Suggestions for developing export garment processing activities of MAIDUC Company Ltd Vietnam

Mai Duc Anh Vu

Bachelor’s Thesis

Bachelor’s degree (UAS)
Abstract

In the development trend of the current international trade, the activity of export processing increasingly holds a significant role and it is extremely important for the development of Mai Duc Company. It not only generates the turnover for the company, but also contributes to enhance the reputation and the position of the company on the international stage. Along with the open door policy and economic integration in recent years, export processing activities of Mai Duc Company have achieved some success.

The presence on foreign markets is both an opportunity and a challenge for Mai Duc Company. However, these challenges are not daunting and limiting the development of the company to foreign markets, whereas it requires that Mai Duc Company has to be aware of the need to find effective ways to penetrate foreign markets. The first is the need to thoroughly understand the company’s situation and necessary conditions for the company development. This understanding will help Mai Duc Company to adapt and develop in the right way.

Based on the basic theoretical and actual situation of Mai Duc Company, the thesis will present some solutions for developing the export garment processing operation of the company.

Keywords
Export, garment processing, foreign market.
## CONTENTS

1 INTRODUCTION ............................................................................................................. 5

2 EXPORT PROCESSING ................................................................................................ 6

   2.1 Definition, characteristics and role of export processing ................................. 6

   2.2 Export processing forms ....................................................................................... 9

   2.3 Factors affecting to export processing operation ............................................... 10

   2.4 Organizing processing for export goods ............................................................... 14

   2.5 Necessity of promoting export processing of Vietnam garment products ....... 16

3 EXPORT PROCESSING IN MAIDUC COMPANY ...................................................... 18

   3.1 MAIDUC company overview ............................................................................. 18

   3.2 Actual situation of MAIDUC export processing operation .............................. 23

      3.2.1 Processing export value of garments ......................................................... 23

      3.2.2 Searching contract and contract performance ........................................... 26

      3.2.3 Process of processing contract implementation ......................................... 32

   3.3 Evaluating MAIDUC export processing operation ............................................. 39

4 MAIN SUGGESTIONS FOR MAIDUC COMPANY LTD ............................................. 45

   4.1 Suggestions for the company .............................................................................. 45

   4.2 Suggestions for the State .................................................................................... 52

5 CONCLUSION .............................................................................................................. 60

REFERENCES .................................................................................................................. 61

APPENDIX ...................................................................................................................... 63

APPENDICES

   Appendix. Questions for interviews
1 INTRODUCTION

The way Vietnam is changing nowadays, the export garment processing industry is considered as an important industry. The goal, strategy and tasks of this industry are contributing to the successful mission of the State in the industrialization and modernization and ensuring to enhance export and to create jobs for workers.

To discover more about export garment processing of Mai Duc Company, the topic of this thesis is “Suggestions for developing export garment processing activities of MAIDUC Company Ltd Vietnam”

Research objective

The thesis will research the reality of Mai Duc Company currently, then give some suggestions which aim to boost export processing activities of the company. Simultaneously, this thesis will explore the production and export situation of Mai Duc Company.

Object and scope of research

The topic will focus on researching the reality of export processes of Mai Duc Company in order to give development suggestion. In the thesis, the scope of research will be the most important effects to the company and it also focuses on the export situation of Mai Duc Company’s garment range.

Research method

This is a subject of economic sector so the used research methods will be statistics, analysis, evaluation and the use of development perspective.

Structure of the thesis

Besides the Introduction and Conclusion of the thesis, there are three chapters:

Chapter 2: General theory of garment production for export.
Chapter 3: Actual operations of Mai Duc Company in processing export.
Chapter 4: Measures to promote processing export activities in Mai Duc Company.
2 EXPORT PROCESSING

2.1 Definition, characteristics and role of export processing

Definition

Export is the first commercial operation between countries in the world aiming to discover advantages of one country and others. Export is the basic operation of commercial foreign trade operations which has appeared for a long time and has been developing strongly. Export is the thing of providing products and services to other countries in the world with the payment method being common currency or strong currency in the world.

International processing is a popular method of foreign trade in many countries in the world. International processing can be defined in many ways, but a general way is that international processing is a commercial business activity which one party (who receives processing) imports materials or semi-products from another party (who books processing) for processing final products. Then, the finished product is given to another party and the payment (called fee for processing) is received. Therefore, in international processing operations, exporting activities are attached to producing activities.

When a processing activity is passing a border of a country, it is called international processing. All production factors are not only for domestic consumers, but also export for getting profit from foreign currency. In fact, international processing is labour export form, but this form expresses in product, not exporting workers to foreign countries.

Export operations reflect relationships between countries and the international labour division and production specialization based on comparative advantages of each country. Export operation also shows the dependent relationship more close of countries in the world because it requires a coordination of each country and other countries. (Voer, 2014)
Feature

In international processing, import-export activities are connected with producing activity.

The relationship between a processing booking party and a processing, receiving party is defined in the processing contract. In the processing contract relationship, the processing receiving party must take care of all costs and risks during producing processing process.

In the processing relationship, the processing, receiving party will get an amount of money, which is called a processing fee, and the processing booking party will buy back all the produced products from processing.

In the processing contract, two parties must have clear regulations of commercial conditions like finished products, materials, processing cost, payment, delivery. In fact, international processing is a form of labour export, but labour is expressed in goods, not exporting labour directly. (Tran, 2011)

Role

Export processing operation is one of the main operations of foreign trade of Vietnam and Mai Duc Company in particular, it plays the following roles.

Firstly, export processing is a foreign trade operation which is needed to mine advantages and overcome disadvantages in economic structure. So export processing is a factor influencing strongly the increase and development of Vietnam. In fact, history has shown that the countries which are having fast and strong increase and development are the countries that have strong and active export processing operation.

Secondly, export processing brings to companies profit and capital for export operations. For industrialization and modernization, Vietnam needs acquisition and application of scientific and technical progress of other developed countries. Therefore, capital for export processing is very important. Especially developing countries have the demand of importing modern technical equipment which are serving for production process like Vietnam. It can be said that export processing decides the scale and speed of export increase.
Thirdly, export processing contributes to restructure the economy and to promote the developing production. The economy is restructured by the orientation to decrease the role of agriculture and to increase the role of industry and services. The reason why this happens is the export field is mining advantages of the country. The advantage of Vietnam is the textile and garment industry so when the export is developed, Vietnam will focus on exporting textile and garment products, expanding production scale and changing the structure of industrial production.

Fourth, export processing creates possibilities to expand the consumer market which aims to the maximum exploitation of production capacity in domestic markets, and it can meet all market demands.

Fifthly, export processing increases the competitiveness of Vietnamese products in foreign markets including price and quality. This requires that Vietnam has to sensitively and constantly change when adapting to the markets.

Sixth, export processing drags the development of other industries as production is a chain of processes which relates to other industries. So the development of one industry will lead to the development of other industries. Here, developing export textile and garment processing industry will enhance the development of cotton, sericulture, packing production, among others.

Seventh, export processing contributes solving the labour problem. The development of export processing and expanding its scale can attract more labourees, especially in Vietnam, where there is an abundant labour force. Export processing helps labourees to have income and enhance their living standards.

Eighth, export processing increases foreign exchange earnings.

Ninth, export processing helps Vietnam acquire and accumulate more knowledge and experiences in international business operations.

Finally, export processing is the basis thing to expand and promote the foreign business relationship of the countries. Through export, countries in the world can have a relationship which is based on two parties having benefits.

It can be said that export processing is the easiest operation in doing international business because transactions and risk of fees will be the lowest compared to other operations when there are fluctuations of politics, economic, culture. In general, export
processing plays an important role in international business in Vietnam. So Vietnam should focus and promote export processing for mining maximum benefits of this industry in order to boost the developing economy of the country. (Tran 2012; Vanchuyenmy 2014; Voer 2014)

2.2 Export processing forms

**Raw material ownership**

*Receiving raw material and delivering finished product method*

In this method, a processing booking party gives to a processing receiving party some material, maybe also equipment, which are used for processing process. The processing receiving party starts doing processing production based on the requirement of the processing booking party to give back finished product.

*Definitive purchase and definitive sale method*

In this method, the processing booking party bases on sale contract to sell material for the processing receiving party with a condition that the processing receiving party has to sell back to the processing booking party all finished products after producing them.

*Integration method*

This is the highest development method of processing operation which is applied when technical level and designing are highly developed. In this method, the processing receiving party is totally proactive in processing process, promoting the advantage of labour and domestic material for production technology. This method is a premise for the development of industrial exports.

**Processing price**

*Fast execution contract*

In this contract parties regulate that the processing receiving party has payments from the processing booking party including all cost plus processing wages. This is a
processing method that the processing receiving party has a right of proactive in finding material suppliers for itself.

**Firm price contract**

In this method, the parties can determine the norm of each product, which includes the norm of cost, wages, etc.

**Number of parties participating in processing relationship**

**Processing between 2 parties**

In this method, processing operation includes the processing booking party and processing receivable party. All operations which are related to production are the responsibilities of the processing receiving party and the processing booking party has the responsibility of the processing payment for the processing receiving party.

**Processing between more than 2 parties**

This method is called transition processing, the processing receiving parties will be more than one company which are processing separated part of the same product for one processing booking party. (Do 2013; Voer 2014; Thuongmai 2011)

2.3 Factors affecting to export processing operation

**Objective factors**

**Globalization trend and trade liberalization**

The current trend of globalization and trade liberalization is seen by economists as an essential objective development trend in the world and this trend creates inrush to markets more favourable for developing countries. Acumen of governments and power of bilateral regulation have an effect on preventing a coming back of prudish sales. Moreover, the activities of world economic organizations like the WTO and AFTA have roles like forcing a system of trade liberalization, including implementation of the Uruguay round and introducing new agreements. For textiles and garment industry, a
link of products under the agreement is still continuing by reducing many safeguard transition.

On the other hand, the developing countries are growing quickly in recent decades, but the markets are showing the sign of saturation. So the competition of export countries is increasing which have same export structures.

There are some reasons which are leading to decline the export process and also are factors make competition become deeper:

The decrease of export growth recently is by the unusual convergence of negative factors which are cyclical in the world economy and region economy.

Competitive objects are changed because of export restructuration. Asian countries have trend of strong competition with each other more than other counties in the world because of the similarities in export structure. Competitors, based on lower cost by exporting products with high labour proportion like export textile and garment processing are under pressure because of the strong and quick development of China in the world market.

*Bylaw factor*

The bylaw system adjusts international processing relationship, including national trade bylaw system, international law and foreign trade custom. The bylaw system in each country affects by encouraging or limiting export process through tax law, detailed tax level, rule of dividing quota, customer procedures, etc.

*Technology factor*

Nowadays, science and technology in business fields are focused because of their benefits. Technology factor affects increasing effectiveness of export. Thanks to the development of telecommunication system, companies can talk directly to customers with the help of telephone and internet. They help to narrow distance and time for reducing costs. Furthermore, companies can grasp the information of foreign markets by modern communication equipment. Technology factor affects to the production process and processing of exported products. Science and technology also affect to other fields like transportation and bank service, which are affecting to exporting process.
Other factors

The problem of product price in the market is complicated because each market has different prices for the same product. Therefore, companies have to consider choosing export products which are suitable in the market because of price and preference.

Service commerce is necessary for developing production and diversity and abundance products. Service appears at every stage of selling operation and it supports before, during and after selling. The pre-sale service aims to prepare consumer and promote and attract attention of customers. The service during sale aims to create trust for customers. The after-sale service aims to reconstruct customer needs. Nowadays, trade service is very important as it promotes the operation process of export and important trade services such as transportation, postal, financial or credit services.

Subjective factors

Policy of Vietnam

Vietnam is latecomer country so it has to learn and get experiences from advanced countries in the industrialization and modernization for the country. One of them is replacing an import policy to orient export. This includes:

The integration to expand export markets through participating in economic organizations, expanding bilateral trade relations which are creating conditions for all domestic economic sectors, having opportunities to joint the foreign trade operation.

Enhancing competitiveness of Vietnam’s products in foreign markets like increasing the quality of products and their added values, decreasing costs of port charges, transportation, loading, administrative cost and simplifying administrative procedures which aims to reduce companies operation cost.

Improving customs procedures and modernizing the customs department like improving the level of customs officers to understand and apply rules of import-export, unified
taxing, investing modern equipment for doing procedures and checking products quickly, to help companies reduce cost of waiting vessels, yards, etc.

The implementation of this policy helps to create favourable conditions for companies exporting products, especially in stage of delivery of small amount materials and final products. The work of VAT exemption for raw materials and machinery serving export production helps companies decrease product costs and enhance competitiveness in foreign markets.

*Human factor*

Human factor in business operations are very important. In methods of organizing human, leader and manager, resources must have clearly measures of bonus for firm maintaining, preventing bad trends, training for improving managing level, training for improving employees, recruiting, using effective employees and firing un-effective employees.

Training expertise and capacity of business is an important factor in business operation. It ensures successfulness of business and creates highest effectiveness.

Each management method has advantages and disadvantages, so to improve advantages and limit disadvantages it is needed to research and apply techniques and methods of international business administration.

*Ability of company production business*

The ability of company production decides the production scale and demanding market ability. The ability of company production is expressed in scale of capital, technology, machines, the quality of employees and managing of the company. Nowadays, if the company wants to penetrate to large markets, it must be able to meet large orders and have fast delivery time.

*Marketing factor*

Marketing factor affects much to development prospects and processing business operation effectiveness. Marketing factors include capturing market information ability, sales net and advertising operation of the company. (Voer 2014; Do 2014)
2.4 Organizing processing for export goods

Researching market and finding customer

A company needs to research the quota and quota-free markets when processing export textile products. If the market is a quota market, the company has to file to the Ministry of Trade for quota or finding domestic units that are purveyed quota by the Ministry for entrusting.

After researching the sales policy and bylaw system, the company usually researches processing fee and payment conditions in the market. Companies normally use strong currency which has international exchange value.

Researching for partners: the goal is finding domestic and foreign partners that are stable and trustworthy. The company should not only trust in advertisements, introductions, but also understand the customers and political attitude, financial ability, business field and its reputation in the business. There are two kinds of customers domestic customers and foreign customers.

Negotiating and contracting contract

In trading different parties normally have differences about opinions, bylaw, languages, custom, norms and benefits. Those differences lead to clash and for solving that clash, they have to negotiate with each other. In international processing, problems are usually in the negotiations: qualities, quantities, packaging, delivery, processing fee and payment. There are three stages of negotiation: preparing for negotiation, negotiating and after negotiating.

Content of international processing contract

The international processing contract is a convention of two different nationalities: the processing receiving party and the processing booking party aim to produce or process new products or sell finished product with technical standards from the processing booking party regulation which is based on given material to the processing receiving party. After that, the processing receiving party will be paid wages from the processing booking party.
Subject of the contract: individuals, legal entities or organization who wants to do subject in the international business contract, they firstly must have legal capacity.

Object of the contract: In processing contract, main objects are materials and processing products that are moved across the border.

**Conditions of the contract**

The beginning: number of contract, name of contract, name and address of transactions, nationality, telephone number, bank account of processing receiving and booking parties.

Name clause and a number of finished products: name and number of finished products must be written specifically, exactly to avoid confusions and ensure the accuracy of product.

Clauses of quality and specifications: Terms of quality and specification are written in meticulous detail in processing contract or same as an agreement of two parties which is identified by text of product quality testing agency.

**Clauses of material:** Regulations of material must be specific in kind of materials, name of materials, and amount of material. And consumption of raw material rate.

**Clause of price:** In international processing contract, the price must be in detail, corporeal and specific for different products and different stages.

**Clause of payment method:** Normally in a processing contract for other countries, they use payment method by strong currency and follow L/C.

**Clause of contract penalty:** This is the sanction clause which ensures for contract implementing.

**Clause of referee:** This is a very important clause which is a basic for determining competent authority in dispute resolution.

**Clause of effect of contract:** Regulations of conditions and time for contract when they begin have an effect and expire.
Organizing processing export product

The specific tasks that company makes products for export processing must be carried out depending on the specific contract. Normally after contracting, company must conduct as following: Import permit, Open and check L/C (for case using payment by Letter of Credit), Organizing delivery, Cargo Chartering (or Charting Trust) is under conditions specified in the contract, Doing customs procedures (Processing receiving party has to declare on the declaration paper of goods for customs inspection), Delivering to the ship or cargo transport agents, Doing payment procedures, Complaints and resolving complaints.

Summarising about currency textile and garment export processing market of Vietnam

Domestic market

The domestic market is not small for domestic manufacturers. It will be one-sided if manufactures just focus on the foreign market while the domestic market is not taken care. It only creates a chance for foreign goods pour in.

Foreign market

EU market: the EU market is one of the big markets of Vietnam. Every year the EU imports more than 80 billion USD of clothes. Vietnamese businesses must compliance regulations for not damaging relationship between Vietnam and the EU, however.

Asian market: In Asia, Vietnam has a business relationship with other countries like Taiwan, Korea and Singapore. The companies from these countries are processing booking parties and also brokers between Vietnamese and European customers. They usually buy textile and garment from Vietnam for re-exporting. (Voer 2014; Doko 2012)

2.5 Necessity of promoting export processing of Vietnam garment products

For developing countries like Vietnam, the country economic development strategy is based on available resources is textile economy uses not much capital, but many labourers and these labourers are not required to be well-educated, so this is suitable with actual conditions of Vietnam. Textile export processing will bring advantages to the
country and also help improving managing level and approach to modern business form which is creating more conditions for businesses penetrating to the international market. With those reasons and with the present condition of the economy and lacking of capital problem, lacking of technology, textiles and garment export processing is necessary.

Above is the basic reason to see that developing textiles and garments export processing in Vietnam in present stage is necessary and inevitable.
3 Export Processing in MAIDUC Company

3.1 MAIDUC company overview

The process of formation and development

The company was established by the decision of the company board which is attached by organizational charter and organization of the company. The decision has been affected since 14-2-2005.

Types of business: Mai Duc Company is a private enterprise and organized by the government business regulations, regulations and organizational charter of the company.

Company name:
Vietnamese trading name: CONG TY TNHH MAIDUC VIETNAM
International trading name: MAIDUC VIETNAM COMPANY LTD
Headquarter: 7B7 Hiep Phuoc, Nha Be District, Ho Chi Minh city, Vietnam
Telephone: +8439752647, +8437818756

The process of the company development:

Mai Duc Company was established since 2005 with 100% private capital. Before 2005, Mai Duc Company was just a small factory without trading name but then invested in the new factory with more employees and machines. Thanks to the new factory, the company started finding more domestic customers and also foreign customers.

From 2005 to 2010, the labour force of the company was changed because the company invested more than 200000 USD for training the employees and 250000 USD for new machines.

From 2010 until now, the company has been invested in extending the factory which contributes to the company productivity and more jobs for workers.
Company organizational structure

The responsibilities of each department in the company:

*Director:* The director is a leader of the company and the takes highest responsibility in managing the business organization of the company. The director is also the one who directly takes care of the employee organization and the finance of the company.

*Deputy Director:* The Deputy Director is the one who helps director to manage the business organization, to take care of ensuring production process, planning for the input factor of producing process.

*Organization and administration department:* This department has responsibility for advising the director about the employee organization, salary, security, regulation.

*Financial Accounting department:* This department has responsibilities for advising the director on managing assets, capital based on the business management regulations of the government and the company.

*Business plan department:* This department helps the director to determine the business and production direction in each period and to control production business organization in the company.

*Technical department:* This department helps the director on technical and model issues to create contracts.

*Factory:* there is one factory with nearly 150 workers who are organized for producing products based on the company's regulations on technical factors, product quality and delivery time.

Company functions and duties

The company has responsibility manufacturing garments based on a plan and planning of the company and the needs of the market: From investment to supplying, product consumption, importing material, accessories, machines, and other goods that are related to garment products. The company cooperates with the domestic organization
and some foreign countries, researching to apply new technology and technics, training managers, employees who are implementing production business activities following the law and company tasks.

The duty of business activities of the company:

- Making a development plan. It is a five year plan and one year plan which are suitable with company tasks and needs of market, contracting and organizing implementation contracts are signed with partners.

- Implementing responsibilities for workers based on the labour law and union. Implementation on protecting the environment and resources and national security based on the government at law.

- Innovating technological modernization and management methods, renewing the technical equipment of the company.

- Doing statistical reports, the accounting following the period of the government and the company, and taking responsibility of those.

- Being checked by the company, following the regulations of finance inspections, by the department and government based on law.

**Company notable feature**

*Spending reports in recent years*

Recently, an operative situation of the company has been unstable and it depends much on the international market economy. Table 3.1 shows clearly that turnover increases from 2009 to 2011 but decreases in 2012-2013. However, this turnover level fluctuates slowly and unstably, and it is affected by the international market economy.
TABLE 1 Results of company’s business and production (Financial Accounting Department of Company)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (million VND)</td>
<td>20200</td>
<td>25150</td>
<td>30849</td>
<td>17258</td>
<td>22035</td>
</tr>
<tr>
<td>Budget (million VND)</td>
<td>211</td>
<td>248</td>
<td>588</td>
<td>247</td>
<td>151</td>
</tr>
<tr>
<td>VAT (million VND)</td>
<td>56</td>
<td>55</td>
<td>355</td>
<td>36</td>
<td>41</td>
</tr>
<tr>
<td>Total income (million VND)</td>
<td>6970</td>
<td>7715</td>
<td>8755</td>
<td>8241</td>
<td>8432</td>
</tr>
</tbody>
</table>

Business export product

Mai Duc Company Ltd is permitted to produce, import and export garment products. The main implementation of the company is to make processing garment products for market. The garment processing products are a higher rate in the domestic market, then leather goods and wool carpets. Moreover, the company also produces its products for domestic direct sales.

The characteristics of main products: three kinds of products

**Garment and leather goods:** These products require accuracy on specifications, models and quality but low processing fee compared to foreign products.

**Wool carpets:** This product is mainly a unique and traditional product of Vietnam. Besides, there are some products made by customer requirements which have features that are same for exporting.

Nowadays, the company is looking for itself a new direction which focuses on the main products. Step by step, the company meets the needs for itself about material by purchasing from domestic market. The problem for the company now is researching the market to ensure that company products are accepted in the market and are competitive with other companies.
**Business location**

Mai Duc Company is operating in the whole Vietnam and some Asian countries. In the domestic market, customers are other companies which provide raw material for the company. In foreign countries, the company has some business relationships with Korea, Taiwan, and Singapore.

**Production and business methods**

Nowadays, the company mainly exports its products by direct export methods in two forms:

- **Form 1:** Processing from imported materials (this is the main business form of company)

  The company makes contracts with customers, then receives the material, organizes production and gives back finished products for customers. Even this form brings to company low profit (processing fee, packaging fee and other accessories fee), it helps the company to get used to approaching the foreign markets to get used to new modern technology and machines.

- **Form 2:** Processing without imported materials (exporting directly under the selling FOB form, buying material, then selling the finished product)

  In this form, foreign customers book and make contracts with the company, based on specifications and models from customers, the company will buy materials by itself, then produce goods and then sell them to customers. Exporting by this form brings to company high economic effectiveness. By the way, the marketing of the company is still limited, not typical and it has a low proportion in the company turnover.

The development direction of the company in the next few years: the company will step by step try to enhance the turnover proportion of selling with FOB price in the company turnover.
3.2 Actual situation of MAIDUC export processing operation

3.2.1 Processing export value of garments

TABLE 2 Processing value of Mai Duc Company in recent years (Financial Accounting department of Company)

<table>
<thead>
<tr>
<th>Processing value (USD)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,542,746</td>
<td>2,049,400</td>
<td>2,632,150</td>
<td>1,600,504</td>
<td>2,015,115</td>
</tr>
</tbody>
</table>

As shown in Table 3.2, the garment export processing value of the company was stable with the turnover that was approximately 2 million USD per year. In 2009, the garment export processing value of the company has the lowest because of the domestic and world economic crises. This reason affected much area economy, the economy of the area went slowly down and this lead to the decrease of salaries and shopping needs and garment needs. This also affected to the export processing operation of the company because the main customers of the company were from Vietnam and some from Asian countries. After that, the economy was better and made the garment export processing value of the company to go up and until 2011 with the highest value at 2.6 million USD. In 2012, the processing value decreased turnover to 1.6 million USD because of domestic crisis. In 2013, the turnover value of the company increased again to 2 million USD. With this development, it can be predicted that the garment export processing value of the company could reach to 2.2 million in 2014 because the economy has good signs of development and one reason is that some Asian countries have garment industry like the Philippines, Indonesia, India has the unstable political situation so customers would change to politically stable countries like Vietnam. The processing value of the company is always bigger than the direct export value. Because the company does not have a Marketing department with modern equipment so advertisements on the company and its products are not effective. This leads to export activity which is not positive and its value is negligible.
Processed commodities

TABLE 3 Main processing products of Mai Duc Company (Financial Accounting department of Company)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-shirt (pcs)</td>
<td>400350</td>
<td>382265</td>
<td>354361</td>
<td>351326</td>
<td>324445</td>
</tr>
<tr>
<td>Jacket (pcs)</td>
<td>359960</td>
<td>374497</td>
<td>359980</td>
<td>333331</td>
<td>329856</td>
</tr>
<tr>
<td>Pants (pcs)</td>
<td>1331</td>
<td>3100</td>
<td>1500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Through the data of the garment processing products of the company, it can be seen that T-shirt products have always high quality and processing value and this is the main processing product of the company. In 2009, number of produced T-shirts got a highest with nearly 400000, it has been decreasing until 2013 because the speed of the economic development was slow and the unemployment was increasing.

The second highest product is a jacket with stable quality of 350 thousand per year and its main customers are in the domestic market. In 2013 the fluctuation of the domestic economy affected the production business operation of the company. From 2012, the company cannot get any processing contract of pants.

Markets and customers

Recently, the main processing market of the company is Taiwanese market; this is the important market and has high proportion. Taiwan is the market mainly for T-shirts because this is a commodity which has high processing value. Korea is the second highest market of the company. This market involves trends to new jacket fashion with variety types of wearing.

TABLE 4 Processing market of Mai Duc Company (Financial Accounting department of Company)

<table>
<thead>
<tr>
<th>Market</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan (USD)</td>
<td>355162</td>
<td>240034</td>
<td>346313</td>
<td>316131</td>
<td>301023</td>
</tr>
<tr>
<td>Korea (USD)</td>
<td>71321</td>
<td>41113</td>
<td>107112</td>
<td>113110</td>
<td>106123</td>
</tr>
<tr>
<td>Others (USD)</td>
<td>32109</td>
<td>56601</td>
<td>30040</td>
<td>18213</td>
<td>70013</td>
</tr>
</tbody>
</table>
In Table 4, the statistics show that Taiwan is the main processing market of the company and every year its this market proportion is double than other markets. This market takes a very important position for export processing activities of the company. The second biggest foreign customer of the company is Korean market. The Korean market is the market which has high processing value and has been stable in recent years. Other markets are playing important roles for the company as they are big foreign customers and support processing goods for the company.

Recently, the company has created some new and long business relationship with more foreign customers with high potential. Some of the main foreign customers who have needs with the company are Woobo (jacket) and Yamat (T-shirt).

**Form of processing**

The processing form of the company is “receiving material then giving back a finished product”. When doing processing, the processing booking party gives to the company enough material like fabrics, buttons, PE bag etc, and also takes care of auxiliary material but negligible.

In recent years, the company is doing both forms of processing: it exports after processing and it exports directly under selling FOB. Even exporting after processing form brings to company many disadvantages, it is still necessary for the company these days. This can be seen from this table below:

<table>
<thead>
<tr>
<th>Processing form</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing (USD)</td>
<td>1525313</td>
<td>1878890</td>
<td>2315766</td>
<td>1303611</td>
<td>1657029</td>
</tr>
<tr>
<td>FOB (USD)</td>
<td>17433</td>
<td>170510</td>
<td>316384</td>
<td>296893</td>
<td>358086</td>
</tr>
<tr>
<td>Total (USD)</td>
<td>1542746</td>
<td>2049400</td>
<td>2632150</td>
<td>1600504</td>
<td>2015115</td>
</tr>
<tr>
<td>Proportion (%)</td>
<td>98.87</td>
<td>91.68</td>
<td>87.98</td>
<td>81.45</td>
<td>82.23</td>
</tr>
</tbody>
</table>

As seen in the table, the role and position of exporting after processing form of the company can be seen strongly. In 2009, the turnover of the company of this form was 98.87% and it decreased to 82.23% in 2013. Even though the proportion of this form went down, it still has a big proportion of the processing value of the company. This thing helps the company confirm that in the near future the exporting after processing form will be the main operation of the company.
3.2.2 Searching contract and contract performance

**Searching contract activity**

- Commerce and Vietnam Industrial Chambers

Commerce and Vietnam Industrial Chambers are non-government organizations which represent enterprises of all economic sectors and business associations in Vietnam with purposes of protecting and supporting enterprises, promoting international business relationships, commerce and science and technology between Vietnam and other countries. Their activities include: patch working and introducing customers, improving information, guiding and counselling for enterprises, organizing researching and surveying markets, fairs, workshop, advertising and other promoted activities.

Mai Duc Company is involved with commerce and Vietnam Industrial Chambers for getting introduced to foreign customers and contacting customers considering and making contracts.

- Department of Commerce

Department of Commerce is a government organization which has functions coordinating commercial activities in the domestic and foreign market. Department of Commerce contacts commercial counsellors on abroad for researching and discovering markets, creating dealings, incorporating customers and companies.

- Patron customers

The company now has built some relationships with foreign customers who have needs of booking processing with regular and large volume like Woobo and Yamat. These customers have a need of booking processing regularly, but they also introduce new customers to the company.

- Fairs and exhibitions

The company can introduce its products to customers, if customers feel that they have needs and if they are ensured of the quality of the products, they can make processing
contracts with the company. This is one of the market penetration forms which is effective. It helps the company in trade promotion and product branding quickly.

Processing implementation process

- Researching markets and applying for quotas

When conducting a business deal, the first thing is researching the market and applying for a quota of that market. The market research helps the company to get necessary information about that market and it also shows that the market quota or non-quota. If that market does not have a quota, the company has to apply quota from the Department of Commerce. If quota is not enough, the company can do export by entrusting to another company. When researching the market, the company must get information about the market capacity, competition conditions, tastes and product styles. The company also researches its product materials and costs for avoiding pressuring prices while contracting.

- Researching and choosing customers

The customer research means to seek stable, reliable and legitimate customers. The customer research focuses on: business attitude, historical development, financial capability, field operations and reputation in production and business activities. Researching and choosing customers help the company to have suitable business methods and avoiding risks. For example: because of the new customer has no reputation, the company has to use a safe payment by credit letter with no midway cancel.

- Transaction methods

The company uses both transaction methods: indirect method (through communication means like letter, telephone, fax, email) and direct method by meeting (organizing negotiating and contracting).
Orders

It is a request from a foreign customer for the company about renting processing with conditions stated in the order. For garment processing products, an order usually has two parts. The key clauses are product name, volume, processing fees, delivery time, packing etc.

Sample sketches and indicator are sketches of good samples attached with detailed measurements for producing products. For example: measurements of chest, belly, width etc.

Negotiating and contracting

After receiving a order from a foreign customer, the company will research if it can be accepted or not, which conditions can be accepted and which conditions needed to be negotiated for being adjusted. Two parties agree all conditions by signing to the contract. Processing contract includes main clauses of clauses that two parties agreed. There are main clauses in garment processing contract:

- Quality and delivery day
- Name and processing fee of each product
- Responsibility of supporting material and accessories
- Clause of bank
- Clause of payment: two parties will do payment by sending money or Letter of Credit.

Considering and signing contract

- Purpose, scope of application
  - Purpose, scope of application

The contract aims to ensure that all requests of the customer are considered clearly and fully and to consider the ability of the company to satisfy customer demands and bring back the highest effectiveness for the company.
Scope of application

The considered contract applies to export processing contract, retail processing contract and FOB contract. The considered contract is conducted at the import-export department (for processing contract), sales marketing department (for FOB contract) and related parties (if needed)

Content

The import-export department is responsible mainly from contacting the customer at the end of the contract.

- Receiving customer's requirements

The officers who have responsibility receive a requirement from the customer by non-text (communicated by phone or face to face) and use a note for receiving a requirement and this note is numbered for tracking. In case customers send their requirements by text (fax, email), the company uses that text like a note of customer requirements by numbering and saving to a file.

All information that the company leader or department head receive related to customer’s requirements are informed for the company officers by writing a note or sending customer’s requirements for the officer to be saved and filed. If necessary, the head of the department or an officer sends the copy of the note to the related department for joining and considering. The officer will sign to the note and the import-export department conducts and considers ability to meet requirements of customers.

- Ability to consider and calculate of the company to meet contract

The officer in the import-export department will consider contents of contract, which are suitable:

- Name of product, quantity and kind type of goods.
- Unit price and the value of the product
- Supplying market and consumption
- Time of receiving materials, delivery conditions, copyright and trademarks (of processing booking party) and delivery time.
- Voucher of delivering material and goods including: B/L, P/L, INV, C/O
- Sample production: customer sends technical documentation or sample production and meeting ability of the supplier.
Based on customer’s requirement and meeting ability of the supplier and technical condition, the import-export department and technical department identify and produce a sample.

- Payment condition and time
- Problem solving disputes: conditions arising toward dispute resolution are under the law and the specific arbitral tribunal

After the officer has considered all clauses in the contract, the contract can be stamped and the head of department signs it and sends it to the director of the company for approval. For customer has request of quotation, the company has to change to the next step is to offer quotes then the company can go to the step of editor and contracting contract.

- Offer table, quotas

The company gives to customer offers which are based on customer requirements and ability to meet them; price, samples. Then the offer will be signed by a person in charge and approved by the director. After receiving an offer from the company, the customer can have one of the two decisions:

Accepting the offer: the company can go on to the next step which is drafting a contract.

Accepting with condition or no accepting: the company will consider an ability to meet the company and remake offers, or announce to company leader to consider, to approval or to cancel the offer.

- Drafting a contract and contracting

Drafting a contract or content of contract is drafted by consent of the company and the customer. If the customer drafts a contract, the company will check all contents and conditions that two parties agreed and if the company does not accept, it has to consider and deal with the customer again.

The content of the contract drafted must be checked by the import-export department check again and sign and then signed and given.

The director or trustee person will sign the contract. In case that director and trustee person do not agree with the contract content, the person who made the contract have
to check it again and continue to make contract until it is suitable for the director or trustee person give out final decision (signing or cancelling).

- Tracking

After signing the contract, the company has to open a monitoring book for tracking the contract. The officer who takes care about those goods will keep the one original monitoring book. There is one also for the officer who takes care of customs procedures, and copies monitoring book for the company leader and related units in the company.

- Amendments

After contracting, if there is some arising requirements or something is not right with the signed contents in the contract, it will appear an amendment or additional needs for the contract. There are two cases that can appear:

Acceptance case: The company has amendment requests that the customer accepts so the company officer has to collect and record those requirements (of the company or the customer) into an amended requirement book with signature of a person in charge and approval of the company director. After the two sides agreed with those requirements, an official of the company will draft an amended requirement page together with two signatures of the company and customer. Then the company modifies amended requirements into the monitoring book and also takes a copy to be sent to the company leader and related units.

Acceptance with condition no acceptance: an officer has to prepare an amended requirement paper, and then to show to the company leader for a signature and go on to drafting an amended requirement text until the final decision. When the text is signed by the company, the officer has to modify the monitoring book and send a copy of those for the related department like the company leader and related units. In case that the officer will not make an amended requirement text if customer requirement is in text which not related to price, product name, orders, category.
3.2.3 Process of processing contract implementation

- Production planning

  - Production plan includes: year plan, quarter plan and month plan. These plans are made by the import-export department and their means are:

    - Year producing plan is a plan that has a general orientation following business producing development purpose of the company in a year.

    - Quarter producing plan is a production plan that has the direct effect, in a short time period and details.

- Common base for planning

  - The development direction of company
  - Ability to sign contract with customer
  - Ability that quota can bid
  - General Price level for each product is likely to be signed
  - Development trend of market, product demand
  - Production capacity of the company and production material which can be mobilized

- Planning department

  The year, quarter and month production plans are made by the director

- Effect

  - Year production plan being planned is the common production target of the company in a year and is a direct report for Vietnam garment company and the industry and relevant departments.
Quarter production plan is made for the company report (to grasp the development direction for the immediate future) and bank report (it is a basic thing for banks to borrow money which is used for production and business).

Month production plan is operational plan and a basic thing for the company to organize implementation for signed contract, and this is sent to all departments in the company for cooperating and coordinating implementation.

- **Plan adjustment**

  - Plan adjustment is usually used for two plans: Year production plan and month production plan.

  - Year production plan: Because of some reasons belong to common basic for planning which have big chance making overturning to originally expected of the company and that makes company has to change production policy, product production, production structure. In this case, the company will consider to overcome. If the company cannot overcome, the company will, based on current situation, make a new production plan and report to the director about the adjustment decision.

  - Month production plan: there are some reasons and subjective situations (Customer changes delivery time, material, symbol or bad effects of weather) or objective situations that the company has to change the production plan, production schedule and delivery, the import-export department have to notify and negotiate with the customer about related problems for adjusting the production plan and these problems have to be approved by the company leader.
o Production preparing

Production preparing is the important step because it is a decision in the production process. It ensures the process to be conducted synchronized, rhythmically and continuously and ensures the effectiveness of the production process.

Technical documentation: It includes customer requirements which states the name of good, code number of good, quantity, size, colour, amount of material, price, symbol etc. Technical documentation requires that the company has to comply strictly instruction requirements of customers so it can ensure to satisfy the agreement of two parties in the contract.

Technical documentation is sent by customers to the import-export department. Then it is sent by this department to the related departments of the company, but first it is sent to officers who take care of the technical production of the company.

- Production order

The production order is detailed of production plan which requires the production department to implement production like what type of good it is for producing, the number needed for producing, amount of material, and time of delivery. Production order is signed by the import-export officer, then sent to the departments. During deploying the production order, if there is nothing changed, that production order is an official form. If there are some changes, there must be a new production order, and the old production order will be cancelled and taken back, the officer will save the old order, however.

The order of orders will be numbered by 1,2,3 etc. And together with a letter (A). For new orders, they will be replaced letters in order (B), (C), (D) and keeping the number. In case that production order changes very little, the company will not change the production order, but attach to it a message for other departments to know.

- Considering some problems belonging to technical documentation

After having an order of production, an officer of the company sends the original sample to the production department for determining accessories. When the cloth arrives to the
company ware-house, the company starts to balance and identify amount of accessories for production (in case of lacking and getting agreement of the customer, the officer of the company will identify the amount of accessories needed to be purchased).

For FOB goods, the company has to identify paper sample, specifications and material norms. Then the company has to make a plan of purchasing materials before contracting FOB. After contracting FOB, the company has to complete purchasing of materials based on demands and compliance to the purchasing process.

After receiving the cloth, the company has to identify colour of cotton yarn and then make a colouring table.

- Tracking progress of material receipt

First, the company has to complete all customs documents and make copies of the necessary ones which are related to import like P/L, a colouring table for serving production and notifying the time to serve production, equipment and receiving.

When receiving the cloth, the company has to start receiving cloth compared to P/L, colouring table and quantity of imported good quality. The company makes necessary import documents like an import record and maybe requires for assessment if there is a lack of much import cloths. It also notifies to the customer or supplier for timely adjustment.

Even materials are imported enough or not, the company has to balance materials for production.

- Balancing material in production

Balancing material is a continuous balance process from preparing material to finishing production process, ensuring the customer’s requirements.

When the cloth is in the company warehouse, the company has to take the date of material for balancing between imported material and production demand of each product type. The company has to review and approve for producing and also notify the customer and supplier for basics, if there are any problems.

After balancing and notifying the customer or supplier, the company can give production order decision, if there are enough conditions or cancel production order, if there are not
enough conditions. This has to be approved by the company leader and customer agreement.

- Deploying production orders
  - Tracking production schedule

The company usually gathers dates on the production line and tracks by paper form of each product. If the production schedule is low, the officer has to find out reasons and notify the leader of the company for timely resolution.

- Collaborating with customers

The company has to always collaborate with the customer for solving problems during implementing the contract.

- Collaborating with domestic (related departments)
  - Departments serving production department: transporting materials, selling final products, supplying packages, information about packaging, printing.
  - Technical department: about norms, specifications, designs.
  - Production department: about requirements of packaging and details of packaging final products (P/L).

- Completing contract and delivery export final product

  - Export procedures

Implementing customer procedures such as registration of material consumption, export declaration, P/L, customs fees, delivery procedure.

Contact to carriers (air or sea) for the delivery date, coordinate for container also. The company has to make procedures of product certificates, payment vouchers like E/I, C/O, B/L and related documents which are requirements of the contract, customer and regulation of L/C, of payment bank.
Export product delivery

Based on the production schedule and delivery time of the customer, the company makes a list of orders and customer requirements as a guide. The company makes a packing list and sends it to a packaging company. After packaging, the company makes a real packing list and sends it to an officer who takes care of packing checks.

From the basics of delivery guide, the company negotiates directly or indirectly with carriers details about the export invoice: name of product, quantity, delivery time, place of export point, requirement of carrier are confirmed by a booking note.

From the booking note, the company has to complete the export documentation and to send it to a customs officer in Saigon for applying an export declaration.

Export declaration includes three export documents and attachments for customs, then are customs declaration (typing three declarations) and custom attachments which are appendix contract, three packing lists, delivery guide and a norm paper of exported order.

All documents above have to be shown to customs and a customs officer gives declaration for export and also makes customs procedures and registers checking date and notifies the company about it.

The company has to:

- Make an invoice for export shipment. It is sent to the production department.

- Based on export shipment, the decision of transportation and export shipment contract are registered and the company can ask for a container for a packing at the company or the harbour.

- Give the booking note by fax for the officer's company at the harbour for renting a container.

- Prepare transportation, and people for loading and preparing the delivery.
- Take notes for the tracking details of shipment: product name, quantity, number of shipment, unit price etc.

- If the company receives a delivery order by aeroplane from the customer, the company has to contact the sea carriers for getting permission from it.

- Give a packing list to specify the delivery for the port affiliate then open the declaration and send the packaging company the export declaration.

- Make the export documents following E/L, C/O and P/L

- Prepare transportation and loading crew for delivery procedures.

- Take notes to the monitoring book about the shipment of the export product details (name of product, quantity, unit price, number of shipments) for tracking.

When products are on the ship, the company will make the export document based on the customer’s requirements. It usually includes: Commercial invoice, packing list, bill of landing, export license and certificate of origin.

For storing the document of export products, the company has to send one document paper for the customer. The company will keep one copy of those and the original document will be sent to the bank if the payment is done through the bank.

  o Implementing assertively contracts with customers, according to the terms in the contracts.

  o Implementing assertively with customs

  o Post-sales

After sending the final products to the customer, the company has a responsibility to contact the customer for the result of the delivery which is based on signed terms such as time, quality, quantity, etc. If customers give any feedback, the company has to take note of it and show it to the company director. The director of the company will consider customer opinions. If those are right, the company has to solve if there are any problems, and answer to customers.
3.3 Evaluating MAIDUC export processing operation

Benefits from export processing activities

Mai Duc Company is doing export processing according to two forms: processing and definitive purchase. Nowadays, the company is almost using processing only and the definitive purchase proportion is very low, but this is the new way that the company needs to strengthen. The export turnover always gets a high proportion in the company turnover.

TABLE 6 Export sales in company’s total sales (Financial Accounting Department of Company, 2014.)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial revenue</td>
<td>21045</td>
<td>18978</td>
<td>20227</td>
</tr>
<tr>
<td>Export sales</td>
<td>20150</td>
<td>18011</td>
<td>19391</td>
</tr>
<tr>
<td>Domestic sales</td>
<td>696</td>
<td>989</td>
<td>657</td>
</tr>
</tbody>
</table>

In the export turnover, the turnover from processing is high proportion and the direct export activity is negligible. Now, the company products have been exported to some foreign customers who include new and loyal customers. That is because of the preparation, the improvement and the right investment in equipment, factory that are enhancing productivity and quality aiming to customer’s create. There are some regular customers who put their trust in the company and usually book their product from the company.

In Table 5 above, it can be seen the following:

The definitive purchase method helps the company increase profit and experiences in doing international business which is an impetus for the company to go to direct export. In currency, all products that the company is processing are almost from the Korean market with the biggest proportion being approximately 30%. Besides, the company also tries to expand its markets to other markets like Taiwan, Japan, and South East Asia.

Recently, with the continuous effort of the whole company, the company has gotten certificates from the city government about contributing the development of Vietnam economy and a certificate about the company quality. These are important things
helping the company to expand and penetrate difficult markets like Japan, EU, and America.

In passing years, the company has built a good labour crew with good experiences and in the next few years the company will continue to recruit more labour which has good ability and experiences improving effectiveness of the company’s import-export business. The company now has good labour force with high level of technical’s skills for implementing difficult orders which require a high level of product quality.

Existing limits in export processing activities

The company has been established not so long ago, but it has always continuously risen, confirming the position of the company in domestic and foreign markets. The company has staff with professional knowledge and skilled. They understand the market and can coordinate closely stages from negotiating with customer to contracting clauses in the contract, ensuring quality and delivery. The company has advantages about having enough facilities for production and the reputation for contracting easily. The company also knows its own advantages in each department, specific tasks, the source of high quality garments, ensuring of suitable price and quality.

Until now, the company had its own position by developing fast and creating many jobs for workers, being in foreign currency for the country, joining in the international cooperation process, setting up a specialized industry on the national scale. All those are contributing to the industrialization of the nation.

Through analysing actual operating situation of Mai Duc Company garment export processing, there are still some limits needed to overcome. These limits are not only in Mai Duc Company but also they are limits of other garment export processing companies in Vietnam:

- The ability to capture market information and business opportunities are limited, they are poor marketing capabilities and no policy of effective communication.

- Developing only in width, not depth. The work of improving and diversifying products is limited. The products are not variety and premium products are very low proportion or do not answer to demanding customer requirements. The processing method has high proportion but added-value of processing activity is low.
- The treatment regime for workers is not suitable, especially for skilled workers, and it leads to the worker situation always be confusing because these workers find other places with a better treatment regime.

- Liquidating contracts is not solved. In case that there are many contracts and they are over time or no indefinite time, then it creates many disadvantages for liquidating contracts. For example, if the company cannot solve the problem of materials because of many continuous contracts, the customs have to stop doing free tax import procedures for shipments of the new contract and it is leading to difficulties for implementing processing contracts.

Handling excess waste when liquidating contracts: This is a difficult problem. There is not a suitable solution for handling waste after liquidating contracts like a rag, label, and final substandard goods and excess wastes. For these substandard goods, the processing booking party asks for re-export and leaves the company without a fee. The problem is that the company does not know what to do with those goods and it is also paying the import tax. There are some opinions from the company like destroying those substandard goods in the presence of the customs, but it costs a lot fee and also harms the environment. In case those are given to the charity, it also takes much time and many procedures.

- There is not an initiative in choosing customers: In export processing operation, the company does processing based on the booking orders or orders given by Commerce Department so during finding and contracting contracts, the company does not have an initiative leading to high effectiveness in business. (Muasamcong 2014; ThuVienPhapLuat 201)

**Existing causes**

**Subjective causes**

There is no close collaboration between businesses (textiles and garments) in mining energy, devices and product consumption; there are still competition in domestic market, and no support between each other. They run for their own interests.

The effectiveness of using invested capital is not high. There are many unprofitable companies and some companies are not willing to invest. There are many things that have to be consolidated like production management, equipment management,
management, environment management. There is no linkage between company
departments with other local business fields. Even domestic products are good enough,
but they still are imported from other countries.

The export market is based on quota; domestic garment products are not strong enough
to compete with imported products and products of foreign companies located in
Vietnam.

The implementation of researching and expecting market is not focused; there is no
marketing department in the company with modern equipment and skilled staff.

The implementation of managing the plan and production is not solved radically. Saving
costs leads to high production price, but decreases profit. The coordination of the plan is
not rhythmic yet, so the stages in the chain are not continuous. This leads to longer time
in production and lower productivity.

The company also designs models for introducing the business to customers when
marketing. The company does not focus on promoting its products and finding new
customers so the thing of getting enough information for identifying correctly the product
to be selected is overlooked; that is also one reason that limits the work of enhancing
effectiveness in the company production and business.

Objective causes

In recent years, Mai Duc Company has had a stable situation, because Vietnam is
opening up and integrating with the international market helping the development of the
company. There are many events such as the USA and the EU contracting some
business with Vietnam, joining to WTO, Asian which contributes positively in producing
textile and garment products. Besides, Vietnam receives many benefits from joining the
WTO like having normal commercial rules, decreasing taxes, etc. This is an opportunity
for the company to reach the potential markets. Because of these opportunities, garment
and textile production are continuously going up, because the company knew how to
use the opportunity of opening the economic door by the government and so the
currency crisis did not affect much on the quantity of the company is export products.
However, the turnover of the company production decreased because some countries
were affected by the economy crisis so they cancelled orders and this made some
difficulties for the company.
Here are some reasons concerning the external business environment of the company:

Competition in the domestic market and Asia is more difficult, because of low production price.

Resources for garment are mainly bought, and processed in production factories causing high prices, no initiative, and limited effectiveness of production and business.

The garment industry is processed for foreign countries so turnover is high, but actual currency is low. The domestic market is unstable, passive and there is price pressure. Foreign products are still getting high proportion in the domestic market.

Especially on the free-quota market, the export operation of garments is unstable because of reasons such as: products of the domestic market are not suitable with tastes of customers, the operation method is mainly export processing, organizing of information and marketing net in foreign countries are not good, some markets are not entitled preferential treatment, there are lacking of knowledge about procedures, differences in custom procedures and rules of other countries.

Because of commercialization trend, garments from abroad pour in from many sources: smuggled goods, tax evasion goods, second hand goods with cheap prices and a lots in the domestic market. This thing makes domestic garment production become narrow. Moreover, the garment business is still getting difficulties of input and output. In input, materials for garments do not meet enough the requirements for production because of low quality. So materials must be imported. Therefore, it is really passive, not synchronized and have limited multifaceted times. In recent years, the price of processing has decreased. The productivity of garment business is still low. In output, some countries are still limited about quotas, and the domestic market is competed hard by smuggled goods.

On the micro management, some current policies do not create conditions for producing garment operations. They cannot compete
with price on the market, or double taxation tax. The government has not have incentives for loans or free or reduced tax for loans of development textile and garment business. That is why new investment projects and big capital cannot be deployed because it cannot be measured paying back loans and their interest.

The government has not had clear direction and has not specifically encouraged the development of textile and garment business. Loan and export procedures are cumbersome and also prevent export processing operation of the company.

The company is facing stronger competitors in textile and garment field in the domestic and foreign markets. For example, China has very developed operations of textiles and garment business. Its products pour in Vietnam and have more advantages of quality and price.

Above things and causes of export processing operation are relevant for Mai Duc Company and they are also relevant for other export processing companies in Vietnam nowadays. So finding out solutions for those problems and promoting export processing operation is really important. (Bui 2012; Tailieu 2013)
In the next few years, the operations of Vietnam textile and garment business continues applying the trend of the times, which is the inevitable in the international division of labour. Besides of economic benefits, the export textile and garment processing activities solve the employment problem for the workforce in the city and also in the countryside. It can be said that strengthening export textile and garment processing activities is the important step for preparing the implementation of strategy orienting export to the industrialization and modernization process of the country. Therefore, it is needed to improve the export processing activities for meeting above targets. From the analysis about the export textile and garment processing activities in Mai Duc Company, it is seen not only the achievements that the company has got but also there are still some disadvantages needed to be solved. Now, there are some basic solutions aiming to overcome those existing disadvantages and promote the export processing activities of the company.

4.1 Suggestions for the company

Promoting marketing, researching and accessing to markets

In the production economy, the market is very important and that is a factor, which decides the development and existence of the company. Expanding export markets, customers of the company also make the competition more difficult. The choices of companies increase, and so does the effectiveness of export operations, because expanding markets and finding more customers mean rising demands and supplies.

According to the rules of a good production, there is no concept of imposed computation for a need to allocate production, but the company has to capture the evolution of market for developing production following its objective rules. The company’s motto is orienting to export markets and also developing the domestic market. The company has to set goals for development strategy in Vietnam and also foreign markets to compete and rise better. Therefore, the developing garment market is really an urgent requirement today. There are some suggestions for the company to solve these problems:
First is a prestige product

Creating prestige for a product which can be consumed in the international market is very difficult and it includes sample, styles and quality. The company today is doing exporting products by two forms, which are export processing and purchasing materials and selling products. Export processing is contributing to create more jobs for the workers, but it has low effects. However, in the first stage of development, all companies have to undergo this form and it is also an opportunity for companies training itself and getting used to with the business form of the international market, from receiving materials to delivering final products. After that, the company can enhance itself to the higher form of export processing that are purchasing material and selling final products.

For achieving this higher export processing form, the company has to mobilize a force for investigating demands of the foreign market to create popular products, which are suitable tastes and organizing production following consumption progress of the market. If the company can do this, it can help to solve labour problems and contribute itself and other industrial fields to develop and also increase the effectiveness in a foreign currency.

Second is related to with big distributors who have a reputation. Thanks to their reputation, it can enhance the garment business of Vietnam and bring the Vietnam garment industry to a logical consumption channel, then penetrate and dominate other markets.

Third is to book for representation, to welcome garment product shops of the company in big foreign markets and, to build warehouses at big ports for timely delivery.

Fourth is venturing and cooperating with foreign entrepreneurs and Vietnamese that are living abroad for promoting export garment products to the international markets. There is one notified thing here is many Vietnamese living abroad are big bosses in some countries in the Middle East and Russia which are not small markets for company products.

Fifth is promoting of fashion style operation, training marketing force, strengthening advertisement, promotion, and propaganda which aim to sell more products. Service before, during and after sales creating convenient conditions for buyers help to win competitors and dominate the market. The company has to be soon integrated into the international market by developing and investing and re-organizing the garment export
activity according to the market mechanism, and the international quality management system by marketing, expo, exhibition, joining to the international textile and garment association and exchanging the international fashion.

To support and ensure the above operations, which brings the desired effects, the company firstly has to ensure its quality, specification of each product styles which are suitable with foreign customers. The company has to increase finding free-quota markets and have a product policy for each market. The thing about offering product policy for each market is playing the big role for consuming products, costs, prices and profits of the company. If the company has a right product policy, it will help the company raise its ability of intrusting and dominating the market, and increasing company profit, because the market will reflect all production and business operations of the company.

In the modern economy, the marketing is seen important for all businesses. Researching markets will bring to the company more information which is used for the company’s production and business strategy. Normally, a strong business is together with a strong marketing, therefore the company has to have a new look to marketing, especially international marketing and have an awareness of the importance of the marketing. It is used as the leading tool of business administration.

There are some methods for promoting research and forecasting markets:

The most important is to build a marketing crew with high capacity through a new recruitment, training for enhancing professional qualification.

It is also important to organize the marketing department with enough informational equipment, a modern informatics and to apply positively modern marketing technical management.

Promoting promotional activities, joining trade fairs, domestic and abroad seminars for introducing company’s products and strengths of the company in the export processing operation should also not be forgotten.

**Promoting venture activity**

Expanding more relationships with inside and outside companies in Vietnam will create more convenient conditions for the company in a production and business operation progress, and the company has to focus on the following things:
Venture of technology and economy between the garment businesses

Creating this venture makes the production and business and information exchange and cooperation of the company more effective. It helps the company closely with the production process, which aims to immediately solve difficulties and arisen problems during production, accept timely difficulties in production, accept timely products and built a reasonable price frame creating strength and stability in business in the international market. Besides, there are many customers who book for such orders that the company can not meet, so venture between companies together meet orders from customers is really necessary.

Business venture with foreign companies based on business cooperation contract

This is a method that helps the company to expand production scale, to attract capital and technology from abroad. Based on this method, a foreign partner will contribute a capital, a machinery, find customers and consume products. For the company, it will contribute a capital and labour and the profit is divided by an agreement. With this method, the company has a condition to attract capital, technology, advantaged management level from foreign countries, increasing profit and competition ability.

Enhancing business production ability

In recent years, through statistics, it has been showed that the garment export processing value of the company is stable with approximately two million USD per year. However, if the company wants to develop and compete with its competitors like China and other countries, the company has to enhance its production and business ability. This can be seen as the most important thing because it can help the company expand its production ability, enhance productivity and quality and create a healthy competition with other companies. However, this solution is difficult to be enforced, it requires suitable time and business method.

For enforcing this method, the company has to focus on the following things:

Innovating the equipment: it is difficult because it requires much capital. Moreover, when the company innovates its production, the company has to make its machines work continuously and avoid suspending because of lacking of work. In fact, the company is still lacking of machines for producing premium products. Innovating and buying machines will help the company to make products with high quality, which
answers to customer's needs and strengthens the competition. But on the other hand, it has difficulties that company leader should consider.

Planning and organizing appropriate production chain: together with innovation and buying machines for the appropriate chain, the company has to make a more thorough plan so that production plans do not wait for each other which can lead to decreased productivity and high product prices.

If the company wants to have an appropriate chain, it must make full use of its production chain machines; congestion in the production process should not be cause nor outages production chain. It should not be adversely affected to worker's health who are standing near the machines. The environment should not be polluted.

When the company installs the production chain, it must comply with the principles: laying out machinery suitably for continuous production chain and laying out workers suitably with each machine and production stage.

Improving skills for workers and give them a satisfactory treatment regime

+ Every year, the company organizes for workers improving their skills but it has not good enough to produce premium products for customer requirements. The company has to organize training for the workers who have not followed the company production chain, choosing the workers who have enough ability in fast production and also firing the workers who do not have enough ability in working in the company. The officers who are company managers must be well-educated enough with high professional qualification, and high responsibility for facing to the unexpected situations in doing business.

+ Company should have a suitable treatment regime which aims to make the workers close to the company and avoid brain drain. Because of the fluctuation of the market, the workers who are well-skilled usually find places with a good treatment regime for working.

Finding suppliers who can support the company in a stable way and have a reputation.

+ Nowadays, the company is doing mostly processing, but sometimes the customers also let the company import materials from
other nominated foreign companies or let the company buy materials by itself. This thing creates for the company the stable and believable material sources and create conveniences for the company to promote the definitive purchase method.

+ Researching and choosing good material sources helps the company response timely and accurately to the market demand, and doing timely the contract with the good quality. Procurement is the important stage; it is the first decided stage in production and business process and also show that the company has ability to develop in the next stages.

+ In garment procurement, a problem of choosing material sources is important. The company has to choose material sources suitably with the business condition of the company and the characteristics of the Vietnamese market. Therefore, the company needs to research and exploit suitable materials, even inside or outside Vietnam.

Developing partnerships

The partnership can be called as the intangible resources of the company. All policies of the company can be developed thanked to two sides: company strength and partnership that the company has built. For keeping that partnership, the company has to always keep reputation with its partners. It can be a fair attitude or a mutual condescension in the relations of production.

If the company wants to develop more, the company has to have solutions with partners. It can be like direct relation with processing partners. The company has to create these direct relations which mean bypass intermediaries, because all processing operations are signed through intermediaries to lead to divide the profit, so company’s profit will be limited. If there are no intermediaries, the company directly relates to the foreign partners and the profit that the company can get will be more. If the company wants to do this, it needs to:

+ Create products with reasonable models, suitable with the market. This is basic for the foreign party booking processing. The foreign party will be based on models that the company created for assessing the level of production, showing quality and those can meet processing demands or not. This requires that a model designer of the company must have a high level.
+ Expand relations with new customers. One customer can book processing in many companies in one country or different countries. This problem creates competition in attracting processing orders. Therefore, if the company has a few numbers of customers, there will be many cases of meeting difficulties in contracting. For the company, besides it is keeping relation with regular customers, the company must focus on relating to new customers. In recent years, Vietnam has signed the trade agreements with the USA and has opened one business opportunity for garment companies in Vietnam because USA is the market that has largest imports and diversified market structure in the world.

**Creating confident personals in international business**

The company wants to enhance the effectiveness in doing business and build the reputation in the market. So the company must have the smooth management, hierarchy with clear responsibility. When the company does recruitment, the company must choose who has professional qualification by holding a contest. Then the company can recruit the officers who have ability in business, adapting quickly to the change of the market, helping the company to avoid risks in business, capturing business opportunities, acquiring the new production technology and modern from foreign, analysing and evaluating the production and business situations, outlining the policy and appropriated action plan for the company.

One of the set out urgent requirements for the company is building a strong team for managing marketing, managing import-export and officers who have ability in organizing negotiation in international business. The company can choose one of the methods below:

- Organizing for the company officers to join some professional courses at business administration training centre or the domestic universities.

- Sending the qualified officers to study abroad.

- Hiring the experts for on-site training.

With a suitable training program, the company will have a strength manager team with the professional level and high responsibility for enhancing competitiveness in the markets.
Advancing processing proportion by definitive purchase, gradually step to direct export

Mai Duc Company is mainly doing garment export processing and this does not bring high profit to the company and it penetrates slowly into the world market. Processing proportion of the company gets high rate. This does not mean that it is not good, but the company has to identify that export processing is the temporary business activity and, in the future, the company has to penetrate foreign markets by exporting its products directly. For doing that in the future, the company has to boost now the processing operations by the definitive purchase form. This is the basic for the company who changes itself to direct export. Processing by the definitive purchase form helps the company to find material suppliers with stable quality and good reputation. On the other hand, this form makes the company always adapt to the change of the market, which makes the company officers advance their levels and also gives bravery in the international market. Therefore, doing processing by the definitive purchase form not only enhances profit for the company, but also is a basic thing for the company to reach out to direct export.

4.2 Suggestions for the State

Investing in textile, balance between textile and garment industries

Nowadays, the garment industry in Vietnam still does not meet enough demands set for garment materials. Almost all companies have to import materials from abroad; especially garment processing companies have to import nearly 100 per cent of fabric. So the development must be balanced between the weaving industry and the garment industry. It must be invested in the weaving industry by depth and form a cluster of weaving, printing and dyeing with a modern technology, which aims to meet the needs of the garment export industry. This depends on the development of weaving and the garment industry of Vietnam and if it wants to be implemented, it must follow this:

*Textile and garment industry must be given priority and considered as one of the key sectors in the process of the industrialization and modernization in Vietnam in the next few years.*
In few year turnover wise, the textile and garment industry would increase and reach the second highest position in the 10 product keys of Vietnam. It is expected that the speed of the development would increase about 10 per cent in the next four years and that is the high development proportion compared to other industries. Therefore, in later years, for the development of the industrialization and modernization, the textile and garment industry must be given priority.

_Developing textile and garment industry by modern and diverse product._

_The modern industry is the main factor that decides for the prosperity of one country or the strength of economic competition of one product. Vietnam only can narrow the distance with the developed countries and strengthen the national technology, approach and mastery the advantaged technology._

From that awareness, the textile and garment industry of Vietnam must be given priority to develop by the modern and diverse product way.

Later, together with the development of the nation, the demand of consumption will increase not only for the quality but also for the premium products. Following the consumer law, when the income rises, the rate for eating will go down and the rate of consuming other needs will go up including the textile and garment need. So together with the increase of population and income, few years later, the domestic market will be the premise for developing the production industry which includes textiles and garments.

For the foreign markets, if Vietnam wants to approach more successfully the more developing countries and dominate theirs markets, the textile and garment industry of the nation must be equipped with more modern technology so it can meet higher needs and diversity of the domestic and foreign markets.

All those factors require that the textile and garment industry must have plans of step by step modernization, a combination of alternation and modernization, also quickly absorb new technologies for decreasing distance of the backwardness.

_Developing the textile and garment industry by a direction of export and import substitution._

Directing strongly to export together with effective import substitution is the experience of many new industrial companies. That is the basic strategy of the industrialization process in the current world conditions. We have to advantage labour and resources to
boost the development speed of industries and the export of industrial products. This can be seen as the top target. The more export can lead to the quick economic development, effectiveness, stable and having more chances of the effective substitution.

The textile and garment industry in Vietnam is one of the industries that can do that. In fact, in recent years, the export strategy has got encouraging results, the turnover of this industry is not stopping to increase and thanks to foreign currency revenues, this industry has development condition to reinvest for modernization and boosting production.

Parallel to boosting the export trend, it must be combined with the import substitution commodities. The domestic market with the high population and the growing purchase power are the important factors that industrial production of consumer goods and the textile and garment industry have to serve, from normal garment products which are suitable for serving the majority of working people to premium products which are serving for the high income people. For doing this, the decision problem is enhancing competition of garment products in the domestic market and the foreign markets, based on enhancing the productivity, the quality and the effectiveness.

Immediately, it needs the coordination between manufacturers, researchers for choosing a suitable products which are being imported a lot and production capacity, technical level and technology of domestic businesses that can be met. After that, the domestic businesses can work together to focus on producing these products.

Nowadays, all garment products of the domestic market are competing intensively with imported products in price. Even though the imported products can have worse quality but cheaper price, the imported products can dominate a big market in the countryside areas. That is an important key that forces the manufacturers save cost, decrease price of products to compete with imported products.

_Developing the textile and garment industry must be together with the development of the agriculture industry and other industries, together with boosting the industrialization process, the modernization and the restructuration of Vietnam._

In the strategy of economic and social development from 2008 until now, the Vietnamese government is pointing that it must enhance the industrialization and modernization economy but the priority is the countryside industrialization.
Especially the textile and garment industry, is an industry that is using many material sources from agriculture industry like cotton, silk, etc. So in the strategy of the development, the textile and garment industry must identify its development orientation closely with the development of the agriculture industry.

During the developing process, the Vietnamese textile and garment industry is always passive about materials. Almost all materials must be imported including cotton that can be supported partial. Silk is not needed to be imported, but the silk production is limited in quality and quantity so it leads to the low export value. Therefore, if Vietnam wants to step stable and sustainable development, the textile and garment industry must create for itself a suitable and stable material base.

The development of textile and garment industry is associated with the development of other industries like chemicals and petrochemicals to create synthetic materials and artificial chemical, dyes. The mechanical industry creates machines from simple to complex for the textile and garment industry. Besides, it also helps the accessories and packaging industries to develop.

For doing these above moves, it has a special significance in building a system of development plans of industry and inter-industry, and creating a tight cross-link between the textile and garment industry with other industries and the agricultural industry. All these plans are needed to be coordinated, ensured symmetry, and fitted between them. Especially the agricultural industry must have plans for producing materials, processing and consuming its products.

If we can do these things, it can meet the development demand of the textile and garment industry, and also contribute to boost the industrialization and modernization process of other industries. (Itpc 2014; customs 2014)

Reforming administrative procedure

Nowadays, the state procedures are still cumbersome and complicated and that hinders the operation of many businesses including Mai Duc Company. The biggest hinder factor of one company in doing the import-export business is customs. Vietnamese customs does its responsibility and obligations, but as cumbersome leads to a slow delivery schedule. The organization and management should be reasonable on all fields which belong to the export like giving licenses, allocating quota, and customs procedures. Also, it has an effect to boost the export operations. In fact, the quota allocation in the exporting garment production is not reasonable; the customs
procedures are still much complicated and hinder the ability of exporting this kind of product.

For solving this problem, the state should re-make the customs rules to be for more suitable with the development process of the market economy. The customs should research for giving a table of export codes which are suitable with the process of innovative country economy in the cooperation trend, and joining in the international society. It should have consistency from management agency when tabling codes before the product name is related documents which create a consistence in identifying products; this is basics for declaration, calculation and tax payment, and processing management for foreign markets.

About the quota export management: the taxation and the cost for the quotas are balanced and it helps to manage strictly the export quotas and increase the state budget.

Implementing all above things will help the company work actively in trade, create the equity in the competition and boost the export business operation and bring the garment export quotas to the top position and increase the foreign currency for Vietnam.

Simplifying the administrative procedures, helps to prevent the corruption in the state authorities like tax, customs, bank, etc. Innovating the regulations and the ways of working will remove some steps in approving investment and loan investment which aim to enhance the effectiveness of management for all the state sectors. (ltpc 2014; customs 2014)

The state should have an incentive policy to promote processing activity

Vietnam is the country that has the economy started from the lowest point and businesses usually follows behind in the integration process, so the state should have policies which aim to promote the businesses developing production.

Bank interests: Now the domestic garment industry owns almost the obsolete machinery for manufacturing, there are some new machines, but they are not of high technological level, so the qualities of products are not good. Moreover, the business capital cannot meet for investing production, so that needs support from the state.
Quota management and distribution: In recent years, the state has changed a lot in managing and distributing quota. Even the way of distribution of the state now has many advantages, the quota distribution still has shortcomings which are needed to be solved. In fact, the amount of the export product is always bigger than the domestic amount. Therefore, the company always lacks of quota and worries about applying for additional quota or finding other businesses for the trustee export. This thing makes the cost of export processing production increases and also creates many negative phenomena in applying quotas.

The state should support the companies like making the procedures of borrowing capitals, decreasing interest loans. The state needs to have the policy creating conditions for companies to have enough strength for competing in the global context:

+ Continuing to apply the zero percent tax for the export of textile and garment products because it is boosting garment export activity.

+ With the target of boosting the export based on exploitation, promoting efficiency and internal resources of the country. The ministry of finance should review the import tax of imported products so that the domestic companies can use materials including silk and cotton to ensure domestic production, and avoid the domestic product prices to be higher than the imported product prices. This leads to decrease the competition of domestic products in the foreign markets. The state should exempt import tax of production materials for each imported substitution product, for making products serving export and creating conditions for the company to sell with equal or less prices than the prices of the same imported products and to create the export garment products by FOB form.

+ Next to that, the state can apply some solutions like granting export credit, subsiding export that aims to help company decrease the costs, increase the competition, increase the income, and the profit, and boost the export activities. In fact, in the recent years, the state does not pay much focus on the garment operation.

There is one situation in the garment export industry: even known that the processing from imported material form is not effective like the definitive purchase, the company has to borrow capital for buying input materials. Then after one quarter, the company sells products, takes interests, then pays for the bank. Because there is not incentives for interest for definitive purchase, the company minuses the production costs and the bank interest, and the company does not get higher results than the processing from imported material form, and it has many risks.
**Capital policy:**

+ The state should ensure to provide invest capital at first and some working capital for businesses of the textile and garment industry. The state should have the reasonable loan mechanism and a loan guarantee.

+ Permitting the textile industry using or borrowing ODA capital, the credit capital of government would be with preferential interest about 5 per cent and long-time borrowing by around 10 years for the textile industry and 7 years for the garment industry.

+ Free tax for revenue and investment project of the textile and garment industry during the time that the dept payment period has not finished yet.

Moreover, the state needs to have support measures together with companies and bring The Textile Finance Company along for mobilizing loan capital sources from domestic sources, abroad, bonds, stocks, etc. Those loans are aimed to development.

**Exchange rate policy:**

+ The exchange rate is nowadays used as the dangerous tool for commerce war between the industrialized countries and also the tool to encourage exports, reduce imports and the protectionism of the developing countries.

+ In Vietnam, the world currency is always fluctuating. The thing about choosing an appropriated exchange rate policy is to ensure the stability of the domestic economy and increasing the external economy is very important.

+ For the textile and garment industry, the conduct of the foreign currency exchange rates has a special important implication. The state needs to apply a reasonable rate of the foreign currency to ensure that the export has profit and that it encourages the export. Of course that rate is not so important than the correlation of supply and demand for the foreign currency. The state always has to focus on the factors that encourage exports when it fixes the exchange rates. These are subjective decisions, but they are necessary, because if exports can not be boosted for creating its own foreign currency resources, we will not have enough foreign currency for stabilizing the balance of the international payments. (ltpc 2014; customs 2014)
Providing information on science and technology in textile and garment

During the production and business process, the companies usually lack information about technology and technological market, and this affects much on the production and the business effectiveness. Therefore, the state must have plans of improving information for businesses. (Itpc 2014; customs 2014)
5 CONCLUSION

Through the theoretical issues of processing export and the current operational status of Mai Duc Company in the domestic and foreign markets, it can be seen that the role of the export processed garment in the company is very important. That is one of the most important motivations of economic growth in the early stage of the industrialization of Vietnam today. Mai Duc Company is the one of companies actively in the production and export of the domestic market. In recent years, the company has always contributed to the total turnover of the country and has taken the right steps to penetrate deeper into the foreign markets. However, to achieve the business efficiency and increase the competitiveness of the foreign markets in the future, the company must focus on solving its problems that exist in the production and export.

This thesis has focused on clarifying some basic contents that are:

Firstly, it focused on clarifying the basics of the export processing and the importance of boosting exports of garment industry to the foreign markets.

Secondly, it analysed the actual situations of the export processing of garments in Mai Duc Company into the foreign markets and clarified the causes of those actual situations.

Thirdly, based on the theoretical and practical clarification, it outlined a number of specific measures which aim at promoting the export processing activities of Mai Duc Company into the foreign markets in the future. Those measures could hope fully partially remove obstacles that are existing to encourage and improve the efficiency of the export processing of the company and take up the textile and garment industry to the position worthy of their development potential.

With the problems and solutions presented in this thesis, it is hoped that they will be the useful contributions for the company continuously developing and keeping the good role in Vietnam’s garment industry.
REFERENCES


Export reports from Mai Duc Company

Finance reports from Mai Duc Company

Interview Anna Kieu, salesman in import and export co, Ltd
Van Minh Logistic Co, Ltd in June and July of 2014

Interview Mai Duc Hung, Company director
Mai Duc Company Ltd in June and July of 2014

Interview Vu Thi Bich Hong, Company Deputy Director
Mai Duc Company Ltd in June and July of 2014

Itpc (2014). [Retrieved on 28.09.2014]. Available at: [http://www.itpc.gov.vn/exporters/search?SearchableText=xu%CC%81t%20kh%CC%A1%20qu%CC%A0n%20a%CC%81o&b_start:int=20&submit=T%CC%ACm&relPath=/MIS/exporters](http://www.itpc.gov.vn/exporters/search?SearchableText=xu%CC%81t%20kh%CC%A1%20qu%CC%A0n%20a%CC%81o&b_start:int=20&submit=T%CC%ACm&relPath=/MIS/exporters).


APPENDIX

Appendix. Questions for interviews

1. Would you please tell me the current situation of company in domestic and foreign market?

2. Does company have any strategies for expanding foreign markets, if you have, would you please tell me briefly about those?

3. What difficulties does company may face from those strategies and how does company solve them?

4. Which target market country that company wants to approach now? And how?

5. How is relationship between company and foreign customers?

6. What is the most current company’s difficulty?

7. Does company have any plan for developing itself?

8. What are the most difficult problems for doing import and export?

9. How is customs situation now in Vietnam?

10. What can we expect from government policy for garment processing business in the future?