VIETNAMESE SUPPLIERS IN SWEDISH APPAREL VALUE CHAINS

A FOCUS ON INSERTION AND UPGRADING

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This thesis serves as a gift we would like to send to our beloved families, who are always by our sides and support us whole-heartedly.

Visby, May 2010

Huynh Mai Lien and Pramila KC
SUMMARY

The purpose of this thesis is to analyze how Vietnamese apparel firms insert into Swedish retailing market and how they enhance their competitiveness from global value chain (GVC) perspective. This thesis serves as a contribution to GVC studies by an empirical case of Vietnamese apparel firms in Swedish clothing value chains.

We combined both qualitative and quantitative methods in our research. For Vietnamese suppliers, we applied survey sampling method covering 50 firms in export processing zones of Binh Duong, Long An, and Ho Chi Minh city. We also made three follow-up interviews with Vietnamese suppliers by mail. For Swedish buyers, we made three interviews (one direct interview, one via telephone and one interview via email correspondence).

Some of our findings include: the majority of Vietnamese apparel suppliers perform assembly task at the very low end of the value chains, however, they are on the way of progressive improvements and show their activeness in market development, especially private firms; On Vietnamese suppliers’ side, lack of information serves as the main reason for their reluctance in approaching Swedish market though there are some successful Vietnamese supplier-Swedish buyer partnerships in apparel trading; From Swedish buyers’ perspective, trust and long term cooperative business relations for mutual benefits are among the key points for insertion and upgrading in their value chains; Willingness to listen to buyers’ advice and/or suggestions and management strategic vision of development are among the salient criteria for upgrading success of apparel suppliers.

Our thesis focuses specifically on insertion and upgrading. We hope that our works will serve practical needs for enhancing competitiveness of Vietnamese garment producers and strengthening inter-firm linkages as well as trading relations between Vietnam and Sweden for mutual benefits.
ABSTRACT

This thesis aims to contribute to global value chain studies by examining an empirical case of Vietnamese apparel firms in Swedish clothing value chains with a focus on insertion and upgrading issues. We apply mixed method of both qualitative and quantitative tools from a holistic approach researching from both Vietnamese suppliers’ and Swedish buyers’ perspectives. Our findings show some progressive improvements of Vietnamese suppliers in the GVC especially of private sector. In Swedish value chains, trust and long term cooperative business relations for mutual benefits are among the key points for insertion and upgrading. On Vietnamese suppliers’ side, lack of information serves as the main reason for their reluctance in approaching Swedish market. Willingness to listen to buyers’ advice and/or suggestions and management strategic vision of development are critical for upgrading success of suppliers.

Key words: International trade, Vietnam, Sweden, suppliers, buyers, global value chains, apparel, garment
ABBREVIATIONS:
CMT: Cut-Make-Trim
FDI: Foreign Direct Investment
FOB: Free On Board
GVC: Global Value Chains
ILO: International Labor Organization
SOE: State-Owned Enterprise
VITAS: Vietnam Textile and Apparel Society

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1. INTRODUCTION:

Trading plays an important role in economic development of any country. As globalization changes the way of doing business, countries from the developed to the developing ones have integrated into the chains to create value added goods. Value addition has been the topic of interest in almost all economic sectors including apparel industry. The most remarkable example of production value chains on global scale is in apparel industry, in which low-labor-cost developing countries play as the suppliers and their developed counterparts as the buyers.

GVC is formed when activities in the value chain is performed in different part of the world. According to Humphrey and Schmitz (2002), the key concept in global apparel value chain is governance of lead firms in advance country who have the power over the suppliers in developing countries. In the GVC, Swedish apparel retailers and distributors play a controlling role over their low-end suppliers. Swedish retailer’s business activities mainly focus on marketing, branding retailing and distribution where as the activities in the lower end of the value chain are outsourced in developing countries. Entering the lower-end supply chain since the 1990s, Vietnam is a typical case of successful insertion into the GVC, especially into EU markets.

Insertion and upgrading issues regarding Vietnamese suppliers and Swedish buyers in GVC will be on the focus of analysis. By insertion, we mean establishing trading relations with middlemen and/or distributors in the end-market of a specific country. Upgrading implies technological and expertise improvement for efficiency and for up-movement into a higher-level part of the value chain undertaken by suppliers.

The research is made holistically based on interviews with both Vietnamese and Swedish respondents. From the research findings, we aim at describing a general picture of the relations between apparel firms in the two countries; providing some implications for Vietnamese garment manufacturers to successfully insert into and upgrade themselves in Swedish retailing market; and thus, facilitating mutual benefits for both sides.

1.1. Background:

Economic development with implications for developing countries has been a hot-burning topic for several studies and schools of thought. Under the massive trend of internationalization and globalization, countries from the developed to the developing ones have been integrated into chains of generating value-added goods. The tendency of globalization has inspired scholars to analyze economic development from a new approach. Developing the concept of value chain established from the 1960s, researchers (i.e. Gereffi 1999; Gereffi & Memedovic 2003; Gereffi et al. 2005; Sturgeon 2008; Kaplinsky 2000; Humphrey & Schmitz 2002; Humphrey & Schmitz 2003), etc.) have built up theory of GVC and transformed it from a heuristic approach to an analytical tool (Kaplinsky & Morris 2001). The studies on GVC indicate the crucial importance of external linkages to firm growth and economic development by illustrating and examining the relations and interactions between global buyers and suppliers in a value creating chain. Putting an emphasis on the dynamics of inter-firms linkages and integration on global scale, GVC analysis takes a further stride than previous social and economic analysis (Kaplinsky & Morris 2001) and thus give useful implications on development strategies for firms in developing countries to enhance their competitiveness in a global context (Gereffi et al. 2005).

Gereffi (1999), who can be seen as a pioneer on GVC studies, started GVC analysis with categorization of two distinct types of chains: the producer-driven value chains and the buyer-
driven value chains. The classification illustrates the relationship natures of suppliers and buyers and implies different kinds of governance structures. In producer-driven chains, the power lies in producers’ side. Automobile industry can be an example of this GVC. On the contrary, the asymmetrical power in buyer-driven value chains is in favor of global buyers, who set playing rules and coordinate the chains. Buyer-driven value chains are common phenomena in the relationships between powerful global buyers in developed countries and subordinate suppliers in developing countries, who are dependent on labor-intensive industries. Buyer-driven value chain has become a hot topic for several researchers who have an attempt to handle firm growth and economic development issues in developing countries, and thus it becomes the center of GVC studies. Given that it is a vague concept, case studies with specific geographical clusters are widely used by researchers to examine GVC, for example, Gerrefi (2001) with apparel industry between Mexico suppliers and American buyers, Humphrey & Schmitz (2002) with foot-ware in Brazil and China to the United States, Gibbon & Thomsen (2002) with apparel in the United Kingdom, France and Scandinavia. Aiming at interpreting and solving development issues, GVC researchers center on discussions about governance and upgrading. Gerrefi (1999) defines governance as authority and relationships determining the processes within a value chain. Humphrey & Schmitz (2000) illustrate governance as a non-market mechanism—the exercise of control along the chain, in which lead firms, normally global buyers, set parameters about “what, how, when, how much” to be produced and the suppliers in the chain have to follow (Humphrey & Schmitz 2000). Depending on three determinants (complexity of transactions, codifiability of information and capability of suppliers), value chain governance patterns can be categorized into five types: markets, modular value chains, relational value chains, captive value chains and hierarchy (Gereffi et al. 2005). In global apparel value chain, global buyers have the power to coordinate the value chains because they have the marketing, branding and retailing expertise. In other words, they have better production technological expertise, better understanding of the market demands than the suppliers Humphrey & Schmitz (2000), which enable them to play the fundamental role in transferring knowledge to suppliers (Pietrobelli & Rabellotti, 2009). Therefore, the garment suppliers in developing countries with low capabilities and labor force dependence stay at a subordinate position and have to follow the parameters set by these big buyers.

Overall, there have been several researches about GVC. Most scholars utilize case studies in specific locations to illustrate, interpret and forecast the dynamics of GVC (see Gereffi & Memedovic 2003; Schmitz & Knorringa 2000). Remarkably, we can see a large pool of GVC studies examining apparel industry because of its typical characteristics of buyer-driven chains as well as its strong dynamics over time. However, the existing literature has a tendency to analyze either from buyers’ or suppliers’ perspective without considering buyer-supplier relationships holistically (Sun & Zhang 2009).

Insertion into GVC has become crucial for firms in developing countries to access to knowledge and enhance learning and innovation (Pietrobelli & Rabellotti 2007). Most researchers (Humphrey & Schmitz 2003; Gereffi 1999; Kaplinsky & Morris 2001) agree that external linkages with global
buyers, that is, the governance of the chain, will affect the upgrading of developing country suppliers and how they upgrade is determined by the interactions with global buyers. They classify upgrading patterns into three types: process upgrading, product upgrading and functional upgrading (Humphrey & Schmitz 2002). Gereffi & Memedovic (2003) claim that when participating into the GVC, suppliers in developing countries can step by step evolve through three upgrading types. However, according to Humphrey & Schmitz (2002), the upgrading trajectories of suppliers depend on which GVC they insert into. They elaborate that suppliers inserting into apparel GVC can enjoy the process upgrading and product upgrading, whereas encounter barriers in functional upgrading. Generally, those GVC studies imply that insertion is the causal factor for upgrading consequences of developing country suppliers. However, insertion into GVC is not an easy task for firms in developing countries as they are facing up with increasing entry barriers (Palpacuer et al. 2005).

1.2. Problem discussion:

Inspired by the fact of insertion and upgrading issues encountered by developing countries, we would like to contribute to GVC studies by examining the insertion and upgrading of Vietnamese apparel firms in Swedish clothing value chains from GVC approach. By insertion into a value chain, we mean the initial integration into a specific part of the value chain and upgrading is meant to be the technological and expertise improvement for efficiency and for up-movement into a higher-level part of the value chain. As Sun & Zhang (2009) suggested, the thesis is aimed to analyze the case of Vietnamese firms’ insertion and upgrading with a holistic perspective. We will examine the issue from the views of both Vietnamese apparel suppliers and Swedish buyers.

Entering the lower-end supply chains since the 1990s, Vietnam has emerged as a phenomenon of international apparel trading. As Vietnam integrated into international trade, it quickly inserted into the GVC with considerable amount of clothing exports to the USA and EU markets (Nadvi, Thoburn et al. 2004) and proved to be a successful case (Schmitz & Knorringa 2000). Apparel sector has been one of the leading bread-winners for Vietnam in terms of export earnings and job creation (Dang & Hoang 2005). For that reason, it plays as a typical case for GVC studies (see Nadvi et al. 2004, Dang & Hoang 2005, Thoburn 2009). Over the decades, the production capacity of Vietnamese apparel industry can only be limited with labor-intensive assembly processes of Cut-Make-Trim (CMT) (Nadvi et al. 2004). Consequently, Vietnamese suppliers still stay at the very low-end of the world’s apparel value chains and find themselves in harsh price competition with rival suppliers.

EU countries, including Sweden, are one of Vietnam’s major traditional markets. Made-in-Vietnam garment products have been in Swedish markets for several years but with limited volume. Vietnamese apparel accounted for 0.5% of total Sweden’s apparel imports (Gibbon & Thomsen 2002). Since Vietnam opened itself to the world trade markets, Swedish buyers have accessed to establish business with Vietnamese suppliers in apparel industry, i.e. Snickers Workwear, New Wave Group, Blåkläder, etc. However, on the other hand, with high consumption
Vietnamese suppliers in Swedish apparel value chains—A focus on insertion and upgrading

expenditure (approximately 7.5 million Euros, CBI 2008), Sweden remains to be a potential market for Vietnam’s apparel firms. Therefore, current inter-firm linkages and potential relations between Vietnamese suppliers and Swedish buyers suit as a relevant case to study GVC upgrading and insertion issues.

By examining Vietnamese and Swedish apparel firms in a holistic view, the thesis topic is expected:

- **First**, to make some contribution to comprehensive GVC study by illustrating an empirical case;
- **Second**, to give a sketch of the relations between Vietnamese suppliers and Swedish buyers in apparel sector;
- **Third**, to suggest some implications for sustainable Vietnamese apparel firm growth for inter-firm mutual benefits of Vietnamese and Swedish players.

1.3. Purpose:

The thesis purpose is to examine how Vietnamese firms insert into Swedish market and how they upgrade themselves in the chain from GVC perspective. The problem involves two parts:

- **How Vietnamese firms insert into Swedish buyers’ value chain**;
- **How they upgrade themselves in the existing value chain with Swedish buyers**.

Major GVC analysis focuses on one side, either suppliers’ or buyers’ perspective. Looking at the problem from a suppliers’ perspective is commonly employed by most GVC researchers. On the other hand, learning from global buyers’ view can enable researchers to have better understanding and subsequently to give some implications on insertion and upgrading strategies in the GVC for developing countries and the producers in these countries. For the reason mentioned, we will approach the thesis problem from a holistic view, examining the issue by analyzing data collected from both sides of Vietnamese suppliers and Swedish buyers.

To investigate and analyze the insertion and upgrading of Vietnamese suppliers in the apparel value chains coordinated by Swedish buyers, this thesis will utilize primary empirical data from interviews with Swedish buyers and surveys with apparel exporting suppliers in Vietnam. Besides, secondary data from previous studies, peer-reviewed articles, reliable websites, etc. will also be sources of reference.

The thesis structure is as follows: section 2 discusses about methodology; section 3 reviews background knowledge; section 4 describes garment trade relations between Vietnam and Sweden, and primary empirical data; section 5 includes data analysis and findings; section 6 concludes.

2. RESEARCH METHODOLOGY

2.1. Research design:
With an aim to achieve an overview picture of insertion and upgrading performed by Vietnamese apparel suppliers in interaction with Swedish buyers, we decided to apply cross-sectional research design. Because this method enables researchers to gain variation as well as to map the patterns of association among variables (Bryman & Bell 2007). Following this design, our research is a combination of qualitative and quantitative methods. The research is performed preliminarily in quantitative method, covering 50 Vietnamese apparel firms. After the questionnaire survey was done, follow-up interviews with three supply directors of Swedish garment buyers and three managers of Vietnamese apparel exporting firms who claimed to have traded with Swedish buyers were carried. According to Bryman and Bell (2007), this “triangulated” approach makes the study more ecologically valid than the formal data collection approach. It will help researchers to cross-check the findings (Bryman & Bell 2007, p.59). The design serves as a suitable tool to fulfill our purpose of capturing the issues from a holistic view.

2.2. Data collection:

The primary data is collected by two sources: first, by quantitative survey of 50 apparel exporting manufacturers in Vietnam; second, by qualitative interviews with three supply directors of Swedish apparel buyers, two of which have been buying from Vietnam for several years and the rest intended to seek for Vietnamese suppliers. Follow-up interviews with Vietnamese Managers of the sampling firms who claimed to have business with Swedish buyers were carried out by emails. The secondary data from relevant peer-reviewed literature and reliable internet sources is also our source of reference. The survey was carried in March 2010. Follow-up semi-structured interviews were performed within March and April.

In the thesis, we base on general theories of GVC to analyze the relations between Vietnamese suppliers and Swedish buyers in the global apparel value chain context. To investigate insertion into GVC, we asked Vietnamese and Swedish respondents about the channels, methods they approached their partners as well as their selection requirements. The upgrading issues were studied through examining the interaction and learning in the chain governance of the players involved. The Swedish buyers were asked about their approach to Vietnamese suppliers, their sourcing strategies and the current business relations with Vietnamese suppliers. The Vietnamese suppliers were asked about how they improve themselves when having business with Swedish buyers and their strategies to develop the partnership relations.

2.3. Qualitative method:

We have used qualitative method to examine Swedish firms. Bryman and Bell (2007) suggest that qualitative method can be used to better understand the phenomena about which little is yet known. Qualitative method can be used to get more in-depth knowledge which may be difficult to figure quantitatively and qualitative data sources mainly include observation, interviews and researchers impressions and reactions (ibid).
Three interviews were done with Swedish buyers. We aimed to use the observations and opinions of people, which are directly or indirectly involved in Vietnamese and Swedish apparel trading. We interviewed two supply directors of work-wear and fashion companies, which are currently sourcing from Vietnam, to get insights about their supplier selections and about Vietnam’s status as apparel suppliers. The other interview was with a supply director of a clothing company, which does not have business relations with Vietnamese suppliers to gain more knowledge about insertion requirements.

The interviews with two Swedish firms were carried in semi-structured form. The research questions were sent to the respondents for preparation before the interviews were taken. The discourses mainly focused on the main topic of interest. However, the respondents felt free to express all their intentions and opinions. As Fisher (2007) states, semi-structured interview can help researchers to explore further unexpectedly useful information as this interview technique encourages interviewees themselves to develop thoroughly their wide knowledge in the concerned aspects. The third interview was performed via email correspondence because the respondent could not manage the time for a direct interview.

Due to geographically limitation, the interviews with three Vietnamese managers of garment exporting firms (one private firm, one SOE and one FDI firm) were carried out in forms of email communications. Detailed questions were sent to the respondents and they replied in written about the current facts in their business relations with Swedish partners.

2.4. Survey sampling method:

For Vietnamese supply firms, we have used quantitative approach of doing research. The survey was conducted randomly with coverage of 50 firms in the industrial clusters and export processing zones of Binh Duong, Long An, and Ho Chi Minh City. The sample includes firms of various sizes ranging from small, medium and large (with number of employees ranging from below 300, 300-3000 and more than 3000 workers) in various types of ownership. In terms of ownership types, the sample includes 22 private firms, 1 SOE, and 27 foreign-owned enterprises (hereinafter called FDI firms). Of the 50 respondent firms, 25 firms are located in Binh Duong, 20 in Long An and 5 are in Ho Chi Minh city. Binh Duong, Long An and Ho Chi Minh are among the most exporting dynamic and industrially developed clusters in Vietnam. All the respondent firms are participating in exporting apparel products, which means they are all involved in the GVC. Most of them have European clients in which 18 firms have had business with Swedish buyers or their agents. Therefore, the sample of 50 firms selected can meet the representativeness criterion.

The questionnaire survey was developed to investigate the current relations of Vietnamese apparel firms with Swedish buyers. The survey result forms an empirical basis for analyzing how Vietnamese firms enter this potential market as well as the prospect of doing so and how they enhance their capabilities when involving in the value chains governed by Swedish buyers.
Questionnaire was divided into two parts, comprising of general information questions and export market questions. The general information questions were designed to know the overall status of Vietnamese apparel suppliers in terms of number of employees they have, production capabilities, production categories, number of partnerships, etc. The export market questions were designed to know how they establish business with Swedish buyers and how they intend to approach the market, their views about European buyers especially Swedish buyers, their knowledge regarding Swedish buyers as well as their strategies to keep themselves competitive in Swedish market. The questions contained both subjective and objective views along with some negative and positive answers. The answers were mostly pre-coded and few were open questions.

2.5. Research method assessment:

2.5.1. Replicability:

To enhance the replicability of the research, as suggested by Bryman and Bell (2007), in this thesis, we describe carefully the research procedures regarding data collection process, selecting respondents, question structures of the survey and the interviews.

2.5.2. Reliability:

The prepared transcriptions were sent to the interviewees to receive their approval of the transcript materials in order to make sure that we have understood what the interviewees intended to convey and thereby decreasing possible misunderstandings. We have recorded the interviews as well as all the correspondence.

2.5.3. Validity:

The survey with 50 Vietnamese firms was conducted randomly out of 3719 firms operating in textile and garments in Vietnam (VITAS 2009). According to Bryman and Bell (2007), when the data of the survey is collected randomly, validity can be confirmed.

As mentioned above, the selected firms are located in Binh Duong, Ho Chi Minh city and Long An, which belong to the South East area and Mekong River Delta of Vietnam. According to VITAS in 2009, the number of textile and garment firms in South East area and Mekong River Delta account for 62% of the national total. Those facts can serve to robust the sample representativeness.

2.6. Limitations:

With a small sample of 50 firms in Vietnam and 6 follow-up interviews (3 with Swedish firms and 3 with Vietnamese firms), the empirical data of this thesis may be not large enough to generalize the picture. Aware of this, we tried to increase the representativeness of the sample by random selection of firms located in the most representative garment–exporting industrial clusters of Vietnam. To fix the caveat mentioned, our data analysis will also take into consideration findings of other relevant studies for comparison and evaluation. The secondary data will be complimentary
sourcing to robust our findings. Due to geographical distance difficulties, direct follow-up interviews with Vietnamese firms could not be done. This may limit observations and information exploration from interviewees. However, clear structured questions via email correspondence partially facilitated interviewees to make their ideas clarified in written.

Using a mixed method of quantitative and qualitative research is a challenge to us as this method is quite new and has received some unfavorable arguments doubtful of its feasibility (Bryman and Bell 2007). However, since the early 1980s, there have been an increasing number of successful studies applying this method because of its advantages, i.e. various strengths can be capitalized and weaknesses are offset (ibid). So as to overcome undesirable and critical arguments of this research design, we prudently follow the approaches suggested in Bryman and Bell (2007).

3. THEORETICAL FRAMEWORK:

3.1. Global value chain in general:

The concept of value chain and global commodity chain were first established in the 1970s by Hopskin and Wallerstein (cited in Sturgeon 2008). Value chain is defined as the full range of activities performed by firms to transform a product from conception to the end use (Kaplinsky 2000, p.4). Gereffi & Memedovic (2003) describe value chain to be a consecutive process from design, production and marketing. Trade liberation has blurred country boundaries, made cross-border production arrangements feasible and thus brought firms in the world networks together. Through international trading, firms in developed countries cooperate with manufacturers in developing countries in generating product values that established global organized inter-firm networks. When the activities in the value chain are carried out in different parts of the world, we say the GVC is formed (Schmitz 2006, p.2).

According to UNIDO (2004), value chain analysis is a strategic tool for firms to gain competitive advantage. At national level, it helps policy-makers to obtain better understanding the nature and determinants of a country’s productive and technological capabilities and its competitive performances UNIDO (2004).

In the predominant trend of internationalization and globalization, the idea of value chain on global scale was revived and developed with a new approach to examining economic development with implications for developing countries by Gerrefi (1994, 1999). As the progenitor that sets the foundation for theory of GVC, Gerrefi together with his collaborators figures out the framework of global commodity chains that ties the concept of the value-added chain directly to the global organization of industries (Gereffi et al. 2005). Two modes of international networks are differentiated: the producer-driven commodity chain and the buyer-driven commodity chain (Gerrefi 1994, 1999). In producer-driven commodity chains, manufacturers play the pivotal roles in coordinating the production networks (Gereffi et al. 2002). The buyer-driven commodity chains, on the contrast, characterize the overwhelming control of retailers, branded manufacturers, marketers over suppliers located in the Third World who are normally weak at technological
capabilities with labor-intensive focus (Gereffi 1994; Gereffi et al. 2002). Because of its low entry barriers and job creation, apparel industry has been the starting point for developing countries’ firms to insert into the global networks of value generation. This integration has made apparel to be a typical example for analysis of buyer-driven value chain dynamics.

3.2. Governance in global apparel value chain:

Governance is a key concept in GVC studies because governance analysis can give insights of inter-firm interactions, coordination, its dynamics as well as implications for development strategies and policies on both firm and national levels. In other words, when studying GVC, taking in-depth understanding of governance is preliminary and crucial for analyzing firms’ insertion and upgrading consequences.

As mentioned above, firms join in the GVC through international trade and form inter-firm interactions and inter-firm linkages. However, the network forms of different value chains are heterogeneous. Understanding the relationship nature of key players in various GVCs is of importance and thus it has attracted a wealth of research. Examining international trade in different sectors bearing features of buyer-driven value chains, Gereffi et al. (2005) indicate the existence of asymmetrical power among GVC players. In GVC, allocation activities of financial and material resources and distribution of labor among firms are subject to “governance” (Kaplinsky & Morris 2001; Gereffi 1994) of lead firms who are powerful actors in the chain (Schmitz 2006).

Gereffi & Memedovic (2003) highlight the leading role of retailers and marketers over traditional manufacturers in buyer-driven value chain. That is, the relationship between global buyers and suppliers is asymmetrical in which the former exert control by setting and/or enforcing the parameters for the latter to operate (Humphrey & Schmitz 2000). In particular, Humphrey & Schmitz (2000) denote four key parameters, that are: what to be produced; how it is produced (including technology, quality systems, labor and environment standards); when and how much it is to be produced. By governing the chain, GVC researchers claim, global buyers take the responsibility of suppliers’ capabilities and upgrading (Kaplinsky & Morris 2001). In other words, capabilities’ improvement of firms in developing countries is influenced and determined by external factors, namely, global lead firms. On the other hand, Kaplinsky & Morris (2001) and Humphrey & Schmitz (2000) argue that exercise of governance vary in different ways and in different parts of the same chains. This implies that it depends on firms’ insertion into which chains, in which parts of the chain, upgrading consequences may be varied. Upgrading consequences will be discussed in more details later in section 3.4.

Governance’s occurrence, according to Kaplinsky (2000), is because of intricacy and complexity of trade in the globalization era that requires the GVC to be coordinated in sophisticated forms. The need for governance’s existence is deeply analyzed and explained by Schmitz (2006). According to him, the two critical reasons are product definition and the risk of supplier failure. First, to serve the purpose of end-market differentiation strategies, the global buyers have to
specify their requirements clearly and precisely to ensure their specifications are met (Schmitz 2006). Second, as Schmitz (2006) states, with increasing importance of legislative standards, non-price competition, lead firms have to suffer severely due to their suppliers’ shortcomings.

Gereffi et al. (2005), in their recent studies, develop the theory of value chain governance by identifying three fundamental variables constructing governance structures, which are: the complexity of information and knowledge transfer required; the codification extent of information and knowledge; and lastly, the capabilities of suppliers. Depending on the high/low level of these factors, different types of governance are formulated (as shown in Table 1).

**Table 1: Key determinants of global value chain governance**

<table>
<thead>
<tr>
<th>Governance type</th>
<th>Complexity of transactions</th>
<th>Ability to codify transactions</th>
<th>Capabilities in the supply-base</th>
<th>Degree of explicit coordination and power asymmetry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Modular</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Relational</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Captive</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Hierarchy</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

(Source: Gereffi et al. (2005), p. 87)

Inter-firm linkages are illustrated by classifying 5 types of governance: Markets (arm’s length market relations); Modular value chains; Relational value chains; Captive value chains; Hierarchy (Gereffi et al. 2005). The characteristics of those inter-firm linkages formed from the combination of three key variables’ values are expressed in Table 1.

GVC in apparel industry is characterized as typical of captive value chain given that the clothing products are highly specified and complex especially in fashion sector with high codification of information instructions whereas the capabilities of suppliers are quite weak. As Sturgeon (2008) puts it, low suppliers’ competence stimulates the lead buyers’ intervention and exertion of control. As a result, the apparel suppliers in developing countries get stuck or “captive” in the value chain governance and are allocated with a narrow range of simple low-value-added tasks which are mainly assembly (Gereffi et al. 2005). Humphrey and Schmitz (2002) explain that governance exertion of global buyers is required so as to help low-cost product suppliers meet their parameters.
3.3. Insertion into the global value chain:

3.3.1. Importance of insertion into the global value chain:

Insertion can be seen as integrating a firm into a value chain (UNIDO 2004). It can either be performed directly as a first-tiered supply or indirectly as second-tiered one. Simply put, a firm inserts itself to value chains of a specific country by establishing trading relations with middlemen and/or distributors in that country’s market. As international trade increases and globalization enhances, the issue of GVC insertion is not a “should or should not” problem but “which chain” and “how” (Humphrey and Schmitz 2002). According to UNIDO (2004), participating in the GVC broadens the scope of open trade benefits. Insertion becomes a must for developing countries and their firms because they can learn from global buyers, tap in proper technologies and knowledge and thereby find ways to increase their competitive capabilities (UNIDO 2004). As Gerrefi argues, inserting into the value chain is the necessary step for industrial upgrading because it puts firms on the potentially dynamic learning curves.

As Kaplinsky & Morris (2001) point out, each producer needs a point of entry into the global markets, different forms of getting connected with that point-that is intermediaries-will affect upgrading consequences. Humphrey and Schmitz (2002) state that insertion of developing countries into the GVC is featured with quasi-hierarchical (captive) relationships because the increasingly importance of differentiation and innovation stimulates the crucial role of global buyers in designing, retailing and branding.

Kaplinsky & Morris (2001) contribute to build up the comprehensive theory of GVC by distinguishing two paths of insertion into the GVC: the low road and the high road. In the low road, when engaged in the bottom race, producers have to face harsh competition, especially in price and wage-squeezing (Pietrobelli and Rabellotti, 2007). This low trajectory proves to be of having malicious effects for firms in the long term (Kaplinsky & Morris 2001). On the contrary, when inserting into the high trajectory, which means participating through capabilities improvement, innovation and efficiency, sustained growth can be realized (ibid).

Significantly, regarding how firms in developing countries enter the GVC, Kaplinsky & Morris (2001) map out a useful analysis framework of producers’ connection to the final markets. They suggest six key issues to focus on, that are: identification of key buyers, dynamics of buying functions, critical success factors of buyers, strategic judgments on sources of supply, supply chain management policies and supply chain upgrading policies (sourcing strategies).

3.3.2. Global apparel value chain road-map:

As Figure 1 illustrates, the global apparel value chain can be segmented into three sections: production, export, and marketing. Within production section, there are interactions between contractors and sub-contractors to carry on manufacturing process. Notably, the sub-contractors of Asian garment contractors can either be in local areas or overseas in neighboring countries.
Production networks link with exports networks through brand-name apparel companies, overseas buying offices and trading companies. These players are considered as the intermediaries that bridge the low-end of the value chain i.e. the suppliers and the high-end of the value chain i.e. the retailers, marketers together. The marketing networks include the participation of department stores, specialty stores, mass merchandise chains, discount chains, online sellers, etc. The three key categories of the global buyers in GVC can be identified: retailers, branded marketers and branded manufacturers (UNIDO 2004) (see Box 1 for definition).

Figure 1: The apparel commodity chain

(Source: Appelbaum and Gereffi, 1994, p.46; extracted from Gereffi and Memedovic, 2003)

Gereffi & Memedovic (2003) find out in their intensive research on East Asian countries’ apparel cases that these countries have successfully moved from simple assembly manufacturing activities to own-brand-manufacturing and original equipment manufacturing, which shift themselves from subordinate producers (in forms of assembly parts) to powerful intermediary buyers (like Li & Fung) and marketers. The subcontracting is the result of what Gerrefi describes as “migration” from the “Big Three” (Hong Kong, Taiwan, and Korea) to other developing countries (ibid).
3.3.3. Requirements for insertion of developing countries into apparel global value chain:

As discussed above about governance, if a firm would like to insert into the GVC, it has to be able to fulfill several entry requirements or parameters usually set by key buyers, the governors of the chain. In their detailed analysis about governance in GVC, Humphrey and Schmitz (2001) show that buyers normally establish product and process parameters for suppliers to ensure supplier failure risks. This implies that if suppliers lack capabilities to meet those parameters, there is little chance to join in the GVC. Yet, the criteria for global buyers to allow suppliers’ insertion into the GVC are not properly identified and researched so far (Brach & Kappel 2009). The basic requirements, however, generally include: quality, quantity, price, time delivery and flexibility (Abonyi 2007).

Not only set by the buyers, parameters are also established and ruled by “agents external to the chain” which are governments, regional & international standards, NGOs (Humphrey and Schmitz, 2000; Kaplinsky & Morris 2001). Kaplinsky & Morris (2001) classify value chain governance into three types: legislative, judicial and executive governance, in which legislative governance refers to basic rules defining the conditions for participation in the value chain (Vieira & Traill 2008). The examples for legislative rules and standards required at the entry point are Hazard Analysis and Critical Control Points (HACCP), International Organization for Standardization 9000 & 14000 (ISO 9000, 14000), Environmental standards, Child labor standards, Safety standards, etc.
In fact, as Gerrefi (1994) remarks, developing countries’ suppliers may be not binding to the legislative agreements stipulated with legal force by governments and/or by unofficial agents i.e. NGOs in buyers’ countries; however, they are “forced” to abide for being eligible to be inserted into the buyers’ linkages. Humphrey and Schmitz (2001) explain that the buyers have to be held responsible for the actions of their agents, namely suppliers in developing countries. The binding responsibilities force global buyers to transmit those legislative requirements and standards into their monitoring parameter set. This action, in turn, demands the suppliers to make themselves comply to the rules otherwise being thrown out of the playground. Compliance with labor, environment and other social requirements has been the key criteria for global buyers to select suppliers (Nadvi, Hoa et al. 2004).

3.3.4. Barriers to insertion of developing countries into apparel global value chain:

From European perspective with comparative analysis on big buyers in the United Kingdom, France and Scandinavia, Palpacuer et al. (2005) cast their doubt on insertion opportunities available for developing countries’ suppliers. They argue that the entry barriers for these firms to insert into the European value chains are increasingly high. According to them, it is because:

i) Large-scale retailers are re-structuring their supply base, lessening the suppliers’ number and focusing on suppliers with high core competence;

ii) Wage cost advantage is decreasing its competitiveness as buyers pay more attention to shorter lead time, thus they tend to choose suppliers in the proximity;

iii) As apparel international trade becomes more favorable with no quota lift-off, China has emerged to be a challenging giant supplier. (Palpacuer et al. 2005)

According to Nadvi et al. (2004), global standards and requirements restrict market access of developing countries’ suppliers. This means that these parameters can be seen as a challenge for developing countries’ firms who mostly lack financial and technological resources for integration.

Examining the likely trend of chain governance dynamics, Humphrey and Schmitz (2001) describe emerging scenario of increased number of suppliers from developing countries and shrunk number of global buyers as a result of retailing concentration. It implies fiercer competition among developing countries suppliers struggling for inserting into the chain.

3.4. Upgrading and learning in the global value chain:

3.4.1. Upgrading:

Schmitz & Knorringa (2000) define upgrading as enhancing the relative competitive position of a firm. It is another key concept that draws great deal of attention of researchers as its consequences directly affect the competitiveness and sustained development of both firms and nations
(Kaplinsky & Morris 2001). Upgrading success of a firm is clearly manifested by an increase in market shares and unit values (Kaplinsky & Readman 2000; cited in Nadvi, Thoburn et al. 2004)

Upgrading types are categorized as:

i) Process upgrading: transforming inputs into outputs more efficiently by re-organizing the production system or introducing superior technology;

ii) Product upgrading: moving into more sophisticated product lines (which can be defined in terms of increased unit values);

iii) Functional upgrading: acquiring new functions (or abandoning existing functions) to increase the overall skill content of activities.

(Nadvi, Thoburn et al. 2004)

Humphrey and Schmitz (2002) claim that external linkages with global buyers will affect the upgrading of developing country suppliers and how they upgrade is determined by the interactions with global buyers. Interestingly, Schmitz & Knorringa (2000) approach upgrading issue from global buyers’ perspective by comparatively assessing competitiveness of producers in different developing countries (China, India, Brazil and Italy in foot-ware sector).

Gereffi (2002) argues that when participating into the GVC, suppliers in developing countries can step by step evolve through the three upgrading types. However, Humphrey & Schmitz (2002) challenge this hypothesis. According to them, the upgrading trajectories of suppliers depend on which GVC they insert into. They elaborate that suppliers inserting into apparel GVC can enjoy the process upgrading and product upgrading, whereas encounter barriers in functional upgrading.

Upgrading and upgrading dynamics are excitedly examined and envisaged by researchers. However, a critical question regarding how firms, especially those in developing countries should do to upgrade and move up the chains requires further study.

3.4.2. Learning in global value chain:

Learning and upgrading can be seen as two sides of the same coin. According to Gerrefi (1999), upgrading can be realized through learning process carried by suppliers in developing countries. There is a resonance among GVC analysts that global buyers take the key role in helping their supplying firms to upgrade, i.e. increase efficiency and/or move up the ladder of value chain. In this sense, the role of global buyers is overly highlighted whereas the pro-activeness of suppliers in learning process is not adequately emphasized. In their recent study when researching from global buyers’ perspective in foot-ware sector, Schmitz & Knorringa (2000), from comparative examples of China and India, explore that willingness to learn from buyers takes a highly causal effect on suppliers’ competitiveness over time. Chinese manufacturers are willing to absorb and follow advice from savvy buyers whereas Indian counterparts are more reluctant in doing so. As a result, China has made big stride in upgrading compared to India (Schmitz & Knorringa 2000).
The interactions between global buyers and suppliers vary in different governance patterns. Then, the learning mechanisms and consequently, upgrading opportunities carry diversified features (Pietrobelli and Rabellotti 2007). The characteristics are demonstrated in Table 2.

Table 2: Governance types and learning mechanisms

<table>
<thead>
<tr>
<th>Governance type</th>
<th>Complexity of transactions</th>
<th>Codifications of transactions</th>
<th>Competence of suppliers</th>
<th>Learning mechanisms within GVC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Knowledge spillovers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Imitation</td>
</tr>
<tr>
<td>Modular</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Learning through pressure to accomplish international standards.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Transfer of knowledge embodied in standards, codes, technical definitions</td>
</tr>
<tr>
<td>Relational</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Mutual learning from face-to-face interactions</td>
</tr>
<tr>
<td>Captive</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Learning via deliberate knowledge transfer from lead firms confined to a narrow range of tasks – e.g. simple assembly.</td>
</tr>
<tr>
<td>Hierarchy</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Imitation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Turnover of skilled managers and workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Training by foreign leader/owner</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Knowledge spillovers</td>
</tr>
</tbody>
</table>

(Source: adaptation of Pietrobelli and Rabellotti (2007) from Gereffi et al. (2005))

As Table 2 shows, in captive type of value chain governance, because the limited technological capabilities, suppliers have to learn knowledge transferred from their buying partners, nonetheless, the learning is just confined to a narrow range of tasks (Pietrobelli and Rabellotti 2007).

Brach & Kappel (2009) develop the point by stating that during participation and interaction in GVC, firms can benefit both from intentional active supports of lead firms and from spillover
effects (learning from observation unplanned and/or through third actors). They explicitly elaborate that “intentional support and active transfer of technology are part of the lead firms’ value chain governance” (ibid, p.12). According to Brach & Kappel (2009), companies at the far end of the chain can be able to “absorb” the core competences of lead firms through observation. That is what they call “spillovers in formalized partnerships”.

When examining Vietnam garment and textile industry in 1990s, Nadvi, Thoburn et al. (2004) find that ties to the global markets vary by types of firms and thus the upgrading opportunities are different accordingly. They document that SOEs have direct contact with lead firms, which implies that they have opportunities to learn the know-how of experienced global buyers, whereas private firms’ ties are limited in regional and small global buyers. Moreover, SOEs have advantages in easier access to state subsidized credit. From those arguments, they claim that it is likely that SOEs can enjoy upgrading benefits and consequently, move up the value chain from CMT to FOB. FDI firms, on the other hand, have more opportunities to learn from intermediary traders (ibid).

4. EMPIRICAL DATA ANALYSIS:

4.1. Background:

4.1.1. Vietnamese apparel firms in the global value chain:

Vietnam has joined the global apparel value chain since 1990s. The leading brand-name retail buyers are keen to reduce their supply base of first tier vendors; there is a substantial degree of what Gereffi (1999) terms as “triangular” manufacturing. That is, retail buyers place orders with large regional garment manufacturers or traders with whom they have had long standing relationships. Many of these manufacturers are headquartered in Taiwan, Korea and Hong Kong. These firms act as intermediaries to organize production through their own foreign direct investment joint venture facilities in Vietnam or subcontract Vietnamese suppliers. Vietnamese clothing industry has rapidly inserted itself into export garment GVC in that way (Gibbon & Thomsen 2002). Despite the diverse types of buyers that Vietnamese clothing firms deal with, from large global traders to small regional traders, most Vietnamese garment producers undertake simple assembly tasks (cut-make-trim).

Vietnam has been mentioned as a successful integration example (Schmitz 2004). This statement is clearly indicated in the export performance of Vietnam over the past ten years. Vietnamese garment export turnover has surged steadily and significantly (see Figure 3).

As Figure 3 shows, Vietnamese textile and apparel exports value in 2009 (USD 9.8 billion) jumped nearly nine times compared to that in 1998 (USD 1.3 billion). However, the growth rate is quite volatile (see Figure 4).
In the early stage of insertion into the GVC, Vietnam apparel industry appeared to be potential player with high growth rate (29.3% increase in 1999). The rate did not maintain in the two following years (8.3% and 3.4% rise in 2000 and 2001 respectively). Notably, there was a substantially surging growth rate of 40.3% in 2002. This can be considered a breakthrough and a marking point for Vietnamese apparel as a result of Bilateral Trade Agreement (BTA) between Vietnam and the USA. From this BTA with favorable conditions, Vietnam garment industry could access and insert itself to massive USA market, which is one of the largest markets in the world. The growth rate continued with a rising trend after 2002 though at a lower and fluctuating rate.

According to VITAS statistics in 2009, in terms of categories, Vietnam’s major garments production specializes in jackets and coats (18.57%), pants and shorts (19.82%), knitted shirts (21.66%).
In terms of markets, the USA, EU and Japan are the three biggest importers of Vietnam apparel products. Especially, exports to the USA account for a major contribution to Vietnam’s total apparel export revenues with approximately USD 5 billion in 2009 (VITAS, 2009).
In EU markets, Vietnam’s apparel export is valued at USD1.7 billion in 2009, taking 2.1% market share (VITAS, 2009). Remarkably, Germany is the largest importer of Vietnamese garments in EU with trade value of around USD 400 million and the UK takes second position with USD 270 million in 2009 (VITAS, 2009).

Nadvi et al. (2004) describe Vietnam to be an example of what Gerrefi (1999) denotes as “triangular manufacturing”. This implies that apparel products made in Vietnam are exported to end-markets through a third country, namely via some intermediaries in Taiwan and Korea. As a matter of fact, Korea and Taiwan have established several foreign-direct-investment (FDI) production factories in industrial clusters in Vietnam, utilizing cheap labor to process assembly step and re-export to parent firms. This trend can be noticeable in its export market structure. For instance, in 2009, Vietnam exported to Korea and Taiwan USD 242 million and USD 216 million respectively (VITAS, 2009). These markets ranked in top ten largest importers of Vietnam’s apparel industry (VITAS, 2009).

4.1.2. Sweden in the global value chain:

In the GVC, Swedish apparel buyers lie at the high-end of the chains, focusing on retailing, branding and marketing roles. Like other global buyers in the GVC, Swedish apparel firms rarely have their own production facilities, otherwise very small factories. Instead, they source either directly or through traders, from developing countries (Nadvi, Hoa et al. 2004).

Swedish apparel buyers, as characterized by Palpacuer et al. (2005), have a tendency to develop loyal, long-lasting, and trustable partnerships with suppliers. For that reason, they are likely to maintain long-term relationship with existing suppliers for mutual benefits (Palpacuer et al. 2005) once trust and reliability have been set.

Insertion into Swedish value chain can be performed via several trade channels as indicated in CBI (2009). Those are manufacturing companies, importing wholesalers, and retail organizations (CBI 2009). In Sweden clothing market, most players are specialist retailers, which account for 65% market share in 2007 (CBI 2009; Gibbon & Thomsen 2002). Non-specialists include department/variety stores, hyper- and supermarkets, sports shops, online shopping companies, etc (CBI 2009). An important feature of Swedish trade channels is that most of Swedish apparel firms have established widespread distribution networks in Europe and even in other parts of the world. For example, in 2010, H&M has international retailing chains of around 2000 store chains covering 37 countries (H&M’s homepage) spreading from Europe, America to Middle East and Asia. This means that entering into Swedish chains can facilitate opportunities for developing countries’ suppliers to expand to other European markets especially in Scandinavia.

Because of small domestic production, Sweden has to import nearly 100% apparel goods from overseas countries (Gibbon & Thomsen 2002). Supply base of most Swedish apparel buyers is located in developing countries, particularly in China, Hong Kong, India, Turkey and Bangladesh.
(see Figure 6). Some of the imported garments are then exported to other end-markets, mostly in Europe, through distribution store chains of Swedish retailers.

**Figure 5: Large apparel exporters to Sweden in 2009**

(Unit: SEK billion)

(Source: Statistics Sweden, [www.ssd.scb.se](http://www.ssd.scb.se))

On the other hand, supply from European countries is also an important source of Swedish apparel firms. As Figure 6 shows, importing clothing goods from neighbor countries i.e. Italy, the UK, Germany, etc. is also popular among Swedish clothing firms. Especially, Denmark plays as the leading European exporter to Sweden with trading value worth SEK 4.2 billion (equivalent to around USD 600 million). The trend is reflected in Gibbon & Thomsen (2002), who state that many of Swedish independent retailers are supplied by Danish wholesalers.

4.1.3. Vietnam and Sweden in the global value chain:

In general, Sweden-Vietnam apparel trading has been increasing over the period 2000-2009 (see Figure 7). In 2000-2004 stage, Sweden’s annual imports from Vietnam were around SEK 90 million (equivalent to approximately USD 13 million). Since 2005 onwards, however, the trading values have risen gradually and considerably. In 2008, Vietnam’s clothing exports to Sweden marked the peak of SEK 315 million (equivalent to USD 40.3 million) which tripled the figures in 2000-2004 period.
In 2009, Sweden is among the top 20 largest export markets of Vietnam apparel with exports valued at around USD 35 million (VITAS, 2009). However, according to statistics from VITAS (2009), this export revenue is quite small in comparison to Vietnam’s export turnovers in other markets i.e. the USA (USD 4 billion), in Germany (USD 400 million), or in the UK (USD 270 million).

In terms of categories, workwear and outerwear are the two most popular clothing products Vietnam exports to Sweden with 31.23% and 26.76% respectively (see Figure 8). This means that most Swedish customers of Vietnamese firms are specialized in workwear and fashion sectors. These buyers are normally large branded retailers with wide distribution network spreading over Europe. To name a few, they include: New Wave Group, Snickers Workwear, H&M, Blåkläder, etc.
4.2. Insertion of Vietnamese apparel firms into Swedish market:

4.2.1. General information about Vietnamese suppliers’ insertion into the global value chain:

The information is gathered from a sample survey covering 50 firms operating in apparel production and export in Vietnam. The respondent firms are centered in industrial clusters and export-processing zones in Ho Chi Minh City, Binh Duong and Long An.

Of the sample, in terms of ownership types, there are 22 private firms, 1 SOE and 27 FDI firms. 64% of the firms in the sample are small and medium sized enterprises (SMEs) with 300-3000 employees (32 firms). 10 firms have less than 300 workers and 8 firms are large enterprises with more than 3000 employees. Generally, SMEs in the sample are private firms and SOE, whereas the 8 large firms are 100% owned by foreign investors (hereinafter called FDI firms).

All of the sampled firms are participating in export activities, which means they are all involved in the apparel GVC. Notably, there are 40 firms spending 60-100% of their production capacity for export markets. 30% of the firms asked think that actively seeking markets or, in other words, inserting into new value chains is crucial for survival.

In terms of market structure, 20 firms (8 private firms and 12 FDI firms) mainly focus on the USA market, which accounts for 60-100% of their total revenues. This figure is in resonance with the
USA market export data displayed in section 4.1. 9 firms (4 private firms, 5 FDI firms) claim to gain 60-100% revenues from the EU markets. Japan and Korea are major markets of 5 firms (2 private firms and 3 FDI firms). Similarly, 5 firms (2 private firms and 3 FDI firms) concentrate their exporting business in Hong Kong and Taiwan.

The overwhelming number of FDI firms in one-market concentration reveals that FDI firms are quite biased in their market structure. On the contrary, the market structures of private firms and SOE seem to be more diverse. An unbiased market structure may be a more secure strategy for risk diversification. It implies that Vietnamese private firms and SOEs can take more active roles in their market development strategies than their FDI counterparts. The overconcentration of FDI firms in the USA market might be because of the fact that these firms are just production factories of Taiwan- and Korea-based intermediaries, and they depend substantially on their mother companies ad have to follow headquarter instructions. In this sense, they perform dependently and passively in market orientation strategy.

**Figure 8: Number of firms by ownership and service types**

![Figure 8: Number of firms by ownership and service types](Image)

(Source: authors’ own compilation from the survey’s result)

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1 Classification of service types (CMT, FOB1, FOB2, FOB3) is based on definitions of CBI 2009
In terms of service types, most firms (38 firms) in the sample undertake assembly tasks (CMT) in the value chains. Of the 38 firms, 27 firms have their major earnings (more than 60% of total turnovers) from CMT. This clearly indicates that Vietnamese suppliers still remain at the very low end of the value chains, namely too much dependence on simple production sections. Notably, there are 17 FDI firms whose CMT activities take major contribution to the total export turnovers compared to only 9 firms in private sector. Nonetheless, private firms outnumber their FDI counterparts in terms of FOB concentration. In particular, there are 8 private firms undertaking FOB 2 versus meagerly 2 FDI firms. 3 private firms are involved in FOB 3 whereas the figure in FDI sector is just 2 firms. These figures represent the positive upgrading improvement of Vietnamese private sector in apparel export industry. They also appear to be more active in searching good quality material supplies.

**Figure 9: Insertion channels of Vietnamese suppliers by ownership types**

![Bar Chart](img)

(Source: authors’ own compilation from the survey’s result)

Vietnamese suppliers try to integrate into the GVC in several ways (see Figure 9). Remarkably, they tend to find new customers, new orders from their networking co-producers (22 responses). It shows that networking and cooperative spirit are quite strong among Vietnamese apparel producers. On average, according to the result, the surveyed firms have about 5 co-producers. Besides, they also make efforts to insert themselves into the GVC by attending national and international trade fairs (16 firms). The private and SOE respondent firms in follow-up interviews confirm that it is one of effective ways they have done to approach new customers and new markets whereas the FDI firm say they gain orders more from their mother company’s designation. Introduction from Trade Promotion Offices (of Vietnam and export destination countries) is also utilized by 15 sampled firms. Generally, trade fairs and Trade Promotion Offices seem to be useful channels to access potential markets, particularly in EU markets. This argument is supported by 26
responses in the survey when respondents are asked about how they intend to insert into new value chains in EU markets. On the other hand, 13 responses claim to have new market orders thanks to buyers’ approach. There is only one firm who states that they find customers from promoting their website. From the authors’ own investigation, most firms in the sample fail to have personal websites or their websites are not professionally displayed. In other words, it appears that Vietnamese apparel suppliers do not pay proper attention to developing their own websites and do not consider company websites as an effective e-marketing tool to approach new buyers and thus inserting themselves into new value chains.

According to the survey, 42 firms express their interest in exploring new customers in EU markets. 25 firms, a half of the sample, think of EU as highly potential markets for Vietnamese apparel exporters with high valued orders even though these markets are very demanding in quality, time delivery and specifications. Most firms state that orders’ complicatedness is not a problem to them. Of 20 firms who claim to have had business with EU buyers, 18 firms say they still maintain good relations with their EU partners. These above mentioned results somehow demonstrate strong capabilities of Vietnamese apparel producers and their confidence in quality competition in EU markets.

Free-trade regulations and favorable preferences for developing countries offered by EU facilitate Vietnamese suppliers considerably during their integration into these value chains. However, harsh competition in EU markets is one of the critical challenge Vietnamese garment producers face upon insertion (confirmed by 25 firms). Lack of market information and lack of management, marketing, sales and language barriers, which were highlighted in a report made by Oteifa (1999), remain till now among private firms, SOE and FDI firms.

4.2.2. Vietnamese suppliers’ insertion into Swedish apparel value chains:

Even though Sweden is in top 20th largest export markets of Vietnam (in 2009), it is still quite a strange name to most Vietnamese garment suppliers. In other words, Vietnamese apparel exporters are not fully aware of Swedish market’s potentiality and do not pay proper attention. As explained by the Chairman of VITAS-Mr Le Quoc An, in an interview posted in a financial journal of Vietnam², the main reason is because Vietnamese producers lack information about Sweden and it is quite geographically remote. According to Mr Le, the current performance of Vietnamese garment exporters in this market is inadequate to their potential capabilities. He stresses the importance of Swedish market, saying that if Vietnamese suppliers can insert into this market’s

value chains, they are likely to access to other markets’ value chains in Northern and Western Europe. The argument is in resonance with the comments of Ms Helena Sangeland, Trade Counselor of Swedish Embassy in Hanoi in an interview posted on Scandasia website\(^3\). Our survey result also confirms those remarks. When asked how much they know about Swedish apparel market, 34 respondents (68% of the sample) reveal their ignorance (band 4-5 in the questionnaire); 8 firms say they have moderate knowledge (band 3); and 8 firms claim to have quite much information (band 1-2). 10 firms out of 16 firms who rate their knowledge of Swedish market at band 1-3 are still keeping good business relations with their Swedish partners.

**Figure 10: Vietnamese suppliers’ knowledge of Swedish market**

<table>
<thead>
<tr>
<th>Band</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band 1-2</td>
<td>16%</td>
</tr>
<tr>
<td>Band 3</td>
<td>16%</td>
</tr>
<tr>
<td>Band 4-5</td>
<td>68%</td>
</tr>
</tbody>
</table>

(Note: Percentage out of 50 firms in the sample)

(Source: authors’ own compilation from the survey’s result)

When asked about their intention of inserting into Swedish apparel value chains, 34 firms demonstrate their eagerness as they think it is quite a promising market. However, restricted market information and knowledge of trade patterns play as major impediments for them. Moreover, tough competition in this market is another obstacle hampering the respondents’ insertion and/or intention of insertion.

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In our survey sample, there are 18 firms who have had direct or indirect (i.e. through their contractors, mother companies, etc.) business relations with Swedish buyers and 14 firms claim that the relations still maintain. Of the 18 firms, one third have found their Swedish buyers by means of networking co-producers; 5 firms have found through e-marketing tools (i.e. online advertising); 4 firms through Trade Offices; 1 firm through mother company’s designation; 1 firm through trade fairs and 1 firm was approached by Swedish customer. According to the sampled firms’ responses, revenues from Swedish market contribute to less than 10% of the total export revenues.

![Figure 11: Insertion channels of Vietnamese suppliers into Swedish value chains](source)

(Source: authors’ own compilation from the survey’s result)

4.2.3. Requirements for insertion from Swedish buyers’ perspectives:

**Trustworthiness:** ‘Trust’ is a key point to start a business with Swedish apparel industries for sustained business relationships. Trust here refers to good quality and punctuality in delivery. The Swedish industries view that long-term relationship with any foreign vendors is an assurance of quality products and timely delivery of goods. In our findings, the respondents had several years of sustained partnership with Vietnamese suppliers. This aligns, to some extent, with findings of Palpacuer et al. (2005) in describing Swedish buyers, saying that they aim at maintaining long term relations, sticking to the existing supplier. Therefore, it is important for Vietnamese suppliers to maintain trust with the Swedish buyers by assuring quality products and prompt delivery in order to sustain this relationship with Swedish buyers.
Working conditions: Swedish buyers are very concerned about the working labor conditions of the suppliers. The International Labor Organization (ILO) Convention on the working rights stresses the equal working opportunities for both women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. This is the preference of Swedish buyers that all the suppliers should respect these conditions of ILO Conventions. In our findings all the respondents stressed this as one of the prime concerns. According to them, Swedish consumers are well aware of these facts and the Swedish buyers are very concerned about their corporate social responsibility. Therefore, in order for Vietnamese suppliers to maintain the relationship with Swedish buyers, they should be very careful about the working conditions of their laborers and they should honor existing ILO Conventions and also invest on the corporate social responsibility issues as this could be their greatest selling points within the Swedish buyers.

Price: According to the respondents, price is an important but not prerequisite condition. For them previous two conditions (trust and work ethics) are the most important aspects. However, if quality is met with delivery punctuality at a reasonable price, the competitiveness of suppliers can be substantially increased. Most of the respondents argue that Chinese producers offer good quality products at a lower price than other suppliers and that explains why global buyers tend to buy from China.

Compatibility: when asked about the requirements for supplier selection, one Swedish buyer points out that it is personality rather than nationality that determines their choice. It means that they consider individual suppliers based on their personal competences rather than which country the suppliers are located. The respondent furthers that during some visits and direct meetings, he uses his savvy experience-“instinct gut feeling” as he calls it- to analyze whether the suppliers’ production capabilities suffice and whether they can “speak the same language from production wise”. It is obviously indicated that the compatibility of individual suppliers with individual buyers’ expectation is one of the requirements for insertion into Swedish apparel value chains.

4.2.4. Opportunities for Vietnamese apparel suppliers’ insertion into Swedish value chains:

According to our survey and questionnaires to both Swedish and Vietnamese firms, we find out that there are prospects for Vietnamese firms to increase shares of the business in coming years. Some of the justifications for this to happen are as follow.

Sweden is a potential market with high consumption of clothing goods which are nearly 100% imported from other countries. These facts are considered opportunities for Vietnamese suppliers. About 33% of respondents claim that these opportunities highly encourage their intention of insertion into Swedish apparel value chains.

Another chance for Vietnamese suppliers’ insertion into Swedish value chains may come from their own already-possessed competences. According to the survey, 31 firms think that their customers come to them because of price competitive offers. 24 firms confirm they remain their reputation in buyers’ eyes thanks to their high quality products and delivery punctuality.
Commitment with technical regulations i.e. safety, environment & social criteria, quality control systems, etc is another strength of Vietnamese suppliers that enables them to keep customers and promises for their high probability of integrating into new markets.

When quota scheme was lifted off in accordance of Multi-Fiber Agreement in 2005, garment products from developing countries can be imported liberally into Sweden. In addition, Vietnamese Trade governmental authorities have encouraged Vietnamese garment producers to pay attention to unexplored and promising European markets, one of which is Sweden. On the other hand, Vietnam-based Swedish Trade Promotion office, which plays as a crucial contact point for Vietnamese exporters, has had several promotion activities strengthening apparel trading activities between the two countries. Free trade regimes, governmental encouragement and support from Swedish trade office can be seen as advantageous conditions and opportunities Vietnamese suppliers can utilize for their market access strategies.

According to a Swedish buyer, Swedish consumers have sympathy and brand equity awareness of Vietnam. This might be a competitive advantage Vietnam has over other competitors including China.

Moreover, Vietnamese apparel categories fit well with demands in Sweden. According to our survey, the production categories of 50 firms match with hot categories in Swedish market. And the Vietnamese firms respond their eagerness to insert into this market once their products suit the end-market demands.

In their empirical study about foot-ware industry in GVC, Schmitz & Knorringa (2000) compare suppliers in some key countries from the perspectives of global buyers. It is implied, that in the global buyers’ point of view, suppliers in different countries have different distinguished characteristics. And in this sense, one might question whether country factor is one of the determinants that global buyers take into consideration when choosing suppliers. Taking this assumption into Vietnam’s case, from the beginning of this thesis’ research, we wondered if Vietnamese suppliers have an opportunity to be chosen because of global buyers’ “China + 1 strategy” or not. We have raised this query in the survey and the result does not support the above assumption. Most Vietnamese suppliers (46 firms) do not think that buyers choose them as an alternative choice so as to avoid overdependence on Chinese suppliers. Findings from Swedish buyers’ interview are not in favor of that hypothesis either.

4.2.5. Impediments to Vietnamese apparel suppliers’ insertion into Swedish value chains:

The most noticeable impediment hampering Vietnamese garment suppliers integrating into Swedish value chains is their lack of information about Sweden and Swedish clothing market. 68% of the respondent firms (34 firms) admit this is their major weakness and 28 firms claim that it severely affects their intention to gain access into Swedish market.
Harsh competition with major suppliers, i.e. China, Bangladesh, India, Turkey, etc. is another challenge, which is agreed by 50% of the respondents.

Few firms give responses on the question whether Swedish stringent Codes of Conduct are big barriers to them (40 firms give blank answer). Due to this reason, it is difficult for us to make any further judgment or conclusion. The explanation for the no-response might be because the respondents are not sure about the current Swedish requirements given that they do not have enough information about this market. With an attempt to clarify the point, we mention the question in our follow-up interviews. The private firm and SOE show their confidence in their compliance to strict Codes of Conduct (labor, social, environment, etc.) whereas the FDI firm states that those requirements somehow hamper their approach to Swedish market. From the survey result, we can see that Vietnamese suppliers have been on the progress of complying with international apparel requirements and standards. Nearly 50% of the firms have successfully established management and control systems abiding to technical regulations in international markets. However, because Sweden has some of the strictest regulations on environment, labor, health care, etc. relating to garment production (CBI 2008), prudent attention should be paid into this issue. From our point of view, Swedish technical requirements might be barriers to most Vietnamese suppliers at least at the initial stage of insertion when they are on the learning curve and on the way to build trust with Swedish buyers.

Our Swedish respondent shows that they have an intention of moving back part of their supply base to neighboring countries i.e. Poland, Estonia, Morocco, etc, to obtain a smarter supply chain. This accords with Palpacuer et al. (2005) when they mention lean supply chain strategy of global buyers as a challenge for developing countries. However, from the Swedish buyer’s forecast, we find another factor that may affect Swedish buyers’ intention of moving back. That is the trend of local market concentration among Vietnamese producers. In the recent years, there is a growing number of Vietnamese firms focusing on their own local market which facilitates them to gain quicker returns and larger quantity.

4.3. Upgrading and learning of Vietnamese apparel firms in the GVC coordinated by Swedish buyers:

4.3.1. Vietnamese suppliers’ upgrading in the global value chain:

It is easily recognized that price competition is quite popular in garment markets, especially among suppliers in developing countries. Most apparel suppliers render to price competition as the major tool to attract potential buyers. In the survey, we find that 14 firms, accounting for 28% of the total sample, claim they resort to price competition so as to increase their competitiveness. Price competitiveness may be partially seen as a consequence of process upgrading effort. Because when re-organizing and managing the production processes more efficiently, the total manufacture costs can be reduced, which facilitates the producers to lower the unit price accordingly. Our three follow-up interviews in the apparel SOE, private firm, and FDI firm all confirm this argument.
They all have to strive hard to minimize the operations costs so as to stay firm in the harsh competition, especially in the world’s recent crisis context. However, obviously, they have to accept a lower profit margin as a result.

14 firms enhance competitiveness by increasing value added in their products. This figure shows that Vietnamese suppliers are aware of the importance of value added (product upgrading) to keep themselves competitive in the GVC. The SOE respondent and the FDI respondent in follow-up interviews state that increase value added is one of the key solution for competition problem whereas the private counterpart does not mention this in their response.

**Figure 12: How Vietnamese suppliers enhance competitiveness**

(Source: authors’ own compilation from the survey’s result)

Besides, the survey result, however, also reveals that some firms (2 FDI firms and 1 private firm) seem to be self-satisfied with their current status, stating that they would not do anything to increase their competitiveness. They rather remain the same capabilities in the competitive apparel GVC.

Most firms highly stress the importance of searching for new markets, in other words, finding ways to insert into new value chains (15 firms). The responses in follow-up interviews express the necessity of searching new markets, which is somehow the inevitable way if a firm wants to survive in the GVC. From the responses’ elaboration we find that there is a causal relation between upgrading and insertion. If the producers would like to insert into new markets, they have to prove their competitiveness over other competitors. The competitiveness can only be achieved once upgrading efforts are made. Vice versa, insertion into new markets can help the firms to be more experienced, more crafted and more financially strong to subsidy their upgrading investment.

To undertake process and product upgrading, 16 respondents (32%) emphasize on enhancing labor skills and consider it as one of the prerequisite points. They also think application of new
management and quality control management standards is another fundamental factor of equal importance. New machinery installation is mentioned in 11 responses as a way to improve process efficiency. On the other side, the Swedish buyers also emphasize on new technology and efficiency improvements if the suppliers want to be maintained in the value chains.

Figure 13: Key measures for process & product upgrading from Vietnamese suppliers’ perspective

(Source: authors’ own compilation from the survey’s result)

4.3.2. Relations between Vietnamese suppliers and Swedish buyers in the value chains:

As we illustrate in section 3.3.2, GVC researchers argue that upgrading of developing countries’ firms can be realized through interactions with lead firms. The nature of the relations between players in the value chains can have effect on upgrading consequences (Gereffi & Memedovic 2003; Humphrey & Schmitz 2002).

From the interviews with Swedish buyers, one emphasis is made on long term relation. All the Swedish buyers have sourcing strategies to work with their suppliers on long term basis. It is interesting to find that the interviewed firms are satisfied with the business relations they have in Vietnam-Sweden apparel value chains in various aspects i.e. quality, price, delivery punctuality, services, etc. Notably, most of the relations have been maintained for several years (5 to 10 years). This demonstrates that once Vietnamese suppliers successfully insert into Swedish value chains and build trust, long-term partnerships can be guaranteed.

The exciting interview with a Swedish work-wear buyer has helped providing a picture of Vietnamese and Swedish relations in the value chains. The firm started sourcing in Vietnam quite early and till now they have had continuous supply base in Vietnam for more than ten years. The
business contracts are on FOB 1 basis. That is, the Vietnamese supplier is responsible for purchase of input materials (fabric, zippers, etc.) and production. However, the materials should be bought from suppliers nominated by the Swedish buyer. And their contracts are rolled over with a longer validity. In terms of production, the supplier receives technical support from their Swedish partner. In particular, the buyer has sent 4 technical staffs to assist in supervision and to cooperate with the supplier’s staffs handling daily errors or problems during manufacture processes.

The Swedish buyer has been in work-wear business as a producer and a retailer for more than thirty years. They have moved up the chain and now play more the role of a retailer rather than a pure producer. With several years in international apparel markets, they have accumulated a great deal of expertise and experience in production, sourcing and distribution. Currently, they still keep a small production factory in Latvia with an aim to maintain their technical expertise and competence in apparel industry. The experience and expertise accumulated by the buyer have been passed down to their suppliers in the chain. As a result, the Vietnamese supplier has a chance to obtain the techniques from their partner when being inserted into the value chain coordinated by Swedish buyer. According to the Swedish buyer, they offer all the support for the production efficiency and they are very willing to help their supply partner to upgrade. The Swedish firm respondent explains that if long term partnership is made, they certainly have to cooperate with each other and develop together. The empirical result accords to previous GVC analysis of Gerrefi and Schmitz about governance in supplier and lead firms relations.

4.3.3. Vietnamese suppliers’ learning in the value chains coordinated by Swedish buyers:

As Brach & Kappel (2009) find that suppliers at a very low end of the chain can learn the core competences of global buyers through observation. We would like to test this argument in the context of Vietnamese-Swedish inter-firm relations. Empirical investigation about learning of Vietnamese suppliers in Swedish buyers’ value chains is carried based on follow-up interviews with Vietnamese firms and Swedish buyers who are sourcing in Vietnam.

From Vietnamese suppliers’ perspectives:

The private firm has been supplier for their Swedish buyer for 5 years and the relation is quite positive. This firm is quite independent claiming that they do not receive technical support from the customer. However, during interaction, the firm reveals that they have learned how to scrutinize and evaluate product quality from the buyer. On the contrary, the FDI firm is actually a factory of a large garment trader in Korea. The Korean-based headquarter plays the key role in marketing, product R&D and dealing with major retailers in end-markets. This FDI firm is considerably dependent on the mother company. Their production bases on the instruction of the mother company and thus they receive technical supports from the mother company rather than from Swedish buyers. As for the SOE respondent, they currently do not maintain the business with Swedish buyer and unfortunately, they have no comment on learning issue during their cooperation with Swedish partner.
From Swedish buyers’ perspectives:

As described above in upgrading section, the work-wear firm respondent expresses their readiness “to push the supplier’s technology forward”. However, they admit a fact that it is not easy to convince the supply partner to change unless they want to do so. Another factor that matters is the willingness to learn of the supplier. From the remark, we can see that upgrading also depends on the willingness and the development vision of specific suppliers. This finding coincides with statement of Schmitz & Knorringa (2000) when they investigate China and India cases. The correlation between upgrading and suppliers’ pro-active learning is pointed out here. Being in the value chain under the governance of lead firms does not mean that the supplier will definitely upgrade themselves with the technical support of lead firms. Therefore, we agree with Schmitz & Knorringa (2000) and may argue that willingness to listen to buyers’ advice and/or suggestions and management strategic vision of development are among the salient criteria for upgrading in developing countries’ suppliers.

5. FINDINGS:

Our research result confirms some findings of previous GVC studies. Besides, from the data collected from both Vietnamese and Swedish respondents, we have found out some major new traits about Vietnamese apparel suppliers in the value chains governed by Swedish buyers.

We follow Nadvi et al. (2004) examining Vietnamese garment producers in the GVC by ownership types. Our research result confirms what they remarked ten years ago on “triangular manufacturing”. Until now, intermediaries from Taiwan, Korea, Hong Kong have established processing factories in Vietnam in form of FDI firms. The number of this type takes a considerable part in total apparel firm number of Vietnam and FDI firms have contributed substantially to Vietnam’s garment export. However, it seems that FDI firms are quite dependent and passive in market orientation strategies given that they act as production factories and have to follow development instructions from mother companies. On the contrary, private firms and SOEs are more active in their market development strategies.

Nadvi et al. (2004) argued that SOEs had more chances to move up the value chain compared to their private counterparts. In our sample, we do not have proper number of SOEs to validate this argument in the current context. Nonetheless, from our survey, we can see progressive development of apparel private sector. Private firms are getting more and more involved in the GVC with FOB contracts.

From the background data and primary data collected, we find that Sweden is still an unexplored market for Vietnamese suppliers. Not many Vietnamese garment exporters pay proper attention to this potential market. The reason for this indifference is lack of Swedish market knowledge and its geographical remoteness. Lack of information about Sweden and Swedish clothing market has greatly hampered Vietnamese suppliers’ insertion into Swedish value chains even though the majority of respondents think it is quite a promising market.
Generally, Vietnamese apparel suppliers are on the progressive path and becoming more competitive with their own inertia strengths. This can be seen as an opportunity for them to approach to other unexplored markets, including Sweden. Obstacles hampering Vietnamese suppliers mainly derive from their lack of information about Sweden and Swedish market. However, on Swedish perspective, it is anticipated that Vietnamese suppliers’ indifference of foreign markets, including Sweden, is due to their growing local concentration trend, which facilitates them to earn more profits.

From the beginning of doing the thesis, we were obsessed with the question whether country factor was one of the determinants that global buyers would take into consideration when choosing suppliers. And we wondered if Vietnamese suppliers would have an opportunity to be chosen because of global buyers’ “China + 1 strategy” or not. Our empirical results, however, disapprove this assumption both from Vietnamese and Swedish sides.

In an interview with a long established Swedish buyer, we find that compatibility is the requirement affecting Vietnamese suppliers’ insertion into Swedish value chains. Based on our understanding and our exploration from discussions with Swedish buyers, we may say that the term somehow relates to suppliers’ core competence, their professionalism in management and development visions. Research from Swedish buyers’ perspective emphasizes the top priority of trust and trustworthiness requirements. This means that when doing business with Swedish buyers, Vietnamese apparel suppliers should be highly aware of quality and delivery punctuality to build trust. Price is a factor of importance also but it is put after the ethical and social codes of conducts (working condition, environment protection, etc.) in the selection priority of Swedish buyers. In fact, on the contrary, Vietnamese suppliers mainly abuse price as the key tool for competition. Long-term cooperative partnership for mutual benefits is the key word that demonstrates Swedish buyers’ expectation regarding their relations with suppliers. Findings from Swedish buyers’ perspective disclose two implications. First, it is challenging to insert into Swedish value chains because of stringent criteria. Second, it is, however, worth a try given that suppliers can enjoy a rewardingly profitable business relations on long-term basis in Swedish value chains.

From the interviews with some respondents, we find that there is a correlation between insertion and upgrading. If the producers would like to insert into new markets, they have to prove their competitiveness over other competitors. The competitiveness can only be achieved once upgrading efforts are made. Vice versa, insertion into new markets can help the firms to be more experienced, more crafted and more financially strong to subsidy their upgrading investment.

Although not many Vietnamese suppliers cooperate with Swedish buyers, most of the relations between Vietnamese suppliers and Swedish buyers are very good with an emphasis on long term partnerships. The respondents who involve in the Vietnamese-Swedish apparel value chains express explicitly their satisfaction with the current cooperation in various aspects. A conclusion can be drawn is that once Vietnamese suppliers successfully insert into Swedish value chains and build trust, long-term partnerships can be guaranteed.
When in the value chains governed by Swedish global firms, Vietnamese suppliers have learned from the experience and expertise of their Swedish partners. Swedish buyers are willing to support Vietnamese suppliers to develop their technology and improve efficiency. Cooperation in partnership relations is highly stressed for mutual benefits.

Intentional technology transfer is certainly made in the value chain governance of Swedish lead firms. It means that Vietnamese suppliers have several opportunities to upgrade themselves from learning from the Swedish partners. However, it does not imply that the suppliers will definitely upgrade themselves with the technical support of lead firms. We agree with Schmitz & Knorringa (2000) and argue that willingness to learn from technology transfer, from interactions and from observation takes a critical role. From the learning process with a customer-oriented attitude and with a management visionary capability, the suppliers can achieve rewarding upgrading consequences. To sum up, willingness to listen to buyers’ advice and/or suggestions and management strategic vision of development are among the salient criteria for upgrading in developing countries’ suppliers.

6. CONCLUSION:

The thesis has demonstrated some sketches of Vietnamese suppliers’ performance in the GVC and the value chains coordinated by Swedish buyers. Currently, in international free trade context, GVC study has predominated and become a hot debating topic which attracts several researchers. The thesis serves as a contribution to GVC research stream from a holistic approach with an empirical case of Vietnamese and Swedish apparel industries. There are quite many scientific articles discussing about governance, asymmetric power and gains inequality of players in the GVC. Our thesis, however, focuses specifically on insertion and upgrading. Examination of these two issues derive from practical needs for enhancing competitiveness of Vietnamese garment producers and strengthening inter-firm linkages as well as trading relations between Vietnam and Sweden.

From the research, we find that:

*Insertion issues*: Vietnamese suppliers insert into Swedish value chains mostly through co-producers’ introduction. However, the majority of Vietnamese apparel producers lack information about Swedish market and thus inadequate attention is paid to this potential market. Harsh competition is also one of the impediments to their reluctance of insertion. From Swedish buyers’ perspective, trust is the primary requirement for business relations. Vietnamese garment manufacturers should be aware of this issue if they would like to gain successful access.

*Upgrading issues*: Most Vietnamese suppliers increase their competitiveness in the GVC from both price competition and value added enhancement. Vietnamese suppliers once participated into Swedish value chains, could still maintain amiable business relations with their buyers. In Swedish value chains, Vietnamese apparel suppliers have chances of learning some expertise from their Swedish buyers who are cooperative in assisting them to improve production efficiency. An
Vietnamese suppliers in Swedish apparel value chains-A focus on insertion and upgrading

emphasis should be made on the willingness to listen to buyers’ advice/suggestions together with a management strategic vision of development for successful upgrading consequences.

The authors hope that this thesis will provide researchers with an analysis of Vietnamese apparel suppliers and Swedish global buyers in the GVC context. Also, it is expected to highlight some key requirements from Swedish buyers’ perspectives, which will give Vietnamese suppliers valuable hints and inspirations for their successful access and improvements in Swedish value chains. And this, in turn, will facilitate harnessing trustable Vietnam-based supply partnerships for Swedish buyers for mutual benefits.

Our thesis is just limited in some remarks on insertion and upgrading issues. There is room for further researches on solutions for successful upgrading in the GVC.

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Websites:
APPENDIX: Questionnaire for Vietnamese apparel firms

BÀNG KHẢO SÁT DOANH NGHIỆP ĐỆT MAY VIỆT NAM VỀ THỊ TRƯỜNG THỦY ĐIÊN

QUESTIONNAIRE FOR VIETNAMESE APPAREL FIRMS ABOUT SWEDISH MARKET

Mục đích của bảng khảo sát nhằm nhận định tính hình xuất khẩu và năng cao năng lực cạnh tranh tại thị trường Thụy Điển của các Doanh nghiệp may mặc xuất khẩu Việt Nam, từ đó, đánh giá những cơ hội và thách thức cho Doanh nghiệp Việt Nam khi tham gia vào thị trường này.

This questionnaire is to investigate the current export performance to Swedish market of Vietnamese apparel firms in terms of insertion and upgrading, thereby analyze the opportunities and challenges for Vietnamese apparel firms in the value chains governed by Swedish buyers.

Bảng khảo sát và các kết quả thu thập được từ cuộc khảo sát sẽ gợi mở cho Quý doanh nghiệp những hướng đi mới cho chiến lược phát triển thị trường của mình. Xin chân thành cảm ơn!

The questionnaire and the survey results would suggest Your firm some inspirations for the foreign market development strategy.

PHẦN 1: THÔNG TIN CHUNG VỀ QUÝ DOANH NGHIỆP

PART 1: GENERAL INFORMATION

Tên doanh nghiệp: .................................................................

Firm’s name: .................................................................

1. Số nhân viên (văn phòng và nhà xưởng) của Quý doanh nghiệp là: (How many employees does your firm have?)
   a. Ít hơn 300 (Less than 300)
   b. 300-3000
   c. Nhiều hơn 3000 (More than 3000)

2. Ngành hàng sản xuất chủ yếu của Quý doanh nghiệp là: (What are your main production categories?)
   a. Áo sơ mi (shirt)
   b. Jacket
   c. Quần áo thể thao (sportwear)
   d. Casual wear
   e. Veston (suits)
   f. Quần áo thời trang (fashion clothing)
   g. Khác (Others): .................................................................

3. Năng lực sản xuất trung bình của Quý doanh nghiệp: (Your average production capability):
   a. Ít hơn 500,000 sp/năm (Less than 500,000 pcs/year)
   b. 500,000-3,000,000 sp/năm (500,000-3,000,000 pcs/year)
   c. Nhiều hơn 3,000,000 sp/năm (More than 3,000,000 pcs/year)

4. Hàng xuất khẩu chiếm bao nhiêu phần trăm năng lực sản xuất của Quý doanh nghiệp?
   a. Ít hơn 30% (Less than 30%)
   b. 30-60%

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<tr>
<th>Firm’s name:</th>
<th>.................................................................</th>
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<tbody>
<tr>
<td>1. Số nhân viên</td>
<td>a. Ít hơn 300 (Less than 300)</td>
</tr>
<tr>
<td>3. Năng lực sản xuất</td>
<td>a. Ít hơn 500,000 sp/năm (Less than 500,000 pcs/year)</td>
</tr>
<tr>
<td>4. Hàng xuất khẩu</td>
<td>a. Ít hơn 30% (Less than 30%)</td>
</tr>
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5. Tại sao khách hàng nước ngoài lại chọn Quý doanh nghiệp? Lý do khác, xin vui lòng nêu rõ (Why do foreign buyers choose your firm? Other, please specify)

   a. Chất lượng sản phẩm của Quý doanh nghiệp tốt (High quality)
   b. Sản phẩm của Quý doanh nghiệp có giá cạnh tranh (Competitive price)
   c. Khách hàng không muốn phụ thuộc quá nhiều vào các nhà cung ứng của Trung Quốc (China + 1 strategy)
   d. Quý doanh nghiệp đáp ứng được các yêu cầu về kỹ thuật (an toàn lao động, vệ sinh môi trường, hệ thống quản lý chất lượng, ... ) (Commitment with technical regulations i.e. safety, environment & social criteria, quality control systems, etc)
   e. Quý doanh nghiệp luôn giao hàng đúng hẹn và đúng quy cách (Timely and accurate delivery)
   f. Khác (Other): .....................................................

6. Quý doanh nghiệp cung cấp loại hình dịch vụ nào? (What types of services does your firm offer?)

   a. Gia công (Cut-make-trim)
   b. FOB 1 (Doanh nghiệp mua nguyên liệu từ nhà cung cấp do người mua chí định) (Your firm buys materials from the suppliers designated by the buyers)
   c. FOB 2 (Doanh nghiệp tự chủ động nguyên liệu) (Your firm is self-sufficient in materials)
   d. FOB 3 (Doanh nghiệp tự thiết kế mẫu và chủ động về nguồn nguyên liệu) (Your firm is self-sufficient both in materials and designs)
   e. Khác (Others): .....................................................

7. Các loại hình dịch vụ chiếm bao nhiêu phần trăm trong tổng doanh thu của Quý doanh nghiệp? (what are those services’ percentages in total revenues?)

   a. Gia công (cut-make-trim):  %
   b. FOB 1:  %
   c. FOB 2:  %
   d. FOB 3:  %

8. Thời gian trung bình hoàn tất đơn hàng của Quý doanh nghiệp là (Your firm’s average lead time for delivery):

   a. Ít hơn 30 ngày (less than 30 days)
   b. 1-3 tháng (1-3 months)
   c. 3-6 tháng (3-6 months)
   d. Hơn 6 tháng (more than 6 months)
   e. Khác (other): .....................................................

9. Quý doanh nghiệp có bao nhiêu đơn vị liên kết (partnerships)? (Đơn vị liên kết (partnerships) là những công ty mà Quý doanh nghiệp chia sẻ những đơn hàng khối lượng lớn) (How many partnerships does Your firm have?)

   a. 0
   b. 1-5
   c. 5-10
   d. Nhiều hơn 10 (more than 10)

10. Quý doanh nghiệp nâng cao khả năng cạnh tranh của mình bằng (những) cách nào? Lý do khác, xin vui lòng nêu rõ (In which ways do you increase your competitiveness? Other, please specify)
a. Cạnh tranh về giá (Price competition) 

b. Nâng cao giá trị gia tăng cho sản phẩm (Increase value-added) 

c. Đầu tư xây dựng nguồn nguyên vật liệu (Invest in producing self-sufficient sources of materials) 

d. Tích cực tìm kiếm thị trường mới (Actively search for new markets) 

e. Không làm gì, giữ nguyên năng lực hiện có (Do nothing, remain the current capabilities) 

**11. Để nâng cao năng lực sản xuất, Quý doanh nghiệp chú trọng vào những khâu nào? (Which processes do you improve so as to upgrade your production capabilities?)**

**a. Chu trình thiết kế mẫu mã (Design)**

**b. Đầu tư công nghệ máy móc hiện đại (New modern machinery)**

**c. Nâng cao trình độ tay nghề lao động (Higher technical workers)**

d. Ứng dụng những tiêu chuẩn quản lý và quản lý chất lượng tiên tiến (Application of new management and quality control management standards)

e. Khác (Others): ............................................

**PHẦN 2: THỊ TRƯỜNG XUẤT KHẨU**

**PART 2: EXPORT MARKETS**

**1. Các thị trường xuất khẩu chính của Quý doanh nghiệp và tỉ trọng của các thị trường ấy trong tổng doanh thu là:**

(What are your major export markets and their percentage of the total revenues?)

<table>
<thead>
<tr>
<th></th>
<th>Châu Á (Europe)</th>
<th>Mỹ (USA)</th>
<th>Nhật Bản, Hàn Quốc (Japan, Korea)</th>
<th>Hong Kong, Đài Loan (Hong Kong, Taiwan)</th>
<th>Khác (Others)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0%</td>
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<tr>
<td></td>
<td>1-20%</td>
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<td></td>
<td>20-40%</td>
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<td></td>
<td>40-60%</td>
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<td>60-80%</td>
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<tr>
<td></td>
<td>80-100%</td>
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</table>

2. Khi xuất khẩu dưới hình thức gia công, hoặc thông qua đại lý thu mua, Quý doanh nghiệp có biết thị trường tiêu thụ sản phẩm cuối cùng (end-market) ở đâu không? (When exporting under Cut-make-trim or through intermediaries do you know where the end-markets of those products would be?)

a. Có (Yes) 

b. Không biết (No) 

c. Không quan tâm (Do not care)
3. Quý doanh nghiệp tìm kiếm khách hàng nước ngoài cách nào? Cách khác, xin vui lòng nêu rõ. (How do you find foreign customers? Others, please specify)

- Khách hàng tự tìm Quý doanh nghiệp (They come to you)
- Thông qua hội chợ trong và ngoài nước (National trade fairs and international trade fairs)
- Thông qua giới thiệu của Trung tâm xúc tiến Thương mại (Introduction from Trade Promotion offices)
- Thông qua giới thiệu của các bạn hàng (from your co-producers)
- Khác (others): ........................................

4. Quý doanh nghiệp lựa chọn khách hàng/đơn hàng dựa vào các tiêu chí nào và tầm quan trọng của các tiêu chí ấy? (What are your criteria for customer/order selection and their importance?)

<table>
<thead>
<tr>
<th>Chứng lỗi hàng phù hợp với năng lực sản xuất của Quý doanh nghiệp (Categories suitable to your capabilities)</th>
<th>Độ phức tạp của đơn hàng (Specification complicatedness)</th>
<th>Giá trị đơn hàng (Order value)</th>
<th>Khối lượng đơn hàng (Order volume)</th>
<th>Tiêu chí khác (others)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rất quan trọng</td>
<td>Rất quan trọng (Very important)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quan trọng</td>
<td>Quan trọng (Important)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Bình thường</td>
<td>Bình thường (Normal)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Ít quan trọng (Not so important)</td>
<td></td>
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<tr>
<td>Không quan trọng (Not important)</td>
<td></td>
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</tbody>
</table>

5. Quý doanh nghiệp đã bao giờ hợp tác với các công ty bán lẻ Châu Âu hoặc các đại lý thu mua của họ không? (Have you ever had clients from EU or from EU retailers’ purchasing agents?)

a. Có (Yes)  
b.Không (No)

6. Nếu có, Quý doanh nghiệp còn duy trì quan hệ với các khách hàng đó không? (If yes, do you still maintain business relationship with them?)

a. Có (Yes)  
b. Không (No)

7. Nếu Quý doanh nghiệp chưa có khách hàng Châu Âu, Quý doanh nghiệp có dự định tìm kiếm khách hàng và xâm nhập vào thị trường này không? (Xin vui lòng nêu lí do) (If you have not had EU clients, do you intend to expand to EU markets? Please specify why/why not)

a. Có (Yes): ..................................................................................................................
b. Không (No): ..........................................................................................................................

8. Nếu có, Quý doanh nghiệp định sẽ thực hiện việc tìm kiếm khách hàng Châu Âu bằng cách nào?

(If yes, how do you intend to search for European buyers?)

a. Tham gia các hội chợ thương mại (Trade fairs)  
d. Tăng cường hoạt động marketing trực tuyến, tìm kiếm khách hàng qua mạng (Increase e-marketing tools)

b. Liên hệ với các văn phòng xúc tiến thương mại (Contact Trade Promotion offices)  
e. Khác (others): .................................................................

c. Nâng cấp năng lực sản xuất (Upgrade your capabilities)  

9. Quý doanh nghiệp nghĩ sao về các khách hàng Châu Âu? (What do you think about European buyers/retailers?)

a. Dồi hỏi cao, khắt khe về chất lượng, thời gian giao hàng và các quy cách sản phẩm (Demanding in quality, time delivery and specifications)

b. Rất tiệm nâng (nhiều đơn hàng lớn, giá trị cao) (Potential with large orders and high value)

c. Đễ tính (Easy)

d. Yêu cầu mẫu mã phức tạp (The design specifications of their orders are complicated)

e. Nhắm đến mối quan hệ hợp tác lâu dài (They aim at long-term relations)

f. Khác (Others): .................................................................

10. Những thuận lợi của Quý doanh nghiệp khi thâm nhập thị trường Châu Âu? (What are your advantages in expanding business to EU markets?)

a. Không có hạn ngạch (No quota)  
d. Nhu cầu thị trường phù hợp với năng lực sản xuất của Quý doanh nghiệp (The market demands suit your capabilities)

b. Hướng những điều kiện ưu đãi khi xuất khẩu sang thị trường này (Favorable preferences for developing countries)

c. Khách hàng dễ tính (Easy clients)  
e. Khác (Others): .................................................................

11. Những khó khăn, hạn chế của Quý doanh nghiệp khi thâm nhập thị trường Châu Âu? (What are your difficult problems in doing business with EU clients?)

a. Cảnh tranh gay gắt với Trung Quốc, Bangladesh, Thổ Nhĩ Kỳ (Harsh competition from China, Turkey, Bangladesh)  
d. Thiếu vốn (Lack of finance)

b. Thiếu thông tin về thị trường Châu Âu (Lack of information about European markets)

f. Hạn chế về năng lực quản lý, bán hàng, marketing và ngôn ngữ (Lack of management, marketing, sales & language barriers)

c. Hạn chế về năng lực sản xuất (Lack of production capabilities)  
g. Khác (Others):

12. Quý doanh nghiệp có nhận được hỗ trợ nào từ các cơ quan Xúc tiến Thương mại (Việt Nam, EU) và đối tác khi thâm nhập thị trường Châu Âu không? (Do you get any supports from the Government and from your partners in approaching new clients in EU?)

a. Có (Yes)  
b. Không (No)

13. Quý doanh nghiệp có hiểu thông tin về thị trường Thụy Điển không? (How much do you know about Swedish market?)
14. Quý doanh nghiệp đã bao giờ có khách hàng Thụy Điển hoặc các đại lý thu mua của các nhà bán lẻ Thụy Điển không? Nếu không, vui lòng chuyển sang câu 19 (Have you ever had clients from Sweden or Swedish retailers’ buying agents (i.e. in Hong Kong, China, etc)? If No, move to question 19)

<table>
<thead>
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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rất nhiều (Very much)</td>
<td>Không (No)</td>
<td></td>
<td></td>
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</tbody>
</table>

a. Có (Yes)  
b. Không (No)

15. Nếu có, hiện giờ Quý doanh nghiệp còn duy trì quan hệ với họ không? (If yes, do you still maintain the relationships with them?)

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<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Có (Yes)</td>
<td>Không (No)</td>
<td></td>
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</tbody>
</table>

16. Nếu có, Quý doanh nghiệp đã tìm được khách hàng Thụy Điển bằng cách nào? (If yes, how do you find them?)

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<thead>
<tr>
<th>1</th>
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<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Họ tự tìm đến (They come to you)</td>
<td>Thông qua giới thiệu của các bạn hàng, đối tác (Introduction from your partnerships, networking)</td>
<td></td>
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</tr>
<tr>
<td>b. Thông qua website, các kênh thông tin trực tuyến (Via websites, e-channels)</td>
<td>Khác (Others): ...........................................</td>
<td></td>
<td></td>
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<tr>
<td>c. Các yêu cầu về thời hạn giao hàng và tiêu chuẩn kỹ thuật không được đáp ứng (Their demands about delivery and technical requirements were not met)</td>
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<tr>
<td>d. Họ tìm được nhà cung cấp có chất lượng tốt hơn (They found suppliers with better quality and services)</td>
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<tr>
<td>d. Khác (Others): ...........................................</td>
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</table>

17. Nếu Quý doanh nghiệp không còn duy trì quan hệ với khách hàng Thụy Điển, xin vui lòng cho biết tại sao? (If No, why did not you keep the relations with them?)

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
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<th>5</th>
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</thead>
<tbody>
<tr>
<td>Họ tìm được nhà cung cấp có giá cạnh tranh hơn (They found suppliers with more competitive prices)</td>
<td>C. Các yêu cầu về thời hạn giao hàng và tiêu chuẩn kỹ thuật không được đáp ứng (Their demands about delivery and technical requirements were not met)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Họ tìm được nhà cung cấp có chất lượng tốt hơn (They found suppliers with better quality and services)</td>
<td>d. Khác (Others): ...........................................</td>
<td></td>
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</tbody>
</table>

18. Doanh thu từ thị trường Thụy Điển chiếm bao nhiêu phần trăm trong tổng doanh thu của Quý doanh nghiệp? (How much percentage of your turnovers comes from Swedish clients?)

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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>0%</td>
<td>10-50%</td>
<td>Trên 50% (More than 50%)</td>
<td></td>
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<tr>
<td>a.</td>
<td>b.</td>
<td>c.</td>
<td></td>
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</tbody>
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19. Quý doanh nghiệp nghĩ sao về thị trường Thụy Điển? (What do you think about Swedish clients and Swedish markets?)

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<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Nhiều tiềm năng và hứa hẹn (Promising and potential)</td>
<td>Cạnh tranh cao (High competition)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Không hấp dẫn (Unattractive)</td>
<td>d. Khó tiếp cận các nhà bán lẻ ở thị trường này (Hard to approach major retailers)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>c. Khó tính (Demanding)</td>
<td>g. Khác (Others): ...........................................</td>
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</tbody>
</table>

20. Quý doanh nghiệp có định tham nhập thị trường Thụy Điển không? (Do you intend to approach and expand your business in Swedish market?)

<table>
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<th>2</th>
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<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Có (Yes)</td>
<td>Không (No)</td>
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<td></td>
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<tr>
<td>a.</td>
<td>b.</td>
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</tbody>
</table>
21. Nếu có, Quý doanh nghiệp định thâm nhập thị trường Thụy Điển bằng cách nào? (If yes, how do you think you will do to enter Swedish market?)

a. Thông qua website, và các kênh thông tin trực tuyến (through websites and e-channels)

b. Thông qua các cơ quan Xúc tiến thương mại (của Thụy Điển và Việt Nam) (through Trade Promotion Offices of Sweden and Vietnam)

c. Thông qua các hội chợ, triển lãm (through trade fairs)

d. Thông qua giới thiệu của các bạn hàng, đối tác (through networking)

e. Khác (Others):

22. Theo Quý doanh nghiệp, những cơ hội, triển vọng sau sẽ ảnh hưởng như thế nào đến quyết định thâm nhập thị trường Thụy Điển của doanh nghiệp Việt Nam? (In your opinion, to what extent do the following prospects and/or opportunities influence your intention to explore Swedish market?)

<table>
<thead>
<tr>
<th>Thựơng Thụy Điển không có hạn ngạch</th>
<th>Ánh hưởng rất nhiều (Very much)</th>
<th>Ánh hưởng nhiều (Much)</th>
<th>Ánh hưởng (Normal)</th>
<th>Ít ảnh hưởng (Little influence)</th>
<th>Không ảnh hưởng (No influence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Sweden is a non-quota market)</td>
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| Thụy Điển là thị trường 100% nhập khẩu hàng may mặc (Sweden is a 100%-clothing importer) |                                 |                        |                    |                                 |                                |

| Mức chi tiêu dành cho hàng may mặc của người dân Thụy Điển cao (The average clothing consumption is high) |                                 |                        |                    |                                 |                                |

| Thụy Điển có một số nhà bán lẻ lớn (Sweden has some major retailers) |                                 |                        |                    |                                 |                                |

| Yếu tố khác (Others) |                                 |                        |                    |                                 |                                |

23. Theo Quý doanh nghiệp, những nguyên nhân nào hạn chế doanh nghiệp Việt Nam thâm nhập thị trường Thụy Điển? (Which factors do you think are the reasons/ difficulties that hamper your approach to Swedish market?)

<table>
<thead>
<tr>
<th>Cạnh tranh gay gắt từ Trung Quốc, Bangladesh, Thổ Nhĩ Kỳ (Harsh competition from China, Bangladesh, Turkey)</th>
<th>Ánh hưởng rất nhiều (Very much)</th>
<th>Ánh hưởng nhiều (Much)</th>
<th>Ánh hưởng (Normal)</th>
<th>Ít ảnh hưởng (Little influence)</th>
<th>Không ảnh hưởng (No influence)</th>
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<table>
<thead>
<tr>
<th>Thiếu thông tin về thị trường (Lack of information about the market)</th>
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</thead>
<tbody>
<tr>
<td>Thị trường Thụy Điển không tiềm năng (Sweden is not potential)</td>
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</tr>
<tr>
<td>Khó tiếp cận các nhà bán lẻ lớn ở Thụy Điển (Hard to approach Swedish big retailers)</td>
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<tr>
<td>Thụy Điển có các quy định khá khe về kĩ thuật, lao động, môi trường (Sweden has strict Codes of Conduct requirements)</td>
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<tr>
<td>Yếu tố khác (Others)</td>
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24. Theo Quý doanh nghiệp, doanh nghiệp may mặc Việt Nam còn có những cơ hội, thách thức nào khi thâm nhập thị trường Thụy Điển? (Ngoài những yếu tố đã đề cập ở câu 22, 23) *(In your opinions, what else are the opportunities and challenges of Vietnamese apparel firms in entering Swedish markets, other than the few factors mentioned in question 22, 23?)*

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XIN CHÂN THÀNH CÁM ON QUÝ DOANH NGHIỆP! THANK YOU VERY MUCH!