Improving the Efficiency of Supply Chain Management of Vietnam Textile and Garment Enterprise

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Abstract:
In the process of creating and developing every organization, supply is always an indispensable activity. As society develops, supply increasingly asserts its important role. Now in the process of integration and globalization of the world economy, increasingly fierce competition to compete successfully in such a volatile environment requires businesses to join the business of suppliers. supply as your customer by building your own complete supply chain. Developing a complete supply chain will create a foundation for businesses to save unnecessary costs, improve added value for products, and increase product competitiveness with competitors. In addition, it also helps the domestic industry to join the global production supply chain and develop the worldwide consumption market. This requires businesses to pay close attention to the entire flow of materials, how the supplier designs and packages the products and services, how the finished product is transported and preserved, and what the customer does. demand, especially with the growing garment industry today. Keyword: Supply Chain Management, Textile, Vietnam

1. Introduction

The textile, leather and footwear industries suffered early and prolonged impacts of the COVID-19 pandemic. Although ranked in the top 3 of the world's leading textile and garment exporting countries, the value brought by Vietnam's textile and garment industry is quite low. This is because Vietnam has not been able to proactively source raw materials and accessories in the country and depends on foreign imports.

Disruption in both supply (due to supply chain disruption) and demand (due to inability to export and declining market demand), production and business activities of enterprises are negatively affected, not only Production was interrupted due to dependence on imported raw materials and auxiliary materials, but the consumption and output stages in many major markets also faced difficulties. In addition, businesses face many difficulties due to brands delaying, canceling orders, and delaying payments.

The assessment report of the World Labor Organization (ILO, 2020) on the impact of the COVID-19 pandemic on supply chains shows that factories and workers in 10 major textile producing countries in the region, including Vietnam are affected. The reason stems from the fact that the major customers of textile and garment exporting countries in Asia, including Vietnam, have decreased by 70% in the first half of 2020, due to a sharp decrease in consumer demand when other countries Blockade measures are applied by the Governments of countries, thereby disrupting the supply chain, providing raw materials for the production of textiles and garments. Many businesses had to stop operating.

For businesses that still operate, they must reduce output because they have to reduce the number of employees working to implement the distance, at the same time incur many costs due to disruption of the supply chain of raw materials, costs of COVID-19 prevention. (tests, vaccinations, meals and accommodation expenses are performed on the spot for employees). There is a shortage of labor because many workers have to leave businesses to return to their hometowns to avoid the spread of disease and difficulties in traveling and moving between localities due to the blockade and social distancing.

Along with that, the shortage of empty containers, the high cost of logistics and international shipping (5-10 times) that have occurred since 2020 have not returned to normal, along with the cost of fuel and raw materials. The increase in imported data has greatly affected production, causing many difficulties for exporters.

2. Theoretical basis and reality
2.1. Theoretical foundations of supply chain management

The term “supply chain” appeared in the late 80s and became popular in the 90s. Many scientists have spent time researching and defining supply chains. The concept of supply chain was developed based on many different fields (Paulraj et al., 2008) such as logistics and materials management (Carter and Price, 1993), network management and connecting markets (Ford, 1990)… Therefore, there are many concepts similar to supply chain concepts such as “demand chain”, “value chain” and “support chain”.

According to Akkermans et al. (2003), a supply chain can be viewed as a homogeneous network with three basic components: the execution level (including capital flows (dealing with activities such as payment plans, regulation, etc.) lines of credit and business title agreements), information flows (including order tracking; order transmission, and material flow coordination) and material flows (order handling). transfers from seller to buyer and vice versa such as returns, services and recycling); members (suppliers, manufacturers, distributors, and consumers) and supporting pillars: the process of embedding company capabilities in knowledge management, logistics, and development new product; organizational structure including management methods and performance measurement; technology to automate business processes and to facilitate the flow of information between network units.

A supply chain can be viewed as a system of affiliates that choose a distribution method to carry out the procurement and transformation of materials into products and distribution to the point of consumption (Ganesham et al., 1995). Ganesham et al. (1995) view the supply chain in terms of the links between units in the forward and reverse flow of products from input materials to end users. Nagurney (2006) defines a supply chain as a set of units, human, technical, and other resources involved in the delivery of a product from a supplier to a customer. Supply chains transform natural resources or semi-finished products into products for distribution to customers. From the point of view of sustainable development, product recycling has been officially recognized as a stage of supply chains and is increasingly being embraced in practice, especially in industrialized European countries. Europe. Similarly, Lambert and Stock (1993) also define the supply chain as the way businesses work together to provide products and services to consumers. Or supply chain can also be understood as a network linking organizations, including backward and forward linkages, through the stages of creating value for products provided in the market. According to La Londe and Masters (1994), a supply chain is considered a system of members in a chain from input suppliers to product manufacturers and product distribution to the market. Thus, in this study, the supply chain can be understood as a system of links between member units, including forward and backward links, through activities to create value. products and services offered in the market.

There have been many studies on the role of enterprises in the global supply chain in Asia. Harvie et al. (2010) studied the role of enterprises in general and small and medium enterprises in particular in production networks in some East Asian countries in a number of fields. Rasiah (2004) studies the role of enterprises in the production network of a sector in East Asian countries. Rasiah et al. (2010) studied enterprises in the fields of electricity, electronics, textiles, wood, and automobiles in the Malaysian production network. Or Wignaraja (2013) overviews all 5 ASEAN economies including Malaysia, Thailand, Indonesia, Philippines and Vietnam) covering large industrial sectors.

Since the end of the cold war and the miraculous development of the information technology revolution, it has brought many benefits to production and business activities on the international scale. The production and business are more and more convenient and smooth, the production of this part and assembly with other details in different locations, thousands of kilometers away, becomes flexible. Large transnational corporations have increased their organizational and operational restructuring in order to optimize production and business activities in order to find ways to enter other markets. Every country is caught up in the wheel of economic globalization. Because optimization on a national scale cannot bring as many benefits as international optimization, the comprehensive restructuring of production and business activities in the global market is an
important step. Postulate. In the flat world, supply chains are reorganized along with information technology and with new mechanisms and institutions for international business, marking the birth of global supply chains.

Thus, unlike domestic supply chains, the global supply chains considered in this study are supply chains that span the globe regardless of administrative boundaries (Doan Thi Hong Van et al. events, 2011). The expansion of global supply chains is largely horizontal, not creating new processes in the value chain, but focusing on entering new markets, using new production units, strengthening units, supply, adding production facilities to maximize revenue and profit, on the principle that whoever is able to fully and well meet the requirements of the supply chain will be able to participate in the supply chain.

Today, countries compete with each other through competition between supply chains, so we need to change our thinking from producing finished products ourselves to participating in the global supply chain, requirements, starting with simple steps and details, but ensuring quality with reasonable prices, and gradually increasing in complexity.

2.2. Competitiveness in the textile supply chain

Product competitiveness can be understood as maintaining or increasing market share of products, with good prices compared to similar products in the market. Authors Keinosuke Ono and Tatsuyuki Negoro [57] make an argument about product competition: "A well-competitive product is a product that has all the factors of quality, price, delivery time, and service in which it is weak. The most important factor is product quality. A competitive product is a product that offers a higher added value or is more novel for customers to choose for themselves rather than for a competitor's product. Currently, businesses can use the SWOT (Strengths, Weaknesses, Opportunities, and Threats) model to assess strengths, weaknesses as well as analyze opportunities and threats that may be faced, to assess competitive advantage of the company's products.

It can be seen that there are many factors to evaluate the competitiveness of a product such as quality, production time, brand, price, features, design,..., Competitiveness is also expressed in the maximum level of satisfaction. multi-demand customers, consumers; thereby improving the ability to maintain and develop products in domestic and foreign markets. However, the competitiveness of a product will not be high when the competitiveness of the enterprise, the manufacturing industry, or the country dealing in that product is low.

2.3. Factors affecting the competitiveness of textile products in the global supply chain

2.3.1. External factors

In the context of deeper and broader international economic integration, it helps Vietnam to actively participate in the global production chain. Total export turnover increased rapidly, including a number of products that rose to the top of the world, many industries with export revenue of tens of billions of USD and many high quality products thanks to technical and technological investment. advanced. More and more products made in Vietnam dominate the world market, especially in developed countries in Europe, the US and Japan such as computers, electronic products, textiles and footwear.

Monetary and financial policies of some countries: In 2015, the devaluation of currencies of countries such as China, the devaluation of the renminbi, India and Indonesia, the devaluation of the rupiah... greatly affected the world economy. the world in general and Vietnam in particular, leading to a decline in the price level of Textile and Garment products. The USD exchange rate also fluctuated strongly compared to 2014, especially in the last months of the year, leading to many businesses suffering losses due to the exchange rate. Businesses borrowing from banks in USD are also under pressure due to exchange rate fluctuations.

Positive signals thanks to Free Trade Agreements such as CPTPP, VN-EU, VN-Vietnamese Fatherland Front, Russia-Belarus-Kazakhstan, etc., open up great opportunities for Vietnam's textile and garment industry from market expansion. schools with many tax lines exempted.
The wave of shifting production, shifting orders out of a textile powerhouse like China will continue to spread, has been opening up opportunities for Vietnam to expand its market share. In the future, production movement out of China will continue to be stronger because the cost of production in China is estimated to be close to that of the US. The most obvious manifestation of this situation is that more and more large companies are preparing to leave China for some other places such as Southeast Asian countries, including Vietnam.

2.3.2. Domestic factors

In terms of integration, supportive policies of the State as well as of foreign countries have an influence on the competitiveness of exported textiles and garments. State support policies have a great impact on the competitiveness of national textiles. The right and appropriate policies will create conditions for the production and export of textiles and garments to develop rapidly. On the contrary, improper policies will be a huge obstacle to the development of textile production and export.

Orientation on development and restructuring of Vietnam's economic sector in the 2016-2020 period according to National Assembly Resolution No. 24/2016/QH14 dated November 8, 2016 with the orientation of selective development of a number of industries. processing, manufacturing, high-tech industry, clean industry [74]:

- Focus on developing industries with competitive advantages; supporting industry; industry serving agriculture and rural areas; clean energy.
- Continue to reasonably develop a number of labor-intensive industries. GDP per capita in 2020 is about 3,200 - 3,500 USD
- The proportion of industry and services in GDP in 2020 is about 85% while the proportion of agricultural workers in the total social labor in 2020 is about 40% and the proportion of trained workers in 2020 will reach about 65 - 70% In which, there are degrees and certificates reaching 25%. Accordingly, Vietnam's textile and garment industry in the coming time will be identified as one of the breakthrough industries for the industrialization and modernization of agriculture and rural areas in Vietnam. good export turnover growth and employing 2.5 million workers.

Influenced by the policies of the Party and Government, the Government paid special attention to creating a favorable business and investment environment for enterprises with many drastic directions, attracting foreign investment capital (FDI) continued to achieve many results. positive. The Law on Special Administrative Economic Units in Van Don, Phu Quoc and Bac Van Phong is expected to create growth poles and test a number of new institutions. To participate in the global value chain, industries need to have priority policies to support businesses to invest in advanced technology. Focusing on the production of means of production and raw materials for production; developing supporting industries to serve spearhead industries, giving priority on the basis of competitive advantages, including textiles.

Input costs for production increased rapidly due to the cost of electricity and water, wages, social insurance costs, which had a significant impact on the performance of enterprises and reduced the competitiveness of Vietnamese textile and garment products compared to other competitors. Prime Minister of Bangladesh, Cambodia.

Completing the construction of important technical infrastructure works on traffic, irrigation, wharves, electricity and water infrastructure and technical infrastructures serving industrial zones and clusters... are important factors in creating breakthrough to industrial competitiveness. Currently, there is only 01 Pho Noi Textile and Garment Industrial Park with an area of 120 hectares in Hung Yen province.

2.4. Criteria to improve the competitiveness of textile products in the global supply chain

From the analysis of the global value chain in the analysis of UNIDO's industry competitiveness, the determinants of trade competition in the context of international integration of the Michael Porter "Diamond"
The process of improving competitiveness shows that there are many criteria used to evaluate the competitiveness of textile products. In the context of Vietnam's international economic integration, in order to properly assess the competitiveness of textile and garment products, the following criteria can be used:

(1) **Market share of textile products**

Different types of textile products will have different market segments, and each market has its own requirements for product standards, quality, quantity, design, etc. Enterprises need to dominate and expand market share in markets through creating high quality products at reasonable prices, developing strong brands, diversifying product distribution channels, etc. A product has a larger market share in the market, it means that the product has high competitiveness, good competitiveness and vice versa.

The market share of exported textile and garment products in the market is calculated according to the following formula:

\[
MS = \frac{MB}{M} \times 100\% 
\]

In there:

- **MS**: Market share of the product
- **MB**: Quantity of product B sold in the market
- **M**: Total quantity of products of the same type sold in the market.

To become the center of production of a certain commodity in the world, the producing country must supply to the market at least 5-10% of the total world demand. With the world textile and garment goods market with a relatively stable scale over the past 10 years at 700 - 720 billion USD, a country is considered a center of textile production in the world if it is able to supply and selected as a supplier with a scale of 40-70 billion USD/year.

(2) **Quality of human resources in textiles**

For workers in the textile and garment industry, the quality of human resources plays an important role in improving productivity and quality of textile products. For example, with textile products, not only requires skilled skills, but also must be aware and responsible for the job for machine workers such as uniformity in texture, color. Although facing the impacts of the 4.0 revolution, garment workers are at risk of being eliminated by automation and information technology application in chain production, but in order to create a new product. finished product, many stages need to be performed, some of which also require manual labor.

(3) **Textile equipment technology**

The role of technological factors in the production of textile products is very important. The change of technology brings opportunities and challenges for businesses. Modern equipment technology innovation can help create faster products, more diversified products, meeting large-scale requirements of customers in a short time. The fourth industrial revolution, revolving around the three pillars of the Internet of Things (IoT), big data and artificial intelligence, is expected to help textile and garment businesses connect global information, conduct commercial transactions, and conduct business transactions. Trade and invest in textiles and garments quickly, thereby improving productivity and business efficiency of textile products.

(4) **Brand of textile products**

Branding for textile products is very important in the current context of deep economic integration. Brand elements include product characteristics in terms of quality, origin, design, etc. to help consumers easily identify and choose. Thereby, businesses affirm their prestige, business value, and trust with customers. This is
one of the important criteria to evaluate the competitiveness and existence of textile and garment products in the export and domestic markets when the situation of fake and poor quality goods is still happening.

(5) Production time of textile products

One of the important criteria affecting the competitiveness of textile products is shown most clearly through the production time. World fashion trends change rapidly and continuously, meeting orders in a short time, ensuring progress will create a significant competitive advantage in the process of investment and trade in textile products.

(6) Textile labor cost

Vietnam is an attractive rendezvous for domestic and foreign textile and garment investors by improving the business investment environment in the direction of openness, low labor costs. For garment products, wages account for a high proportion of the product's production cost, helping businesses to create products at low cost. However, in the long term, this advantage is not sustainable because the government's policies on increasing the minimum wage can have a strong impact on the competitiveness and sustainable development of enterprises.

3. Conclusion

In order for the solution to improve the competitiveness of Vietnam's textile and garment products can be quickly and effectively applied, the Party and Government need to build an appropriate motivational mechanism and make real reforms to improve the competitiveness of Vietnam's textile and garment products. Improve the business environment (including administrative processes and procedures) and access to resources (skilled labor, capital and business premises) and promote legal corridors, mechanisms, the most favorable conditions for textile enterprises to participate in economic integration. The Vietnam Textile and Apparel Association, with nearly 1,000 members who are businesses and partner organizations at home and abroad, should perform well as a bridge between textile enterprises, the state and industry associations. Other. The textile and garment enterprises have high competitiveness with the motto of strict governance, speeding up investment, developing the market, and increasing human resources on the basis of suitability with the conditions and context of the Vietnamese economy.

Although the author has tried to research and collect data and information on the textile and garment industry, there are still certain limitations such as a deeper analysis of the influence of the new trend of product protectionism, the World trade...

References


