

MINISTRY OF EDUCATION AND TRAINING
UNIVERSITY OF DA NANG

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**RESEARCH ON COMPETITIVENESS
OF GARMENT FIRMS IN THE KEY ECONOMIC
ZONE OF CENTRAL**

**MAJOR: INDUSTRIAL ECONOMY
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SUMMARY OF PH.D THESIS ON ECONOMICS

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INTRODUCTORY CHAPTER

1. THE ESSENTIAL OF THEM

The Key Economic Region of Central consists of 5 provinces and cities directly under the Central Government: Thua Thien Hue, Da Nang, Quang Nam, Quang Ngai and Binh Dinh. This region is set to become the dynamic development region which creates jobs and improves people's living standards. It is also set for creating a growth pole to create incentives for the development of the majority of Central coastal provinces and the Central Highlands. In this development orientation, the garment is one of sectors playing a strategic role in the industrialization and modernization of the city and provinces in the region. The existence and development of garment enterprises depend very much on the chosen competitive strategy. However, the garment is one of industries representing the global nature of the most prominent. The garment sector is also one of the industries which are and will witness a fierce competition not only local but also on a global scale. The existence and development of the garment firms in the Region heavily depend on their competitiveness which is increasingly attracting the attention of not only the managers but also by the authorities in strengthening the competitiveness of the country, of the local. These lead to the need of measuring the competitiveness of garment enterprises in the region, of finding out the influencing factors and then offering solutions for sustainable competition.

2. RESEARCH OBJECTIVES

The implementation of the thesis is aimed to:

- + Designing a model for evaluation of the competitiveness of the garment firms which is applicable to the scope of the study.
- + Building a model for analysis of factors affecting the competitiveness of the garment firms

- + Identifying the current and predictable status of the competitiveness of garment enterprises in the region when compared with each other and with garment firms outside of the region.
- + Verifying the influence of factors, both inside and outside of the firm, to the competitiveness of the garment firms of the Key Economic Region of Central.
- + Suggesting a system of appropriate solutions to maintain and improve competitiveness for these garment firms.

3. OBJECTS AND SCOPE OF THE STUDY

- + Research objects: competitiveness of garment enterprises
- + Scope of Research:

Regarding content: evaluate the competitiveness of garment firms in The Key Economic Zone of Central; analyze explanatory factors of garment firms competitiveness and propose a system of solutions to maintain and improve the competitiveness of garment enterprises in The Key Economic Zone of Central.

Regarding the research object: the sewing businesses whose products are mainly clothing (industry code is 14100).

On the spatial scale: the headquarters of the garment firms are in The Key Economic Zone of Central. In term of market, the spatial scale will cover both domestic and foreign markets.

About time range: As usual, the 2012 data will not be available before August 2013, so data range handled is only until 2011.

4. RESEARCH METHODS

The thesis is done in mixed methods: combining qualitative and quantitative.

- + Qualitative Method: Theoretical background research and interviews with experts

- + Quantitative Methods: descriptive statistics, index, ANOVA on Excel

5. EXPECTED RESULTS

- The thesis is expected to achieve the following results:
- + A relatively completed theoretical background of competitiveness
 - + A evaluation model and a explanatory model of garment firms competitiveness of enterprises which are applicable in a specific research context: the Key Economic Region of Central.
 - + Assessment results of competitiveness of garment firms in the Key Economic Region of Central.
 - + Analysis findings of influences of factors on the competitiveness of the garment firms of the Key Economic Region of Central.
 - + A number of proposals at the micro level and macro level in order to improve the competitiveness of garment firms of the Key Economic Region Central

6. OVERVIEW OF RESEARCH

- + The levels of competitiveness rechearchs
- + The points on competitiveness research
- + The main research directions of competitiveness
- + The main research directions of competitiveness in the garment industry
- + Theoretical background has been applied in the studies of the garment industry competitiveness
- + The research methods and results

CHAPTER 1

THEORETICAL AND PRACTICAL BACKGROUND OF ESTABLISHING MODELS FOR STUDYING COMPETITIVENESS OF GARMENT FIRMS

1.1. FIRM COMPETITIVENESS

1.1.1. The concepts of firm competitiveness

In this section, many competitiveness concepts are introduced. These are concepts which are often cited, referenced in a lot of competitiveness researches works, including the concept of the report on the oversea trade activities in some branch of Loyds (1985), of D'Cruz and Rugman (1992), of Markusen (1992), of the European Community Europe (1993), of the White Paper on competitiveness of the UK (1994), of Chickan (2001), of the Asian Development Outlook (2003), of Vu Trong Lam (2006).

1.1.2. Characteristics of competitiveness

In addition to the multi-level attribute of competitiveness concept, this concept has also additional connotation such as multi-defined, multi-measured, dependent, relative and dynamic.

1.1.3. The concept of firm competitiveness of the thesis

With a Performance viewpoint, inheriting the spirit of the precede research on competitiveness, in this thesis, competitiveness is the ability of firms in dealing with competition to maintain and enhance the value of the firm.

1.2. MODELS FOR STUDYING FIRM COMPETITIVENESS

1.2.1. An overview of the competitiveness research models

+ In term of level of competitiveness: there are models for studying national competitiveness, industrial competitiveness and corporational competitiveness.

+ In terms of research focus: there are models for competitiveness evaluation, for analysis of factors affecting competitiveness.

Taking into account the scope of the research topic, only research models of corporational competitiveness are presented.

1.2.2. Research models of firm competitiveness

The models are sorted into three groups:

+ Group of competitiveness evaluation models includes the Three Dimensions of Competitiveness, the Total Value Competitiveness, the Economic Value Added, the Value Curve, the Balanced Score Card, the Integrated Value Management, the Total Shareholder Returns, the Gelei model.

+ Group of explanatory models includes the Diamond framework, the Competitiveness Triangle

+ Group of integrated models includes EFQM model and APP model

1.3. FORMATION OF MODELS FOR STUDYING COMPETITIVENESS OF GARMENT FIRMS

1.3.1. An overview of the garment industry

+ The concept of the garment product, garment enterprise, the garment industry

+ Some basic characteristics of garment industry

1.3.2. The basic considerations when designing research models of competitiveness of garment firms

+ Taking into account the perspective of investors, of customers and of employees about the value of the firm

+ Taking into account the scope of market and the influence of location on competitiveness

- + Evaluation is not only focused on competitiveness in the past and present but also directed to predictable competitiveness in the future.
- + Characteristics of the value chains within the enterprise and its position in garment value chain of finished products that companies involved are viewed as a set of factors affecting the competitiveness of garment enterprises.

1.3.3. Preliminary ideas on the measuring model on competitiveness of garment firms

1.3.3.1. Model for measuring competitiveness

From a given number of constraints, based on considerations inherited from the previous models and results of experts interviews, the model for measuring garment enterprises competitiveness will consist of two components: competitive outcomes and competitive potentials.

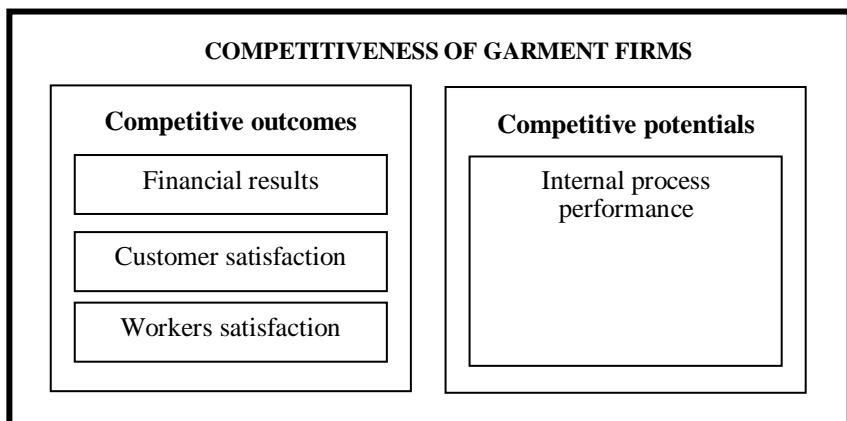
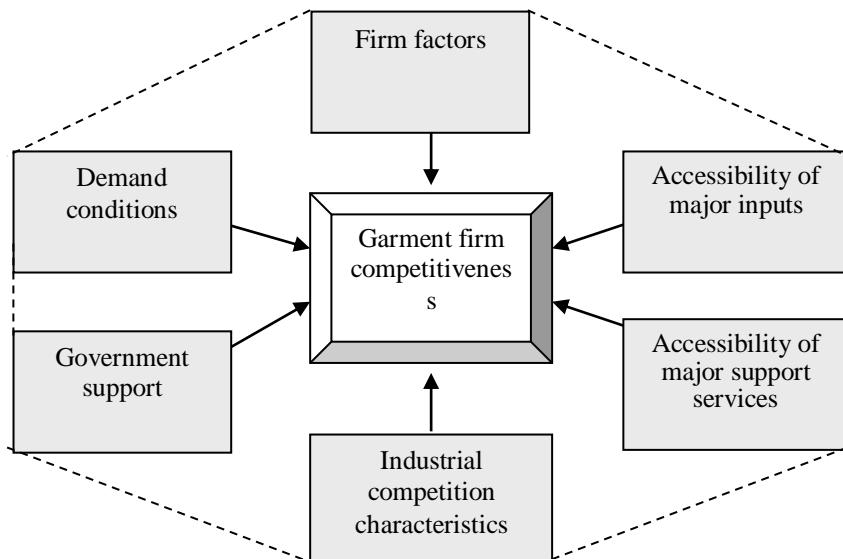


Figure 1: Model for measuring garment firm competitiveness

1.3.3.2. Explanatory model for competitiveness

The model is based on the Diamond model and then adjusted based on the considerations presented in Section 1.3.2 and results of experts interviews.



Hinh 2: *Explanatory factors of competitiveness of garment firms*

1.4. DEPLOYMENT OF MODELS FOR STUDYING COMPETITIVENESS OF GARMENT FIRMS

1.4.1. The purpose of the deployment model research competitiveness of garment enterprises

+ Determining the competitiveness indicators that correspond to the evaluation components including Competitive Outcomes and Competitive Potentials that can be applied to evaluating the competitiveness of garment firms in research context: the Key Economic Region of Central.

+ Specifying the factors of 6 groups of factors in the adjusted Diamond model which is supposed to have a real impact on the

competitiveness of garment firms in research context: the Key Economic Region of Central.

1.4.2. Research process for deploying the evaluation model and the explanatory model of competitiveness of garment firms

- Step 1: Determining implementation approach
- Step 2: Review of researchs on competitiveness
- Step 3: A preliminary survey
- Step 4: A survey on data sources
- Step 5: Review the competitiveness indicators and the factors that affect competitiveness

1.4.3. The competitiveness indicators of garment firms

1.4.3.1. In case of comparison with only domestic rivals

Based on the suggestions of the foregoing researchers, on results of expert interviews and of survey on data availability (presented in Table 1.3 and 1.4 in the thesis), the selected indicators are:

- + Competitive Results will include indicators such as average revenue growth, returns on equity (ROE), Value added per labor (VA / L), market share and average labor income.
- + Competitive Potentials will include indicators such as productivity, unit labor costs (ULC), rate of inventory and unit costs.

1.4.3.2. In case of comparison with foreign rivals

- + In the domestic market: in terms of competitiveness results, competitiveness will be assessed through the domestic market share and in terms of competitive potentials, competitiveness will be assessed through ULC.
- + In the international market: competitiveness will be assessed through international market share and ULC.

1.4.4. The factors affecting the competitiveness of the garment firms

Based on the suggestions of the foregoing researchers, on results of expert interviews and of survey on data availability (presented in Table 1.5 and 1.6 in the thesis), the factors group are modified and specified. The factors such as firm size, category of ownership and region are viewed as the root factors affecting the competitiveness of garment enterprises in the region. Since then, the hypotheses related to the study of root factors are suggested.

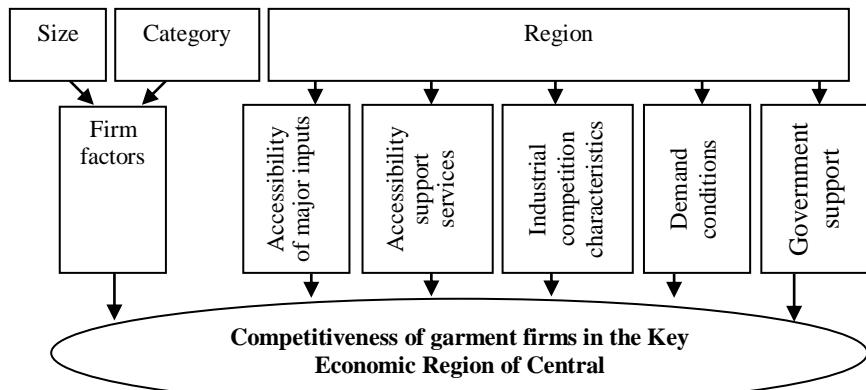


Figure 3: The adjusted explanatory model of competitiveness of garment firms in the Key Economic Region of Central

Thus, from the theoretical models for studying the competitiveness of garment firms, combined with results of in-field experts interviews, the models of measuring and of explaining competitiveness of garment firms were adjusted to fit with the research context and their application will be presented in the next chapter,

CHAPTER 2

FINDINGS OF RESEARCH ON COMPETITIVENESS OF GARMENT FIRMS IN THE KEY ECONOMIC REGION OF CENTRAL

2.1 OVERVIEW

2.1.1. An overview of garment firms in the Key Economic Region of Central

2.1.1.1. Quantity and the structure

For the majority of the provinces and city in the Key Economic Region of Central, garment industry is considered one of the key economic sectors. Thus, in recent years, the number of garment firms is continuously increasing. In 2011, the total number of garment firms which size from small to big is 148, of which 108 small and medium-sized firms and 40 large-sized garment firms. A major of these firms are located in Danang and Quang Nam.

If classified by categories of ownership, these garment firms have distributed mainly in 4 groups of categories: private enterprise, joint stock company , limited liability company and foreign direct investment firms.

2.1.1.2. Capital and labor of garment firms in the Key Economic Region of Central

In 3 years, from 2009 to 2011, along with an increase in the number of firms, number of employees and capital of garment firms in the region is also expanded continuously

2.1.1.3. The key products and the key markets

The key products of the garment companies in the region include shirts, jackets, trousers... Their important markets are the U.S., the EU, Korea, Japan, South America, the domestic market.

2.1.2. An overview of the research on competitiveness of garment firms in the Key Economic Region of Central

+ Due to limited availability of data, only evaluation in comparison with domestic rivals can realized with indicators mentioned in section 1.4.3

+ The modified Diamon model will be applied for analyzing affecting factors and the influence of the root factors will be tested.

+ Approach in the evaluation is that the judgement will be based on the mean of each firms groups, but taking into account individual factors by using descriptive statistical methods. The influence of the root factors will be tested through ANOVA in Excel

+ The data used in the evaluation of competitiveness and in the factors analysis is processed from results of the annual enterprises surveys realized by the General Statistics Office, and of additional preliminary survey and of other sources.

2.2. MEASURING COMPETITIVENESS OF GARMENT FIRMS (GROUPED BY SIZE) IN THE KEY ECONOMIC REGION OF CENTRAL

2.2.1. Measuring competitiveness of small-sized and medium-sized garment firms compared with large-sized garment firms in the Key Economic Region of Central

The competitiveness of garment firms in the Region will be judged on two aspects: the Competitive Outcomes and Competition Potentials, while the influence of firm size on competitiveness will be tested.

2.2.1.1. Measuring competitiveness in terms of Competitive Outcomes

Table 1: Summary of the competitiveness evaluation on Competitive Outcomes of the two groups of garment firms in the Key Economic Region of Central (grouped by size)

Chi tiêu	2010			2011		
	SME	Large firms	Test result	SME	Large firms	Test result
Revenue growth (%)	27,840	-7,895		95,184	143,891	
ROE (%)	-5,320	3,916	0	3,414	24,431	1
VAL (million dong)	16,179	19,267	0	28,204	41,125	1
Market share (%)	0,033	1,160	1	0,033	1,475	1
Labor income (million dong)	17,403	19,839	1	28,549	33,091	1

Note: Data sources by author's calculations from GSO.

SME: Small- and Medium-sized Enterprise A.: Average

0: rejected

1: accepted

2.2.1.2. Measuring competitiveness in terms of Competitive Potentials

Table 2: Summary of the competitiveness evaluation on Competitive Potentials of the two groups of garment firms in the Key Economic Region of Central (grouped by size)

Chi tiêu	2010			2011		
	SME	Large firms	Test result	SME	Large firms	Test result
Productivity (million dongs)	37,112	60,091	0	58,851	97,627	1
ULC (dong)	1,317	1,138	0	1,019	0,821	0
Rate of inventory (%)	12,326	14,456	0	13,125	17,034	0
Unit cost (dong)	2,711	2,711	0	2,167	2,148	0

(Data sources by author's calculations from GSO)

2.2.2. Assessing the competitiveness of small-sized and medium-sized garment firms in the Key Economic Region of Central compared with same sized garment firms in the other key economic regions

The competitiveness of garment firms in 3 Key Economic Regions will still be judged on two aspects of Competitive Outcomes and Competitive Potentials, and influence of location in a specific region on competitiveness will be tested.

Table 3: Summary of assessment of the competitiveness of small- and medium-sized garment firms in three Key Economic Regions

Chi tiêu	Năm 2010			Năm 2011			Test results	
	Central	South	North	Central	South	North	2010	2011
Revenue growth (%)	27,84	28,29	11,97	95,18	36,25	68,12		
ROE (%)	-5,320	-23,970	-18,914	3,414	-41,662	-7,531	0	0
VA/L (million dongs)	16,179	29,893	23,311	28,204	47,651	40,859	1	1
Market share (%)	0,033	0,111	0,085	0,033	0,079	0,0741	1	1
Labor income (million dongs)	17,403	27,477	23,090	28,549	41,387	38,731	1	1
Productivity (million dongs)	37,122	120,841	86,988	58,211	167,773	160,858	1	1
ULC (dong)	1,313	1,307	1,035	1,019	1,234	1,304	0	0
Rate of inventory (%)	12,326	19,147	18,564	13,125	16,630	18,483	1	1
Unit cost (dong)	2,711	5,459	5,060	2,167	4,342	4,725	0	0

(Data sources by author's calculations from GSO)

2.2.3. Assessing the competitiveness of large-sized garment firms in the Key Economic Region of Central compared with same sized garment firms in the other key economic regions

Table 4: Summary of assessment of the competitiveness of large-sized garment firms in three Key Economic Regions

<i>Chỉ tiêu</i>	<i>Năm 2010</i>			<i>Năm 2011</i>			<i>Kết quả kết định</i>	
	<i>Trung bộ</i>	<i>Nam bộ</i>	<i>Bắc bộ</i>	<i>Trung bộ</i>	<i>Nam bộ</i>	<i>Bắc bộ</i>	<i>2010</i>	<i>2011</i>
Revenue growth (%)	-7,895	19,94	7,075	143,891	55,59	68,007		
ROE (%)	3,916	-33,047	-29,237	24,431	11,727	30,724	0	0
V/A/L (million dongs)	19,267	30,077	29,617	41,125	51,537	50,777	1	0
Market share (%)	1,160	1,685	1,305	1,475	1,358	1,142	0	0
Labor income (million dongs)	19,839	31,450	25,745	33,091	48,790	41,447	1	1
Productivity (million dongs)	60,091	82,492	62,357	97,627	131,215	110,329	1	0
ULC (dong)	1,138	1,023	1,137	0,821	1,291	1,191	0	0
Rate of inventory (%)	14,456	11,622	11,423	17,034	14,476	12,393	0	0
Unit cost (dong)	2,711	2,659	4,394	2,148	3,009	2,359	0	0

(Data sources by author's calculations from GSO)

2.2.4. Measuring the competitiveness of different categories of garment enterprises in the Key Economic Zone of Central

In this section, garment firms are grouped by categories of ownership. And 4 popular categories of garment firms are studied, including private enterprises, joint stock companies, limited liability companies and foreign invested enterprises. In this case, competitiveness is still evaluated in terms of Competitive Outcomes and Competitive Potentials. The approach taken is based on descriptive statistics and influence of category on competitiveness will be tested through ANOVA analysis in Excel.

2.2.5. Measuring the competitiveness of private garment enterprises in the Key Economic Region of Central compared with garment firms of same category in other key economic regions.

In this section, the competitiveness of private garment enterprises in the Key Economic Zone of Central was assessed in comparison with

garment enterprises of same category in the Key Economic Zones of South and of North. Evaluation structure is similar to section 2.2.3.

2.2.6. Measuring competitiveness of garment joint-stock firms in the Key Economic Regions of Central in comparison with other firm of same type in other key economic regions.

This section is deployed in a similar manner to Section 2.2.5 with objects submitted to measuring are garment joint stock companies.

2.2.7. Measuring competitiveness of limited liability garment firms in the Key Economic Region of Central in comparison with other firm of same type in other key economic regions

This section is deployed in a similar manner to Section 2.2.5 with objects submitted to measuring are limited liability companies.

2.2.8. Measuring competitiveness of foreign-invested garment firms in the Key Economic Region of Central in comparison with other firm of same type in other key economic regions

This content is deployed in a similar manner to Section 2.2.5 with objects submitted to evaluation are foreign-invested garment firms.

Summing up all the above assessments can draw some general remarks are the following:

In term of comparison results:

+ Based on the mean of indicators, the large-scale garment enterprises have greater competitiveness than small-sized and medium-sized garment firms. The difference in the competitiveness within each group is quite clear.

+ In term of the mean of indicators, the joint stock garment companies have the greatest competitiveness while superior in many evaluation indicators in 2 years. The uneven in each group are quite significant.

+ In term of the mean of indicators, the garment firms in the Key Economic Region of Central have less competitiveness than garment businesses of same category in the Key Economic Region of South and

of North, especially among foreign-invested garment firms and large-scaled garment firms. But generally, competitiveness of garment firms in the Key Economic Region of Central was improved in 2011.

In term of difference intra group:

- + There is an important difference between the companies in each group.
- + This difference frequently appeared in group of small- and medium-sized firms, group of private garment firms...Obviously, competitiveness depends on the behavior of the enterprise rather than on the explicit characteristics of firms.

In term of influence of root factors:

- + Size factor does not always affect the competitiveness of garment firms
- + Region factor unevenly affects the competitiveness of the garment firms, considering the size as well as indicators of competitiveness.
- + Firm category factor doesn't has significantly influence on competitiveness of the garment enterprises.
- + Region factors have uneven influence on competitiveness of garment firms of different categories and in term of different indicators.
- + Region factors have the most revealed effect on competitiveness of garment firms in terms of average labor income.

2.3. ANALYSIS OF FACTORS AFFECTING COMPETITIVENESS OF GARMENT FIRMS IN THE KEY ECONOMIC REGION OF CENTRAL

2.3.1. Firm Factors

2.3.1.1. Modes of garment manufacturing

Research data shows actual garment production methods more or less affect the competitiveness of garment enterprises in the region. The small- and medium-sized garment firms mainly applied the CMT and OEM. While OEM proportion of large-sized firms is higher and there are some companies upgrading to ODM and OBM methods. Thus, ROE

and VA/L of the later are both better than the former group. However, the positive relationship between garment manufacturing methods and competitiveness of garment enterprises doesn't always existe.

2.3.1.2. Elaboration of business plans, strategies

The data shows that there is a certain relationship between the planing and the competitiveness of garment enterprises in the region. The large-scale garment enterprises are interested in long-term planning than small- and medium-scaled enterprises and their competitiveness is also better in many ways. However, the more important factor is the quality of the strategic plan which can not be found out in the research.

2.3.1.3. The level of mechanization of the garment manufacturing

The level of mechanization of the local garment enterprises limited at stage of fabric laying and trimming. In fact, the productivity of companies in the region may be more limited than the garment enterprises in different key economic regions.

2.3.1.4. Application of management systems

The application of the ISO system, WRAP, or SA, or OSHAS ... is frequently found in large-scale and medium-scaled garment firms. These companies represent the strength in exports to the large and demanding markets such as the EU, U.S. and Japan ...

2.3.1.5. Workforce qualification of garment firms in the Key Economic Region of Central

Actual data on labor skills of the garment firms in the Key Economic Region of Central (2011-present at the level of qualifications of workers) showed that while many indicators of competitiveness of large-scaled garment firms are better than small- and medium-scaled ones, their workforce qualification is unfortunately lower than the small- and medium-scaled garment firms. This does not reflect the fact that labor qualification has no impact on competitiveness. In fact, it reflects the fact that other qualifications would not be out of the labor quality indeed.

2.3.2. Accessibility of major inputs of garment firms in the Key Economic Region of Central

2.3.2.1. Impact of accessibility of human resources in the region on competitiveness of garment firms in the region

In this section, there is data on human resources (of the 3 regions for comparison), with the analysis of labor skills, the discipline of the workforce in the region ...

2.3.2.2. Impact of accessibility of capital on competitiveness of garment firms in the region

In this section, there is an analysis of the presence of the banking system and the credit institutions in the region; policies of these institutions; changes in interest rates associated with the capital structures of garment firms in the region.

2.3.2.3. Impact of support and relating industries on competitiveness of garment firms in the region

In this section, there is data about the support and relating industries in Vietnam, particularly in the Key Economic Region of Central; qualitative assessment of explanatory factors for competitiveness of garment firms in the region.

2.3.3. Accessibility of support services for garment firms

In this section, a relative relationship between the shortcomings of industrial services, logistics services... and the competitive weakness of the garment firm in the region compared to the other major economic regions, especially the Key Economic Region of South.

2.3.4. Industrial rivalry characteristics in the Key Economic Region of Central

Garment firms in the region have an obvious advantage when setting in a zone which has firm densities less than 2 other Key Economic Regions. However, degree of similarity of products is higher and price competition is more fierce. In terms of regions, garment firm with specialty products have more competitiveness.

2.3.5. The support of government and business associations for garment firms in the Key Economic Region of Central

The garment enterprises, especially of small and medium size, get the attention of the authorities. Many localities in the region set target to become a textile-garment centers.

2.3.6. Demand condition

Some changes in the size and behavior of a number of target markets (both domestic and international) provide both challenges and opportunities for garment firms.

CHAPTER 3

IMPLICATIONS

3.1. OPPORTUNITIES AND CHALLENGES FOR THE GARMENT FIRMS IN THE KEY ECONOMIC REGION OF CENTRAL

3.1.1. Opportunities

In the future, the garment enterprises in the Key Economic Region may receive more opportunities derived from the Development Plan of Vietnam's textile and garment industry in 2015 with Vision 2020; from the strong support of governments at all levels; from growth trends of a number of key markets in the near future (2013-2015); from trend of Vietnamese consumption of domestic apparel, and other opportunities.

3.1.2. Challenges

The garment enterprises in the Region will also face some challenges, such as the appearance of a growing number of foreign competitors, increasing requirements for product and parts origin when exported to a number of key markets, counterfeit goods (for firms in ODM and OBM methods), technical barriers in international markets...

3.2. STRENGTHS AND WEAKNESSES OF ARMENT FIRMS IN THE KEY ECONOMIC REGION OF CENTRAL AND OF SOME MAIN COMPETITORS

3.2.1. In the domestic market

In the domestic market, compared to the garment firms from China, Korea, Japan, Hong Kong, Thailand, Italy, Indonesia that are the main foreign competitors (imports worth more than 2 million USA in 2011-UNCOMTRADE), the gament firms in the Region have many weaknesses in terms of scale, quality, perceived value of the product, design, diversity of product, ability to control a source of high quality materials and sometimes in terms price. Obvious strengths of garment enterprises in the region is low labor costs, near market and higher cultural understanding. Compared with the garment enterprises in other key economic regions, garment firms the Region may also have more weaknesses.

3.2.2. In the international market

Compared to foreign competitors from China, Bangladesh, India, Cambodia, Indonesia, Pakistan, Sri Lanka (since most are involved in the form of CMT, the mining cost advantage and geographical proximity), Turkey (the cost is not high and near the EU) and Mexico (the cost is not high and near the U.S.) and the competitors in two other key economic region, the comparison is still unfavorable for firms in the Region because they lose the advantage of close distance to the market.

3.3. SWOT ANALYSIS FOR GARMENT FIRMS IN THE KEY ECONOMIC REGION OF CENTRAL

3.3.1. Opportunities (O)

- O1. Becoming one of textile centers of the country
- O2. The government's support
- O3. The government incentives for small- and medium-scaled garment firms
- O4. The expansion of markets
- O5. Increasing demand of domestic market
- O6. The signing of the trade agreements
- O7. Foreign investment flows into production of garment materials and accessories
- O8. The U.S. and EU importers' switch to suppliers outside China
- O9. The development of Source ASEAN full service alliance

3.3.2. Threats (T)

- T1. More and more competitors
- T2. Stringent requirements on the origin of goods
- T3. More and more of counterfeit goods, pirated goods
- T4. Labor costs increased due to many reasons
- T5. The emergence of technical barriers in the big markets

3.3.3. Strength (S)

- S1. Labor is abundant
- S2. Low labor costs
- S3. Near by and understanding the local market
- S4. Some companies have the relatively good management and Marketing competences

3.3.4. Weaknesses (W)

- W1. Unqualified labor skills and low labor discipline
- W2. The technology level is not uniform
- W3. Low design skill
- W4. The product quality is unstable
- W5. Perceived value of the brand is not high

W6. Many businesses also have limited capital

W7. Many enterprises have poor competence of management and of Marketing

W8. Far from sources of good raw materials

PAIRS OF COMBINATIONS

S-O

- 1) S2 S3 - O5
- 2) S1 S2 - O4 O6 O8
- 3) S1 S2 S4 - O1 O9

W-O

- 1) W2 W 6 - O1 O2 O3
- 2) W8 - O7
- 3) W1 W2 W3 W - O1 O9

S-T

- 1) S1 S2 - T1

W-T

- 1) W8 - T2
- 2) W4 - T5

3.4. SOLUTIONS OF ENHANCING COMPETITIVENESS OF GARMENT FIRMS IN THE KEY ECONOMIC REGION OF CENTRAL

3.4.1. Solutions at firm level

3.4.1.1. Diversifying markets and products

Based on the analysis of the market prospects, this solution indicates some markets in which, garment firms in the region can exploit, as well as some lines of specialty products can be developed corresponding to each target market.

3.4.1.2. Selecting the suitable mode of garment manufacturing

This solution suggests a number of directions in the selection of garment manufacturing modes corresponding to behavioral characteristics of the buyers in the target market as well as the resources of the company

3.4.1.3. Keeping in consolidating the cost advantage

This solution includes proposals to reduce costs, such as identification and mitigation of activities which do not create value, innovation of production methods and organization of garment production, renovation of garment production equipment, computerization of the operations, and improvement of labor productivity

3.4.1.4. Increasing the perceived value of the products

This solution aims to increase the perceived value of the products of garment enterprises in the region through intensive investment into designing to provide truly unique and innovative designs; through selection of valuable materials; through enhancing brand promotion activities in specific activities such as fashion shows, participation in industrial fairs...

3.4.1.5. Reducing lead time

Garment firms can shorten lead time through proactive early offers, sharing orders, materials sources control right after offers, planning and serious control of plan implementation...

3.4.1.6. Developing the ability to provide full service

Increasing ability to provide information on new materials, to participate in design activities, to consult fashion trends, to undertake logistic activities of input and output, quality control...

3.4.1.7. Some other solutions:

* Achieving certification against international standards to improve the confidence of buyers

* Orientation towards environmental protection in production

3.4.2. The solutions at the macro level

3.4.2.1. Development of selective support industries

+ Industrial orientation: towards the industries not requiring complicated technology, less environmental pollution (sewing, buttons, lace ..)

+ Local orientation: not investing in the 5-scattered localities in the region; not investing in the dyeing industry in Danang and Quang Nam

because of the risk of sea pollution; this industry can be invested in Thua Thien Hue.

3.4.2.2. Strengthen state management and businesses support functions

Strengthening the role of the authorities and of functional management bodies in implementing government policy on small and medium garment enterprises, human resource training in sewing, trade promotion for garment industry , providing market information, certification of origin, anti counterfeit ...

3.4.2.3. Enhancing intra-regional cooperation in the development of the garment industry

The viewpoint is that provinces and city in the region exploit together comparative advantage of localities in the region. Orientation of intra-local cooperation: at the corporate level (sharing orders, marketing collaboration, collaborative training ...) and at the local level (discussion in the planning sector, collaboration in organising industrial fairs, in promoting trade..)

CONCLUSION

With all the contents have been presented above, the thesis achievements can be summarized as follows:

1. The results of the thesis

Compared with the objectives of the thesis, research project has achieved the following results:

+ A relatively complete theoretical background of competitiveness, including research perspective of competitiveness, the inner meaning of the competitiveness concept; models for research of competitiveness at the firm level of and theoretical background of apparel industry.

+ A distinctive theoretical model to assess competitiveness and analyze the factors affecting the competitiveness of garment enterprises.

+ A model of competitiveness research (evaluation and factor analysis) have applicability in the research context of the Key

Economic Zone of Central with a big number of studied and refenced objects.

+ A relatively systematic evaluation for competitiveness of garment enterprises in the region.

+ A detailed analysis of the relative influence of the factors groups on the competitiveness of the garment enterprises in the region; the original factor are tested.

+ A system of solutions can be applied at the enterprise level and at the macro level with many new features such as choice of apparel production modes, development of selectively support industry ...

2. New research results

+ Theoretical models for evaluation and for explanation of garment enterprises competitiveness in particular economic zones

+ A explanatory model is modified in accordance with the research context in the Key Economic Zone of Central

+ A new approach in the assessment of the competitiveness of garment enterprises in the Key Economic Zone of Central: assessment not only based on representative data of the group but also on individual elements of the firms

+ Suggestion of garment manufacturing modes consistent with the target market and characteristics of enterprise resources.

+ Solutions for development of support industry towards selective industry and provinces.

4. The new research orientations

+ Expand the comparison subjects.

+ Research of influence of garment manufacturing model on competitiveness of the garment business groups with different sizes.

+ Research of influence of garment manufacturing model on competitiveness of the garment business groups on different markets.

LIST OF AUTHOR'S PUBLISHED SCIENTIFIC WORKS

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