statistics vary between 0 to 1(Kasier,1974). Kasier (1974) recommends that values greater than 0.5 are acceptable. Again, Bartlett's test of sphericity (Barlett, 1950) is another statistical test applied in the study to verify its appropriateness. This test should be significant i.e., having a significance value of less than 0.5.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.607
Bartlett's Test of Sphericity	Approx. Chi-Square	1930.23
	Df	290
	Sig.	.000

Source: Contributions of Authors, 2023

In this study, the value of KMO is .607 which is greater than .5, thereby indicating that the sample taken to process the factor analysis is acceptable. Besides, the significance value is also less than 0.50. Therefore, according to Bartlett's Test of Sphericity, the data is appropriate for the factor analysis.

Factor Analysis

After examining the reliability of the scale and testing the appropriateness of data, we next carry out factor analysis to simplify the diverse relationship that exists among a set of observed variables. For this, the study employs principal component analysis (PCA) followed by the varimax rotation. After that, Confirmatory Factor Analysis (CFA) is employed based on the PCA results of the study to construct validity.

Result of Principal Component Analysis

The study used PCA for factor extraction and the orthogonal method for factor rotation. It is necessary to mention here that factor loading greater than 0.3 is considered significant, 0.4 is considered more important, and 0.5 or greater is considered very significant (Hair, Anderson, Tatham, & Black, 2003). For parsimony, only those factors with loadings above 0.5 are considered significant (Hair et al., 2003; Pal &Bagi, 1987; Hair et al., 1998;

Pal, 1986). Again, in the study, most of the factors that influence FDI explain about 73percent of the variance associated with most of the variables, the factors fit the data quite well.

To find out the determinants that influence FDI in the EPZs of Bangladesh, thirty-one reasons are taken into consideration. A principal component factor analysis with varimax rotation is performed for these thirty-one items/reasons indicating factors that influence FDI in the EPZs of Bangladesh. The twelve dimensions that influence FDI in the EPZs of Bangladesh are:

Table 5: Principal Component Analysis with Rotated Component Matrix and Communalities

Dimensions	Variables	Components												Communality
		1	2	3	4	5	6	7	8	9	10	11	12	
Environmental flexibility and infrastructure	FDI2	.79												.71
	FDI16	.68												.70
	FDI15	.57												.82
	FDI1	.44												.76
Eligibility of foreign investors	FDI13		.79											.70
	FDI24		.57											.82
	FDI12		.56											.80
	FDI20		.48											.62
	FDI19		.43											.76
Political stability	FDI27			.81										.79
	FDI8			.59										.72
	FDI4			.49										.70
	FDI14			.46										.68
Low production cost and corruption	FDI29				.83									.76
	FDI3				.69									.76
	FDI31				.55									.77
	FDI30				.55									.65
Tax flexibility	FDI18					.73								.68
	FDI23					.510								.62
Policy formulation	FDI17						.790							.71

and implementation	FDI26						.618								.73
Employment opportunity	FDI9							.793							.73
	FDI28							.604							.71
EPZ Ranking	FDI25								.835						.74
Absence of local power	FDI6									.90					.87
Minimum wage rates	FDI11										.90				.83
Rules regarding land ownership	FDI5											.84			.77
	FDI10											.54			.76
Labor policy	FDI7													.91	.86
Eigenvalues		3.29	2.7	2.3	2.2	2.1	1.9	1.73	1.6	1.4	1.2	1.2	1.1		22.78
% of Variance explained		10.6	8.7	7.5	7.2	6.8	6.2	5.57	5.1	4.6	4.1	3.7	3.4		73.49

Source: Field Investigation, 2023, N=300

From Table5 we can see that the twelve-factor results i.e., environmental flexibility and infrastructure, eligibility of foreign investors, political stability, low production cost and corruption, tax flexibility, policy formulation and implementation, employment opportunity, EPZ ranking, absence of local power, minimum wage rates, rules regarding land ownership, labor policy emerge from the output with eigenvalues greater than 1 (Table 5). These twelve-factor results are generated after grouping the items/reasons with a factor loading of higher than 0.40 under a factor. The total variance is 73.49% which indicates that the twelve-factor solution explains 73.492% of the total variance where the remaining variance is explained by other items.

DISCUSSIONS

The present study reveals that twelve dimensions that influence FDI in the EPZs of Bangladesh are named accordingly and discussed as follows:

Factor 1: Environmental flexibility and infrastructure

This factor is represented by four variables of environmental flexibility and infrastructure (F1) with factor loading ranging from 0.792to 0.445. They have developed infrastructure facilities in EPZs, the Absence of bureaucratic complexities, Access to free trade areas, and Regulation on workers' welfare associations. This component accounted for a 10.62% variation with eigenvalues of3.291(Table 5).

Factor 2: Eligibility of foreign investors

This factor is represented by five variables of eligibility of foreign investors with factor loading ranging from 0.799to 0.427. They are higher skilled labor, Tax holidays, Tax exemption and subsequent Corporate Tax rate, Eligibility of foreign investors to sell shares through public issues, foreign investors can acquire a local company, and Quick allocation of work permits. This component accounted for an 8.70% variation with eigenvalues of 2.69(Table 5).

Factor 3: Political stability

This factor is represented by four variables of political stability(F3) with factor loading ranging from 0.810to 0.456. They are political interferences, improved political and security environment, providing one-stop services, currency exchange rate and its volatility. This component accounted for a 7.54% variation with eigenvalues of 2.33(Table 5).

Factor 4: Low production cost and corruption

This factor is represented by four variables of low production cost and corruption(F4) with factor loading ranging from 0.826to 0.549. They are lower production cost, level of corruption, timely decisions of the BEPZA / Govt., and good working environment. This component accounted for 7.24% variation with eigenvalues of 2.24(Table 5).

Factor 5: Tax flexibility

This factor is represented by two variables of tax flexibility(F5) with factor loading 0.728 and 0.510. They are the implementation intensity of rules and regulations and the avoidance of double taxation. This component accounted for a 6.78% variation with eigenvalues of 2.1(Table 5).

Factor 6: Policy formulation and implementation

This factor is represented by two variables of policy formulation and implementation (F6) with factor loadings 0.790 and 0.618. They are Regulation on health, hygiene, and safety of workers, policy consistency, and planning by BEPZ / Govt. This component accounted for a 6.21% variation with eigenvalues of 1.93(Table 5).

Factor 7: Employment opportunity

This factor is represented by two variables of employment opportunity(F7) with factor loading 0.793and 0.604. They are the liberalization of different policies and the employment condition/ turnover ratio. This component accounted for a 5.57% variation with eigenvalues of 1.73(Table 5).

Factor 8: EPZ ranking

This factor is represented by one variable of EPZ Ranking(F8) with a factor loading of 0.835. The variable is EPZ ranking. This component accounted for a5.12% variation with eigenvalues of1.58(Table 5).

Factor 9: Absence of local power

This factor is represented by one variable of an absence of local power (F9) with factor loading 0.903. The variable is the absence of local power. This component accounted for a 4.54% variation with eigenvalues of 1.40(Table 5).

Factor 10: Minimum wage rates

This factor is represented by one variable of Minimum wage rates(F10) with a factor loading of 0.903. The variable is minimum wage rates. This component accounted for a 4.06% variation with eigenvalues of

1.25(Table 5).

Factor 11: Rules regarding land ownership

This factor is represented by two variables of rules regarding land ownership(F11) with factor loading 0.837 and 0.554. They are undisputed transfers of land ownership and access to raw materials. This component accounted for a 3.73% variation with eigenvalues of 1.15(Table 5).

Factor 12: Labor policy

This factor is represented by one variable of labor policy(F12) with a factor loading of 0.915. The variable is labor policy. This component accounted for a 3.389% variation with eigenvalues 1.051(Table 5).

Recommendations for Boosting Korean investment in EPZs

Foreign investment is considered to be crucial for the industrial and economic development of Bangladesh. However, infrastructural inadequacies like road and railway communication, fuel supply, modern management techniques, internet facilities, and inadequate port and shipping facilities due to modern equipment for handling containers discourage foreign investors in Bangladesh. In addition, after approval of a project by BEPZA and BIDA, it takes a long time to geta license to operate production. For this reason, investors are demotivated. To overcome this problem, firstly, administrative reforms by the government and finally accountability in administration should be ensured. According to Alam (2012) to attract FDI inflows, the government of Bangladesh is to ensure the political stability of the country. Policymakers of business organizations and Govt. should emphasize minimizing the problems of EPZs and boosting the functioning of Korean investment in Bangladesh. Immediate steps should be taken to remove the complexities of the transfer of land and land disputes in EPZ. In addition, the government of Bangladesh should liberalize different policies and establish security laws and regulations to adapt to the rapidly changing global investment environment. This action would expedite the establishment of more foreign industries in EPZ. Moreover, the local leader's undue political pressure must be reduced to increase Korean investment in EPZ. It also encourages more Korean investment in EPZs and outside the EPZs areas of Bangladesh.

CONCLUSION

EPZs in Bangladesh play a significant role in attracting local and foreign investment. With the rapidly changing global business environment and investment scenario, the BEPZ Ahas revised its strategy with today's business and demand. For increasing the Korean investment in EPZs of Bangladesh, this study has identified twelve very important factors. Twelve-factor results i.e., environmental flexibility and infrastructure, eligibility of foreign investors, political stability, low production cost and corruption, tax flexibility, policy formulation and implementation, employment opportunity, EPZ ranking, absence of local power, minimum wage rates, rules regarding land ownership, labor policy are identified from this analysis. The authority of EPZs is needed to focus on an investment-friendly environment for foreigners with highly protected laws of regulation and compliance. This will make EPZs an investment hub for foreign investment that provokes South Koreans as well as other investors across the world.

Conflict of interests

We declare that we do not have any potential conflict of interest.

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