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PRODUCTION PLANT SITE
CASE: STRAITS OF ASIA COMPANY

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PRODUCTION PLANT SITE – CASE: STRAITS OF ASIA COMPANY

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The purpose of the thesis was to make clear the definition of international business environment by using the theory of PEST analysis as the first step to lead to make decision about the operation mode for the case company Straits of Asia from Singapore.

On the other hand, competitive analysis is also one of the main key objective which clearly shows the competitive level of the case company with another firms in the same field. In this objective, the porter's diamond is applied to explain more about the opportunities of the life span of Straits of Asia with its competitive market.

The thesis was research-based and qualitative approach was used in the empirical part. Besides, this thesis is based on the reliable data which is collected directly from the case company by indirect interviewing and also according to the author's experiences in previous working period and Straits of Asia might be the possible future working place.

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1 INTRODUCTION

1.1 Background of the thesis

In order to start the background of the thesis, there is a brief introduction of the case company which is called Straits of Asia (SOA) Company. First of all, Straits of Asia is considered as a Singaporean Company which main business relates to garment and fashionable accessories in Singapore and the company wants to expand their business into Vietnam and also another different countries in Asia. However, in this case, I am going to focus mainly in Vietnam.

The idea of choosing the topic of the thesis as production plant site was crossed my mind when one day I received an email from Straits of Asia Company. Basically, the content of the email was the offer a trainee position in other to build an idea and perhaps process the manufacturing plant for Straits of Asia.

Moreover, even though I rejected to take the offer from Straits of Asia Company, I found out that it would be an interested topic for my thesis of my degree program. In the end of the day, I finally decided to ask SOA Company if they were able to give me the permission to do my thesis that is based on the company future project.

1.2 Purpose and objectives

Going through the thesis, there are concluded 2 core objectives which base on the theories that needed for the purpose of Straits of Asia.

Business environment analysis of the seaports and in this content is the first theoretical part. The PEST analysis are popular and practical analysis method which can be applied for the first objective. In order to complete the goal of the company, SOA aims to search for the potential seaports in Vietnam. Basically, the priority of seeking for the important and potential seaports is doing the environmental analysis for it so that base on the analysis, SOA Company is able to understand and step by step get into selecting the right seaports for their production plant.

In particular, the environment of the seaports is fundamentally including locations, human resources (labour source, official employees), and logical working areas for employees. In summary, including in the environment of the important seaports analysis should be analysed clearly about every aspect around the surrounding to make the decision if it would be the right seaports to process the plan.

Competition analysis, in the second objective, Porter's Diamond is used to determine the essential competitiveness and the level in competition that another firms are able to bring to Straits of Asia Company at the moment or in the near future. In any kind of business, there is always competition which is a very significant factor deciding the success or failure of the business decision making.

As we have known already, garment factory is one of the common and popular major running in Asia because of the low production costs, VAT, and all the financial budgets in overview are also lower comparing to another countries and it means that the competitiveness level must be higher. Basically, competitive is a measurement for how long the business can be ran and how strong it can stay during the processing lifespan.

To conclude, the thesis could be considered as a potential proposal which brings the idea one step closer to the realistic action. The more detail content will be explained in the next chapters of the thesis.

1.3 Conceptual framework

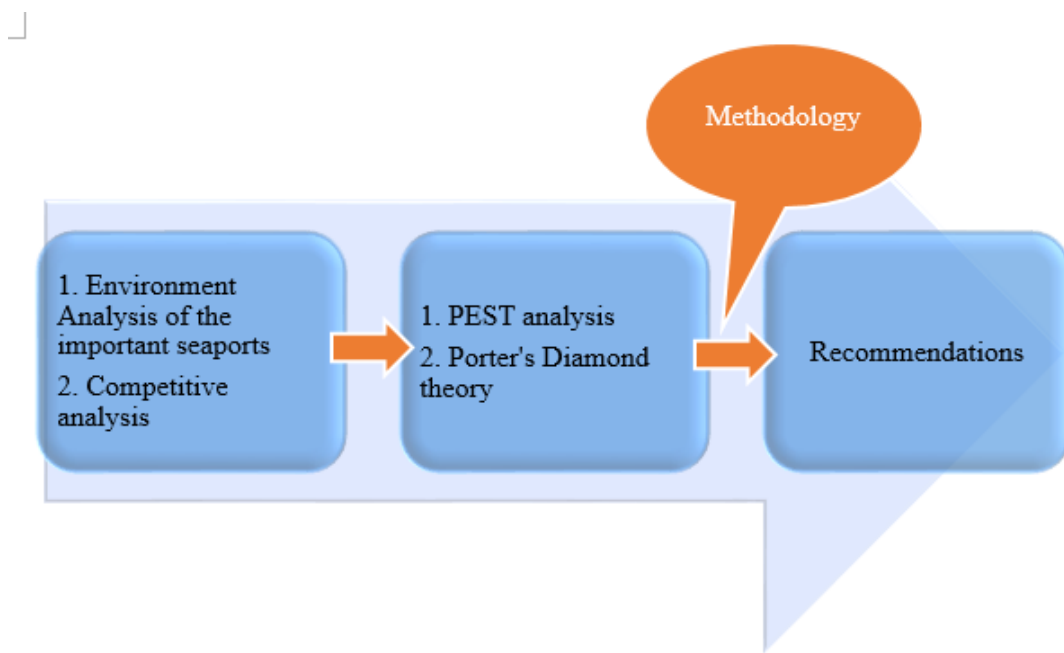


Figure 1. Conceptual Framework

In general, the conceptual framework indicates the whole process of the building the production plants step by step. First of all, creating the objectives is needed that including 3 main cores 1. The analysis of the environment around the seaports. In this first objective, PEST analysis is the main tool for business environment analysis and also for market research.

The second objective is relating to the market competitive analysis between Straits of Asia Company and itself in the new market environment in Vietnam. In addition, there will be also small mentions about the competitors who doing business in the same major.

Moreover, the most important stage before leading to the final solution for the whole production plant to SOA Company, which is the methodology how to collect the needed data from the company to understand their demand. In this case, doing research from the network and generating the questionnaires for interviewing are used. It might be answering the questions by words because it is easier than face to face interview according to the time differences and work schedules. Finally, providing the recommendations for SOA Company is the final step to end the whole plan.

1.4 Boundaries

In general, Straits of Asia Company is a young firm which is still in developing processing so it might be a big challenge for me to write the thesis. On the other hand, there is one tough point that I have not yet been training or working for the company so I should keep update the data time by time to be able to following the happening from both countries, Vietnam and Singapore.

The second difficulty I must face is about the methodology. In this case, I decided to choose indirect interview which means I am going to send the interview questions to the director of SOA to collect the needed information for the analysis. From my point of view, it will take time to complete the stage in the thesis.

2 ANALYSIS THE IMPORTANCE OF BUSINESS ENVIRONMENT

Basically, an overview of international business environment can be seen as macroeconomic outside the organization which includes several factors such as the social, political, economic, regulatory, tax, cultural, legal and technological environments. Moreover, the international business environment might also influence the operation decision making. (Website of the Boundless 2013)

On the other hand, defining the international business environment is important, because business changes basing on the dynamics of the environment which means surrounding so in order to link to the environment analysis, there will be factors which relates to the surrounding of the global market. In this case, PEST analysis is applied to do the business environment analysis. (Rao, 2010, 35)

2.1 PEST Analysis

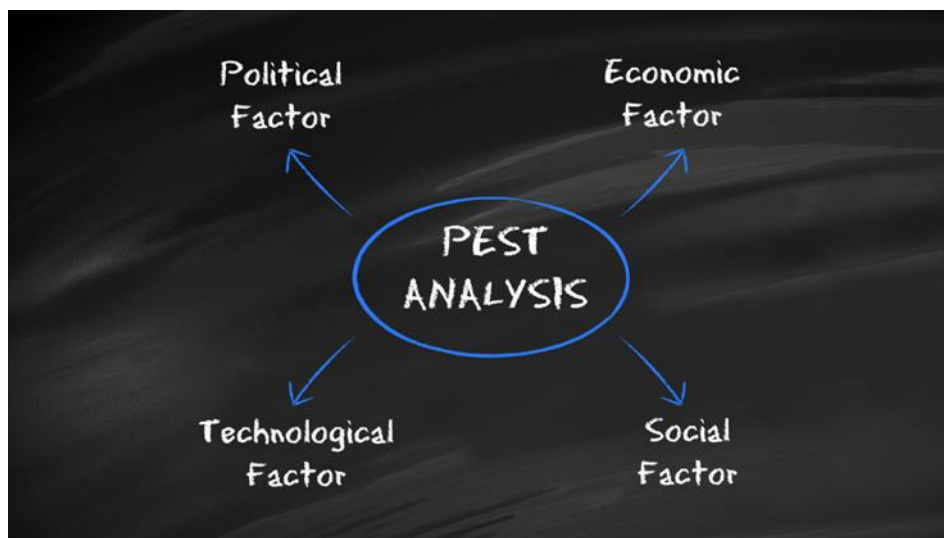


Figure 2: PEST Analysis (Website of the Oxlearn 2009)

According to the figure 2 above, when analyzing the external macro-environment as a whole the PEST analysis tool is used in this research. This tool is the most suitable to support the research question, more precisely the sub-question “What macro-environmental factors have the greatest influence? This analysis method is going to give answers of positioning, potential and the direction of the market through its different segments which are political-legal, economic, social-cultural, technological market environment. This tool is also good when planning business strategy in a specific market. The PEST analysis is a tool for exploring the external environment, also known as ‘environmental scanning’. The term PEST stands for political, economic, sociocultural and technological factors of a given market or industry. Political and legal environments are combined in this study as political-legal to better explain the nature behind the environment. Legal factors such as acts, agreements and regulations have usually a political decision behind them and that is why they are presented together. (Morrison 2006, 30.)

In addition, there are many analysis for business environment. However, selecting the rational and suitable one is necessary. So there are 4 main reasons which make PEST analysis is useful in this case.

1. To spot business or personal opportunities, and it gives the forecast from the warning of significant threats.
2. It reveals the direction of the business environment changes so the company can work on it instead of against it.
3. It helps to avoid starting projects that are likely to fail that controllable
4. Finally, to help to break free of unconscious assumptions when you enter a new country, region, or market; because the analysis also help to develop an objective view of this new environment. (Francis Aguilar, 1967, 25)

From the words above, there is a detailed analysis of the macro-environment or the environment as a whole called PEST analysis. As we can see from the term PEST consists of 4 different components that stand for Political, Economic, Social cultural and Technological.

Political

In general, there is one obvious fact that when accessing the business decision in any operations, the firm is stepping also into the different political environment. Moreover, it is always easier to apply the own political rules in the own nation but much more difficult to make it in another national policy. (Griffin & Pustay, 2010, 97)

As we have known, political and economic are two important factors to do the evaluation of the development level of one country before making any business agreement. In this case, political factor is considered to prevail the country's situation.

Moreover, political is able to make changes during the business cycle life time so obviously this is difficult for multinational company to run a smoothly business time to time. In addition, there are many political risks existing which also affect the macro-environment. (McFarlin & Sweeney, 2011, 57)

Economic

Economic factors include economic growth, interest rates, exchange rates and inflation rate. These factors greatly affect how businesses operate and make decisions. When the company is willing to run a business in a new market place, it does not a

matter which type of business the company is going to do; import and export are two significant actions that always need to reach. And that is the reason why the analysis has determined the components of variety rates as mentioned above. (Morrison 2006, 70.)

Social-cultural

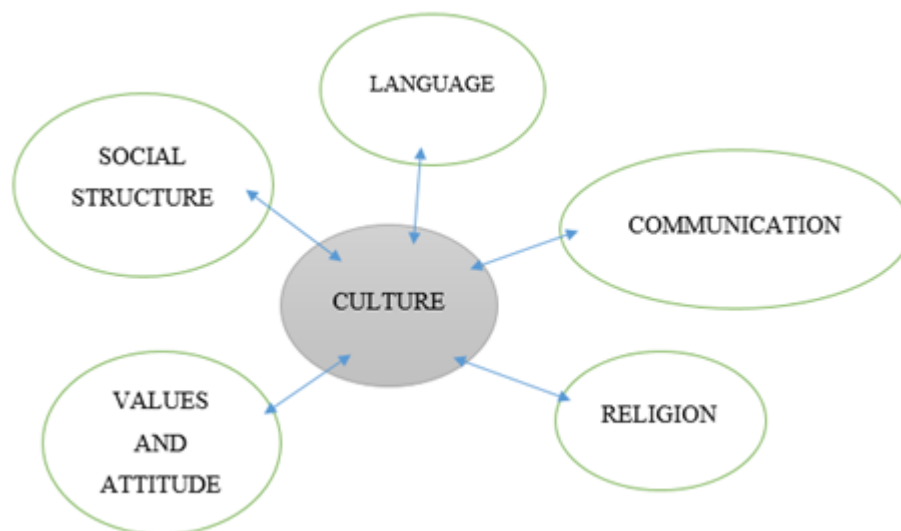


Figure 3: Elements of culture (Griffin & Pustay, 2010, 110)

Basing on the figure 2, basically, elements of culture create the social structure where the roles and individuals are generated at the same time. (Griffin & Pustay, 2010, 110.)

According to expert Geert Hofstede who defining the culture as programming collection of minds that differ one group or category from one another, people mindset can indicate their behavior in both individual and in a multi group. On the other hand, the cultural values are changed dramatically when the borders are crossed. That is one of the reason that social cultural is played one of the significant part in PEST analysis when setting up one business. Nevertheless, the multi culture group in the society can also make prediction action from the consumers and also from competitors. (McFarlin & Sweeney, 2011, 39)

Technological

Technological environment is another dimension of a country relates to the resource base of many aspect and labor force is one of it. (Griffin & Pustay, 2010, 87)

Modern technology is a sign to represent the time. Throughout the changing of technology, we have the clues of which century we are living in, so that is the reason why technology is applied by different cultures in many different ways, and certainly in business of this case. There are few questions usually come out when thinking about technology which can clear people's mind before applying it including WHO uses, WHEN to use, WHAT for, WHERE to use and HOW to use. It seems to be simple and easy answers for those questions. However, it is very important to understand the application of technology in doing business. (Mead & Andrews, 2009, 15-16)

3 COMPETITIVE ANALYSIS

In general, competitive analysis tends to be determining and comparing the strategies of the company and one another. Moreover, the very common and popular method which is applied via ages from many variety organizations is Porter's Five Forces. In addition, one of the reasons which make Porter's Five Forces become popular analysis because it is going through every important and necessary aspects around one company including threats of new entrants, bargaining power of suppliers and buyers and threat of substitute products of service. In the past, Porter's Five Forces is used popularly in defining the competitor's strategy.

However, in the case of the thesis, instead of applying Porter's Five Forces to analyze how Straits of Asia Company competes with the same major of business companies, Porter's Diamond is used to do the analysis the competitive level and environment of Straits of Asia Company in the international business market in Vietnam. To understand the meaning of the diamond, it is basically illustrating how challenging and what level of competitive the company is going face when entering into the new market place.

3.1 Competitive strategy- Porter's Diamond

Porter Diamond's theory indicates 4 significant conditions for competitive superiority including: demand conditions, factor conditions, related and supporting industries and firm strategy, structure and rivalry. (Daniels, Radebaugh & Sullivan, 2007, 221)

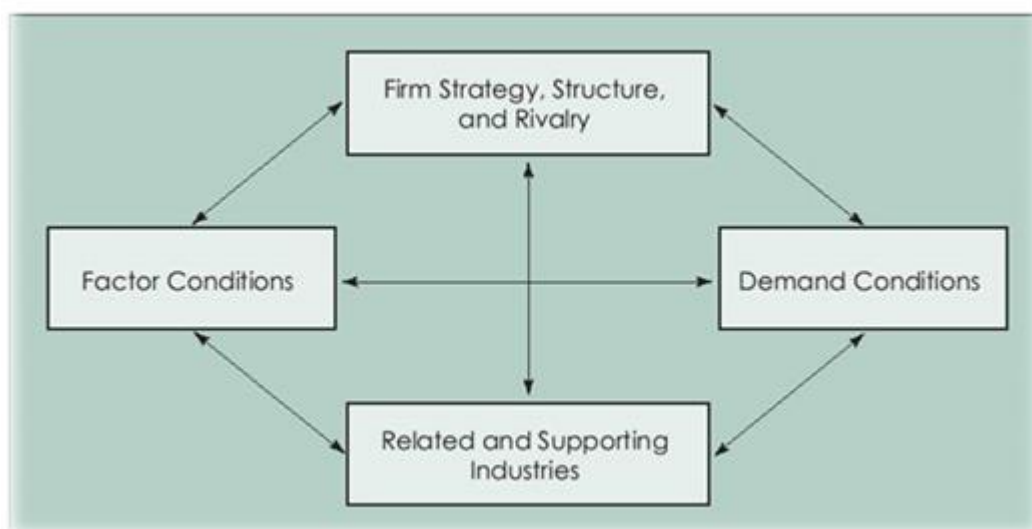


Figure 4: Porter's Diamond of National Competitive Advantage (Porter, 1990, 24)

According to the figure 4, those 4 factors are connecting with one and others and it is also meaning that one should affect another when one gets change.

Factor Conditions	Demand conditions	Related and Supporting Industries	Firm Strategy, Structure, and Rivalry
There are three classical factors beyond the factor conditions which are land, labor and capital. The infrastructure needs to be qualified, labor has to be educated.	At first, the firm should reach the needed of domestic demand and afterwards, the firm should be able to expand the business internationally of demanding.	It is important to connect with the local suppliers by communication and exchange cost-saving ideas in order to lower the prices, higher the quality of the products and technological innovations in the input market. In addition, it can also reinforce the advantages in the world competition.	The main key to be success in the international market is that first, the firm should have known how to focus on their own strength in their domestic market. Meanwhile, if the firm is doing well, the global market will automatically make connection in business.

Table 1: Factors of Porter's Diamond (Ricky & Pustay, 2010, 189-190)

The table 1 above indicates more information about the porter's diamond in each factor. As we can see, the first column in the table from the left is factor of condition which means the conditions of three classical factors including land, labor and capital quality. The advantages which Porter was trying to express in those 3 factors are skilled labor forces, potential land and infrastructures of the market.

The second column is called demand conditions. The demand conditions of a country usually include size and sophistication of its market and the appropriateness of the product standards. It basically means that if a company wants to be competitive in a sophisticated market of a country, it needs to provide high quality products based on local customers' needs.

The next column is related and supporting industries. To make the term easy to understand, it is very important to get into the related suppliers locally so that the company can get the supports for communication, prices, costs, and technological supports. In particular, making a good working relationships, joint research and problem-solving and sharing knowledge and experiences with each other. Usually, using local vendor is recommended.

Finally, the abilities for a company to be successful in competing in a global market that depends on the firm strategy, structure and rivalry of its company. Basically, most of the common strategy of a firm when doing any business is lower costs, improving quality with innovative and creative products and also good customer's service. Those are leading the company to the global competition.

Structure in the case simply means management style. In several nations, it has different style of management for example, organization management based on strong technological systems. In some other case, there is power of hierarchical system to set the company's management and the last but not least, background culture is also another perspective to set up the management style.

The final factor out of three is rivalry. It is generally includes rules of the country to govern the competition in productivity and the policies in the nation to control and protect the investment from the local open market to overseas trade.

4 CASE COMPANY

Straits of Asia (SOA) Company is known as a Singaporean garment factory which is located in Singapore as the main office. In particular, the main products of Straits of Asia are men and women shirts and suits 100% made in Singapore. Recently, the company is improving and expanding their business within Asia and Vietnam is one of target markets which SOA aims to invest their manufacturing development.

According to the history of Straits of Asia Company, the company was established in 2000 and the number of employees is about 50 to 100 people in different offices within different markets including the USA, the UK and Asia pacific. In the very beginning, Straits of Asia Company was known as a small old store in the city of Singapore from a local family living there. However, the small family business grew up unexpectedly throughout time and it started to go up and become a popular factory in Singapore and develop globally.

5 RESEARCH METHODOLOGY

In research methodology, quantitative and qualitative research methods are the two main methods used in a research process. Quantitative research refers to any data collection technique or data analysis procedure that is used to generate numerical data or uses this data, whereas qualitative research employs non-quantitative methods of data collection and analysis. On the other hand, qualitative research aims at exploring social relations and describing reality as it is experienced by the respondents. Questionnaires, graphs and statistics used in quantitative research and interviews and categorising data used in qualitative research are some examples of these techniques and procedures. (Adams, Khan, Raeside & White 2007, 26; Saunders, Lewis & Thornhill 2007, 145.)

In this case, qualitative research method is used in the empirical part of the thesis. The results are based on available literature and author's knowledge about the target market by understanding the need of Strait of Asia Company. After going through the whole story of Straits of Asia from the director of the company, I decided to con-

duct an interview indirectly. Furthermore, because of the different time zone so instead of doing an interview online or face to face, I would like to recommend the company to answer few questions to analysis and give the suitable suggestions. In my opinion, a semi-structured interview can be applied in this case to collect the information and ideas from the company.

A semi-structured interview is a non-standardised interview. Typical feature for semi-structured interviews is that the themes are known but the exact form and order of questions is missing. Semi-structured interview is often used as an information collection method since it correlates well with several starting points of qualitative research. The interviewer may leave out or add questions or change the order of the questions depending on the flow of the conversation or in case a new organisational context which is in relation to the research topic arises. (Saunders, Lewis & Thornhill 2007, 312.)

5.1 Reliability

Reliability of the research refers to the repeatability of the measurement results, in other words whether the data collection techniques or analysis yield consistent findings. Measurement's or research's reliability means its ability to provide non-random results. Reliability can be stated in several ways. For example if two observers reach the same results or if the same person is studied during separate research occasions and the results are the same, the results can be seen as reliable. (Saunders, Lewis & Thornhill 2007, 149.)

In this case, to make the thesis report becomes reliable, the theories of the research analysis is mostly based on the academic resources from University's library and in addition, electric books are used to support the theoretical parts. About the empirical part of the thesis, there are annual reports with updated dates and years from different reliable sources and pages which are yearly updated by its organizations.

Besides, there are totally 12 questions which are made according to the theories for Straits of Asia Company to answer in order to collect the realistic information for the empirical analysis.

5.2 Validity

On the other hand, validity refers to the ability of the measurement or research method to measure exactly what it is supposed to measure. Besides, measures and methods do not always correlate with the reality of what the researcher thinks he or she is studying. For instance, answers to questionnaires are received but the respondents may understand many questions differently than the researcher has thought. The results cannot be considered as valid if the researcher processes the answers that based on his or her own thinking. (Saunders, Lewis & Thornhill 2007, 149.)

The questionnaire for the semi-structured interview in this case is only sent to the director of Straits of Asia who is responded in the production plant project and it makes a little bit difficult to totally analyse the case company wisely. However, every single information the company provide is very important and useful for the thesis case.

First of all, about the important of validity to the case company Straits of Asia, from the point of view of SOA company, the thesis report can be seen as a valuable proposal for the company in decision making before they really take in consideration to do the investment in Vietnamese market in general and in Ho Chi Minh city in particular, especially in garment manufacturing which is quite popular investment in recent years for foreign enterprise. Moreover, instead of taking time to do the market research and business environment analysis by themselves, the thesis report is also useful as a summarise report of the whole picture of Vietnam and its seaports situation in the past, in present and in the future.

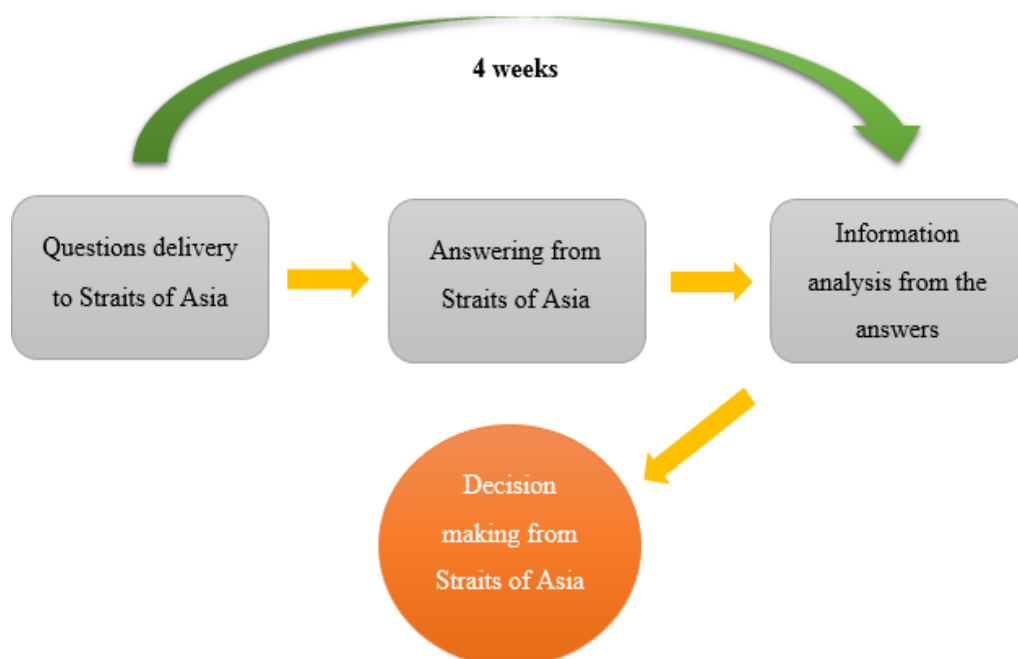
Secondly, about the importance of the validity of the thesis to the author, in my opinion, it is worthy for the author to review and practice to understand more clearly

about the business life in Vietnam as a home country. Moreover, the thesis report not only helps the author to see wisely into the economics and international business environment of the country, but also improves the knowledge of analysis from the practical studying in school. Finally, the thesis can be considered as a remarkable material for the author in the future development.

6 EMPIRICAL ANALYSIS

According to the agreement between the author and the company, the director of the project from Straits of Asia is willing to do the short interview by email to provide the needed information in order to support the author.

In general, the author is going to create a word file including few questions relating to the production plant project. After completing the questions, the author will send the file to the director of Straits of Asia. Finally, the result will be the answers from SOA. In order to make the final decision, the author should do the brief analysis from the answers given by SOA.



Picture 1: Life circle of the empirical analysis

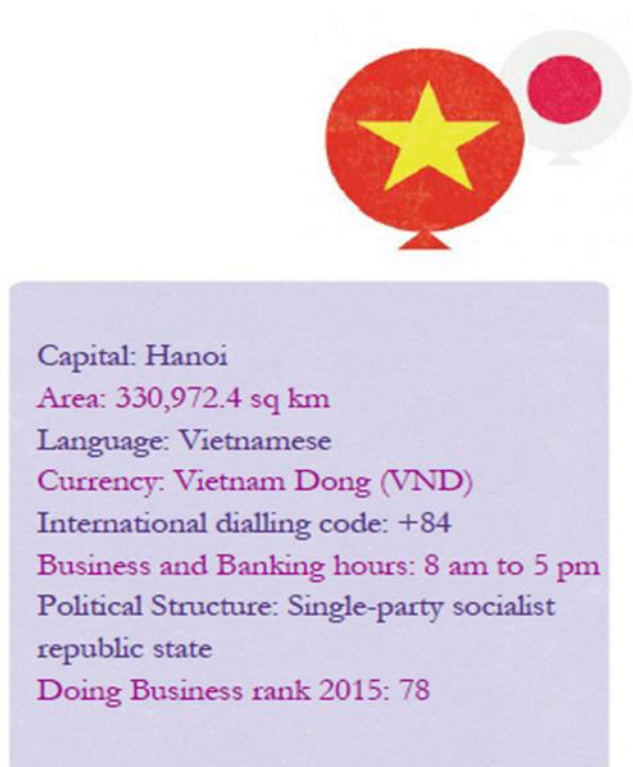
To start the empirical part of the thesis, there is a short introduction which will go through an overview of the whole country, Vietnam in order to indicate the big picture of Vietnam in 4 aspects including political, economic, social- cultural and technological perspectives.

6.1 Introduction and applying PEST analysis into International Business Environment in Vietnam

In recent years, Vietnam is a well-known as one of the developing countries in South East Asia with the dynamic and emerging market economy. Besides, Vietnam positioned itself as a focal point for investment. In overall, the average annual GDP growth rate was 6.6% over 10% last ten years. In 2014, the GDP growth rate was 5.9% and in the high chance to increase to 6.2% in 2015. (Thornton, 2015, 3.)

“Vietnam is an elongated “S” shape with the long borderline from China in the North, Laos from the West and Cambodia in the West and South West.” (Thornton, 2015, 4)

The capital of Vietnam is located in the North with the name of the city “Ha Noi”. Another major cities including Ho Chi Minh City as known as Sai Gon. Moreover, Dong Nai, Ba Ria- Vung Tau, Binh Duong are cities also located in the South of Vietnam likely to Sai Gon. In addition, Hai Phong, Quang Ninh and Hai Duong in the North. Lastly, Hue, Da Nang, Quang Nam and Quang Ngai are in the central and South East coast. (Thornton 2015, 5)

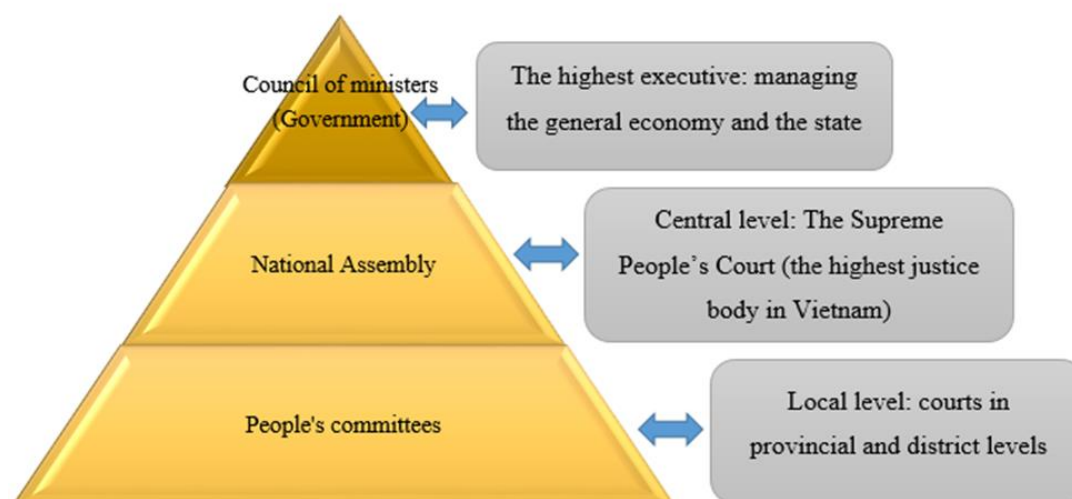


Picture 2. Overview of Vietnam (Thornton, 2015, 3)

As we can see from the picture 2, the main language is Vietnamese. However, several foreign languages are used and taught in school such as English, Chinese, French and German. Moreover, English is mainly applied in international documents.

6.2 Political overview

On the other hand, political and legal system and economy are also generally mentioned in this case. First of all, about the political and legal system, according to the constitution, the human rights are controlled under the Communist Party and the power of people is defined through National Assembly at the central level and through People's committees at local level.



Picture 3. Political hierarchy in constitution of Vietnam (Thornton 2015, 5)

The picture above indicates the hierarchy of the political of Vietnam. The highest executive is the Government which is also known as council of ministers. In this level, the government takes control of the overall economy and the whole state of the country. In the central level, there is the Supreme People's Court where represents the highest Justice body. The main tasks of the central level includes determining domestic and foreign policies, socio-economic tasks, and national defense and security issues. Finally, the local level is where the courts are set in the provinces and districts.

6.3 Legal overview

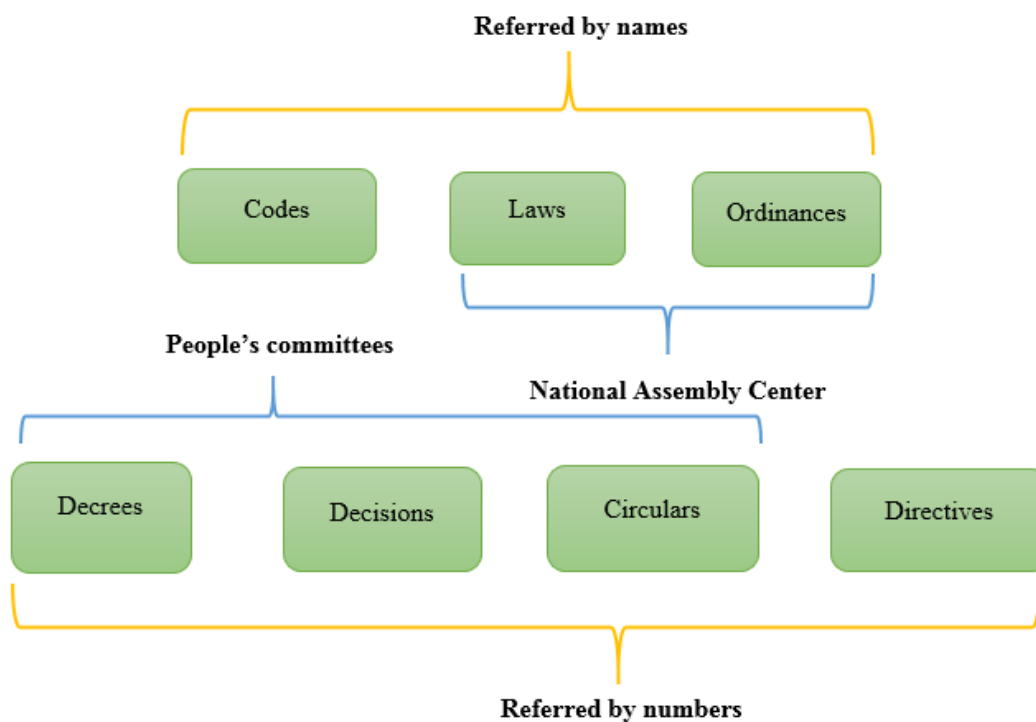


Figure 5. Legal System in Constitution of Vietnam (Thornton 2015, 5)

Based on the figure 5 above, fundamentally, the legal system is divided into 2 different groups with names (codes, laws, ordinances) and with numbers (decrees, decisions, circulars, directions). Moreover, under the power of National Assembly Center, Laws and Ordinances are issued and on the other hand, People's committees issues the decrees, decisions and circulars.

Specially, Vietnam also joined the World Trade Organization in 2007 aiming to attract more foreign investor and foreign entrepreneur for business development. (PwC 2007, 10.)

6.4 Economic overview

In recent years, with the success of the changing named "Doi Moi" or "Renovation", Vietnam had achieved to transform from centrally-planned economy with heavy bu-

reaucracy and subsidies to a socialist-oriented market economy characterized by strong dynamism and rapidly growing entrepreneurship. (Ernst and Young Limited 2013)

Moreover, with the low wages, strong economic outlook that rise the manufacturing costs elsewhere. In addition, the dynamic environment, reflected in young population, growing wealth, changing consumer attitudes – are pushing the country through a period of great change. On the other hand, because of seeing the benefits from the essential parts of the supply chain in Vietnam, which brings the opportunity for manufacturing business in the future. (PwC 2015, 6).



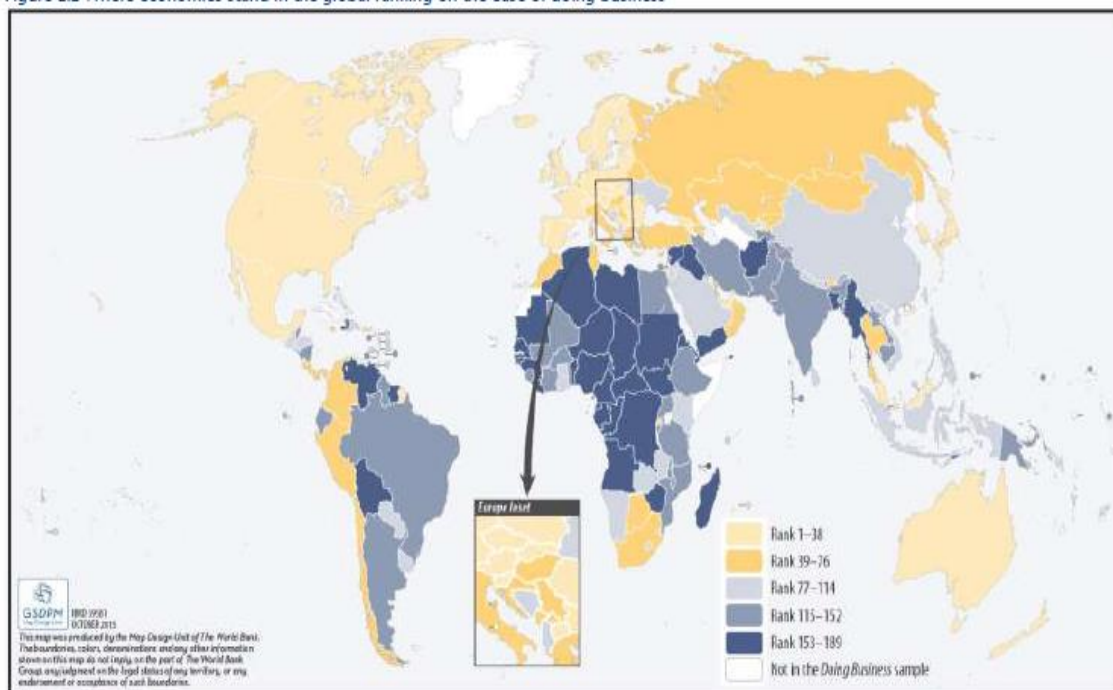
Picture 4: The international Bank for Reconstruction and Development/ (Website of The World Bank 2016)

As we can see from the picture 4, the economics is ranked by 2 aggregate measures including distance to frontier and the east of doing business ranking. For more details, the Ease of doing business ranking usually is started from 1 to 189 and the dis-

tance to frontier scores is scaled from 0 to 100 (0 is the worst). According to the picture, it is clearly showing that the ranking are changed from 2015 to 2016. In particular, DB2016 gets up 3 places higher than DB2015 and the DB 2016 DTF makes 1.75 more than DB 2015 DTF.

In addition, the picture 4 shows the global ranking on the ease of doing business. From the picture, we can see clearly the fact that comparing to the global ranking, Vietnam made up in rank 93 in 2015 and it rises to rank 90 in 2016 out of 189 in the total ranking which means Vietnam is doing quite good in pushing their business to grow up. And the picture 5 below gives more information about the connection of the Ease of doing business of Vietnam in the global ranking rate.

Figure 1.1 Where economies stand in the global ranking on the ease of doing business

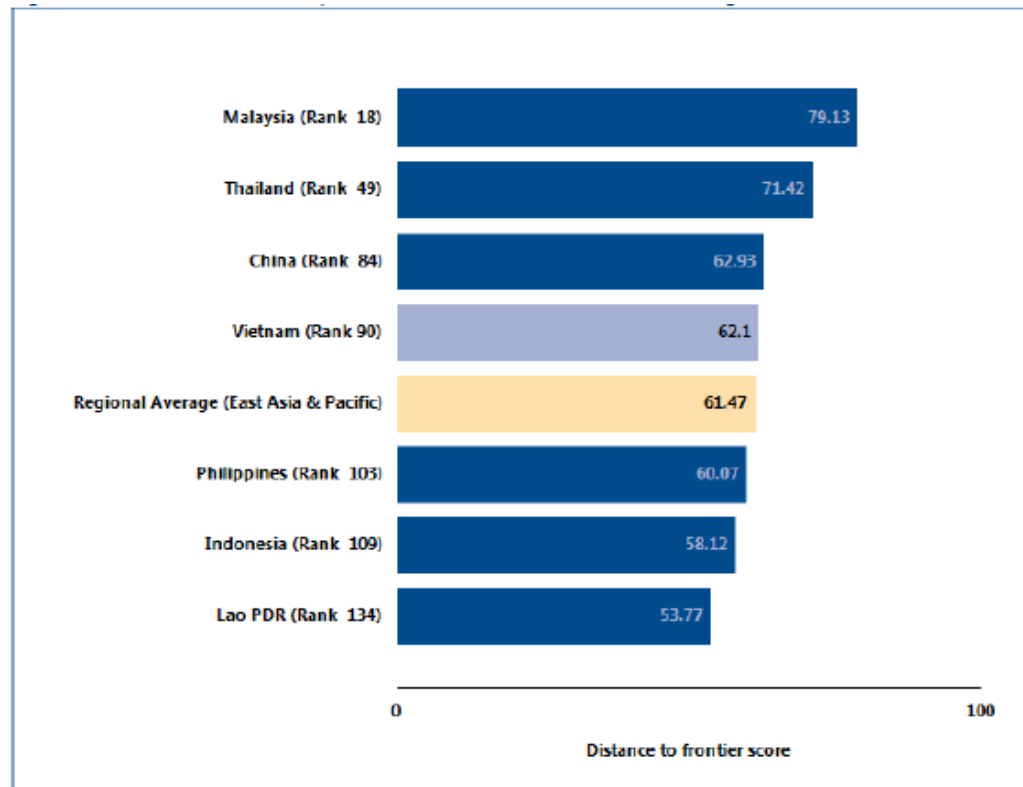


Source: Doing Business database.

Picture 5: Global ranking on the ease of doing business in economics 2015, 2016 (Website of the Global Economic Ranking 2015-2016)

In picture 5, Vietnam is in the group of ranking between 77 and 114 which belongs to the middle ranking in the total global ranking rate.

Moreover, taking a look into the picture 6 below, there are more detail of the comparison between Vietnam and 6 others countries in Asia and also with East Asia and Pacific Regional from the ranking and the distance to frontier scale.



Note: The rankings are benchmarked to June 2015 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.

Source: *Doing Business* database.

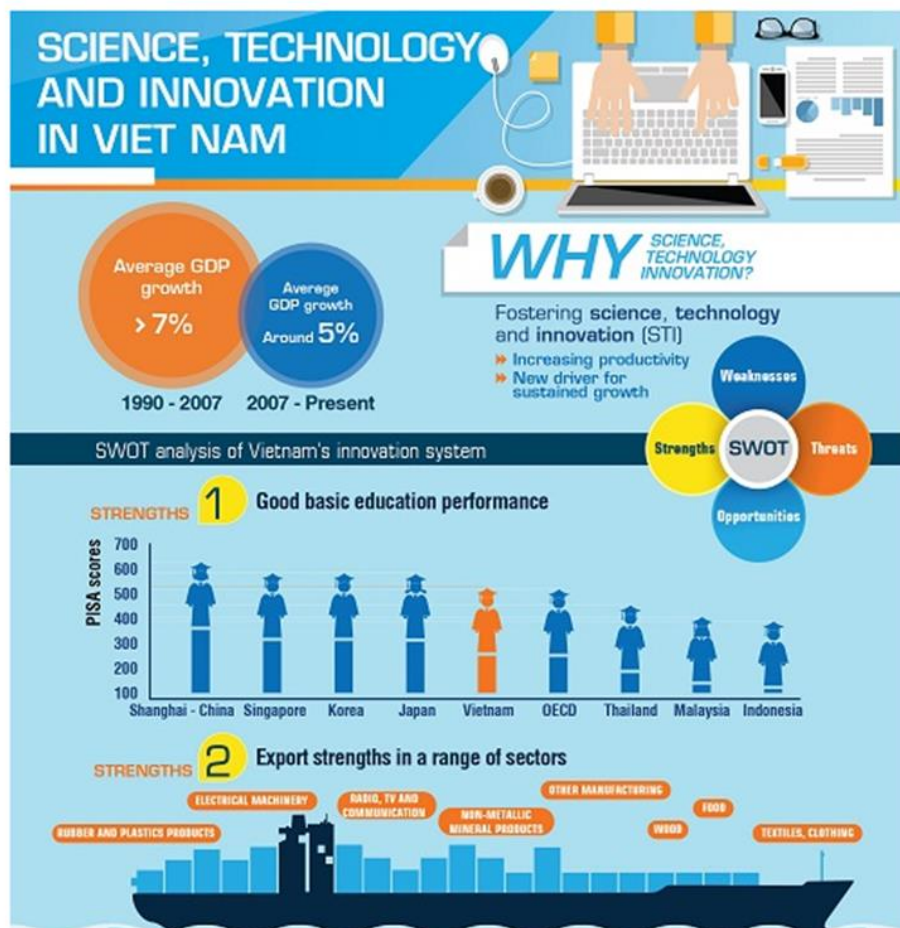
Picture 6: How Vietnam and comparators economics rank on the ease of doing business in 2016 (Website of the Global Economic Ranking 2015-2016)

The horizontal column is presented the Distance to Frontier and it is scaled from 0 to 100 as we can see from the picture 6. In general, the DTF of Vietnam is not high comparing to the total scale, only 62.1 (rank 90) out of 100. However, comparing to the scale of East- Pacific, Vietnam goes over the scale of East-Pacific which is only 61.47 out of 100.

6.5 Social - cultural overview

To mention about social-cultural perspective, Vietnamese is more comfortable to use their native language which means Vietnamese in doing business. However, English is also popular language in international business in Vietnam. The second issue should be considered here is presenting and exchanging the business cards in the first meeting is essential for Vietnamese. It simply means respect and polite. Finally, Vietnamese prefers to have direct or face to face meetings. (PwC 2015, 10).

6.6 Technological overview



Picture 7: Infographic: Science, Technology and Innovation in Vietnam (The World Bank Group 2014, 24)

To make the overview of technological review of Vietnam more clear, I am going to apply the SWOT analysis which makes the work easier to be done with the picture

above. According to the last few years, Vietnam is approaching the crossroads of development. More specifically, rising up the GDP by productivity should be taken in consideration and improving the domestic innovation capabilities is the most required. As mentioning in the beginning, we will go through the technological overview by SWOT analysis of Vietnam. (Website of the World Bank Group 2014)

Table 2: SWOT Analysis of Technological Innovation (Website of the World Bank Group 2014)

<p>Strengths:</p> <ul style="list-style-type: none"> - Strong economic performance and diminishing poverty levels. - Geographical location in one of the world's most dynamic regions. - Sizeable labor force and favorable demographics. - Substantial national education effort and good secondary education performance. - Attractiveness for investment by multinational enterprises. - Export strengths in a range of sectors. - Good reputation in science and technology (S&T) fields such as mathematics, and specialization in agricultural research and biology. 	<p>Threats:</p> <ul style="list-style-type: none"> - Unfavorable macroeconomic developments and a slowdown in growth. - Failure to improve the institutional and business environment by tackling banking system reform and corruption. - Failure to prepare for increased international competition. - A looming middle-income trap.
<p>Weaknesses:</p> <ul style="list-style-type: none"> - Low levels of productivity and income. - Inadequate framework conditions and disincentives for innovation. - Limited access to finance for enterprises. - Inefficiencies in state-owned enterprises. - Infrastructure deficiencies. - Weak performance of the teaching and learning system. - Low level of sophistication of production and exports. - Little innovation and even less research and development capacity in the business sector. - Weak performance of public-sector research. - Weaknesses in the S&T infrastructure as regards laboratories and research equipment. - Seriously underdeveloped information base for innovation policy making. - Inadequate STI governance arrangements and policy implementation. 	<p>Opportunities:</p> <ul style="list-style-type: none"> - Further developing the human capital and skills base involving the sizeable Vietnamese diaspora. - Nurturing a dynamic business sector and its innovation capabilities. - Diversifying and upgrading the economy. - Developing a healthy attitude to risk-taking. - Improving effectiveness of the innovation system in terms of economic and social impact. - Strengthening inclusive growth.

The table 2 clearly indicates the strengths, weaknesses, threats and opportunities which reveal about the technological innovation in Vietnam. First of all, there are several strength factors which bring Vietnam into a technological nation so far. As we can see, the education of Vietnamese is mainly focusing on subjects of mathematics in technology, agricultural research, physics and biology. In addition, size of la-

bor force is also a reason of technological innovation because higher population higher brainstorming. Moreover, the attractiveness of foreign investment increases reputation.

The weaknesses: certainly, low income and productivity are bringing down the technology of the country. Besides, basically, they do not have high performances in teaching and learning methods and that would also lower the level of technological development. At last but not least, the policy of the State is also one of the reason that brings the weaknesses to the country in perspective of technological innovation. For instant, people's ideas sometimes cannot be approval or presented just because of the underdeveloped information data.

Because of the weaknesses showing, there are also many threats are existed. The very visible one is financial corruption. Besides, Vietnam technology is only prepared enough to compete within countries in Asia. Simply, the macro business environment is broke down if Vietnam is not ready to do the improvement.

Finally, going through the strength, weakness, threat, opportunities also exist at the same market. As we have known, Vietnam is always a potential country for investment in business and also in technological aspect with high population means huge amount of workforce.

6.7 Vietnam's port of shipment analysis

In the past few years, there are port's problems occurred and that is the reason why international business in shipping was not smoothly within the ports from the North to the South of Vietnam. Moreover, according to the article from Jensen (2015, 4) from university of Henlay-Putnam, port development is the heart of economic, political and security problems that Vietnam is facing at the moment and also in the future.

Next, there are port's analysis throughout Vietnam from the North to the South.

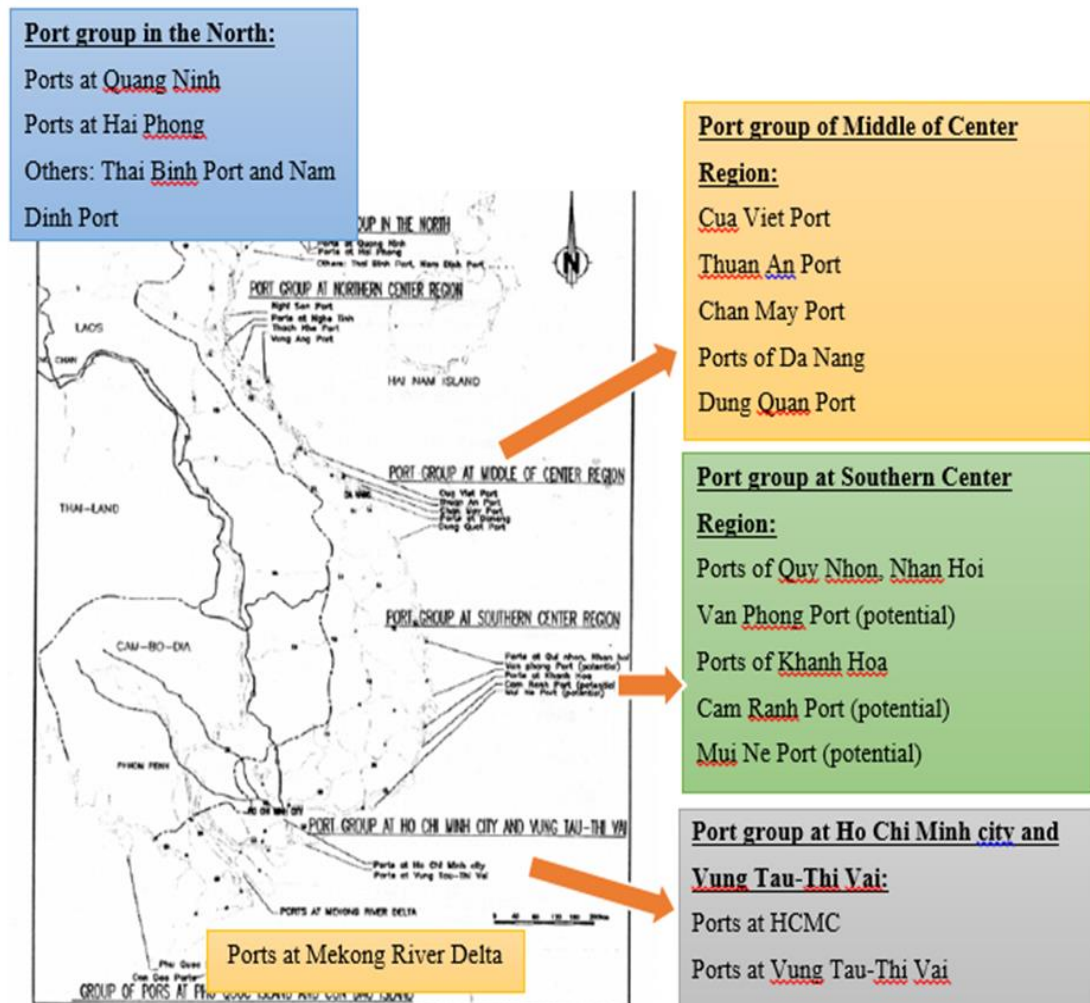


Figure 6: Vietnam's Seaports Overview (Website of Tan Viet Security Incorporation 2007)

Going through figure 6, there are ports locating in 3 main area of Vietnam including the North, Middle and the South. However, the middle area of Vietnam is mostly for domestic shipping and that is the reason why there is no more explanation about that area.

6.7.1 Port Group of the North

First of all, in the North of Vietnam in general and the capital area in particular, there are many ports such as ports in 4 key cities: Quang Ninh, Hai Phong, Thai Binh and Nam Dinh. Nevertheless, because most of the area is mainland which shares the bor-

der with China so those ports cannot really do the international shipment or those are only possible to export to mainly China.

However, the future planning is that towards the year 2020, divided into two ten-year periods, the Government is aimed at the Group's comprehensive planning and expansion in conformity with the development of the main economic zones in the North, and master planning of transportation network. The Group's seaports are expected to receive 43M to 53M tons of cargo per year by 2010, and that by 2020 is from 89M to 123M tons yearly. (No. 202/1999/QD-TTG, 1999; No. 2619/QD/BGTVT-2003)

6.7.2 Port Group of Middle Center Region

In general, ports in the Middle of Vietnam are more likely to have a lot of connections with international shipping. In this Group includes seaports in the provinces of Quang Binh, Quang Tri, Thua Thien Hue, Da Nang, Quang Nam, and Quang Ngai. Those ports facilitate the economic development of above-mentioned provinces while also handle cargo to and from the South of Laos, and Eastern North of Thailand. Moreover, this Group seems to have been given more focus because of the existence of numerous focal economic zones of the Central here such as Chan May, Da Nang, and Dung Quat. In addition, the Group is located in the area where transportation network and infrastructure is integrated. By the year 2010, this Group is expected to receive 22M to 39M tons of cargo per year, priority has been given to the expansion and development of Tien Sa, Dung Quan, Chan May, and Lien Chieu ports. But, Lien Chieu port would only be considered when Tien Sa and Han River ports have been overcapacity. (No 1022/QD/TTg -2005)

6.7.3 Port Group of Southern Center

Secondly, going into the Southern Center Port Group which covers seaports in provinces of Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan, Binh Thuan, Gia Lai, Kon-Tum, Daklak, and Lam Dong. In this area, the Government has set out the strategic development for this seaport group, which are to promote socio-economic develop-

ment of not only above local provinces, but also the whole country and to be the international container port handling exports-imports of the country and the Region. Consequently, the first international enter port in Vietnam, port Van Phong has already got underway. Moreover, this group is expected to receive 18M tons and 22 tons of cargo yearly for the year 2010 and 2020 respectively. Remarkably, Van Phong port in Khanh Hoa will be developed to be the container international port and will take over the cargo previously shipped and handled through Saigon port. It will also be capable of serving vessels from 6000 to 9000 TEUs. (No 861/QD/BGTVT, 2004)

6.7.4 Port Group of Ho Chi Minh City and Vung Tau- Ba Ria

This Group is now receiving a lot of attention from the Government and investors as well because this is located on one of the busiest, biggest and most developed area of Vietnam. To minimize the capacity of the port network along the side of Saigon River as same as to reduce the traffic congestion and pollution are included in the strategic development from the government. In addition, to facilitate the growth of export processing and industrial zones, and to turn the Group into modernized and expanded gateway seaports to the world's economy is another goal that Vietnam would reach. By the year 2010, this Group is expected to receive 53M tons of cargo per year, and that by 2020 is 100M tons. (No. 8, Vietnam Economic Times - No.155 [2007-01-01]; No 791/QD/TTg, 2005)

6.7.5 Port Group of Mekong Delta

This Group includes seaports in 12 small size cities and cities in the Mekong Delta area. In addition to serving such provinces and cities, seaports also serve the cargo transportation of the provinces in the Eastern South and Southern part of Highlands. As the same saying, this Group is expected to receive 16M tons of cargo by 2010 and 32M tons of cargo by 2020. (No 1024/QD/TTg, 2005)

7 COMPETITION ANALYSIS OF STRAITS OF ASIA COMPANY IN VIETNAMESE MARKET

7.1 Competitive level: Average

In the business competition, Saigon Joint Stock Company has known as one of the common Stock which is also located in Ho Chi Minh City that mostly the product is made by wool. From the point of view of the author and also from the collected information from SOA Company, the competitive level of Saigon Wool Joint Stock Company is not highly effect to SOA Company. Mainly, the average level is presented how SOA Company compete with the local market in Vietnam.

The explanation of the competition level is only average is based on two reasons. The first reason is about the product style and the second reason is the number of same major competitors exist in the market in Vietnam. Continually, the headings below are going to draw out more about the competition analysis.

7.2 Consuming market (factor conditions)

As SOA Company mentioned in the answers from the interview questions, they can see that there are two main foreign competitors from Japan and S-Korea that doing their business in the similar field in Vietnam in general and in Ho Chi Minh City in particular. If we consider about the domestic selling, the only competitive factor is about the style and the quality because as a foreign company in Vietnam, the price of the products are obviously a little bit higher than Vietnamese products. There might be a big challenging for SOA Company as a Singapore company in Vietnam and the reason is that Korean and Japanese fashions are getting more flavored to the consumers in the market so SOA Company must have some special ideas in designing a new trend of suits to have higher sales.

However, if looking into the exporting the products from Vietnam to over sea, SOA Company might have advantage in exporting sales. Moreover, low labor cost which leads to the low manufacturing cost and higher the price of the product.

7.3 Product demand (demand conditions)

To specify the demand conditions in the case in Vietnamese market, there is an example of Saigon Wool Joint Stock Corporation and Straits of Asia Company. It is clear to see that the only common point of both companies is that they are working in the same major as a garment manufacturing industry in Vietnam.

However, their products are obviously different and it leads to the different demand of the products in the market. Straits of Asia Company is mainly focusing on both gender business suits while Saigon Wool Stock Company is doing Wool shirts.

Moreover, the geographical part is one of the reasons which differs SOA Company with another. According to the climate of Vietnam, in the North, there are 4 seasons but there are only raining and shining days in the South and from that different point, the clothes are separated in both locations. In the North, in winter time, clothes by wool from Saigon Joint Stock Company are very popular. However, turning into spring or summer time, wool products are totally being ignored because it is too hot and humid to wear wool material shirts. And it is definitely not very a smart idea to sell wool products in the South since the weather in the South is extremely hot and raining the whole year.

In the case of Straits of Asia Company, no matter about the changes of the climate from the North to the South of Vietnam, business dresses is always needed when employees getting to work. Thus, different style of business suits would take attention from local customers. According to the requests of fashion trends, quality and personal tastes, Straits of Asia Company will try to fulfill the customer's demand.

7.4 Suppliers supporting (related and supporting industries)

Basing on the information which is received from the company, one of the advantage that SOA is able to take from the competitors in the same field is the local suppliers or local supporting as the common term. Instead of taking time and resources to seek for the local suppliers, the competitors already did the foundation.

On the other hand, not every suppliers are suitable for SOA Company, the company should have done the selection to choose the right one. And certainly, local suppliers is only for buying local materials with the domestic order lists only. For the importing materials from abroad, local competitor might not be an obstacle in this case.

Moreover, connecting with local supporting helps SOA Company makes better business relationships with local people in Vietnam and that is important as Asian with Asian partnership. The future business can be operated easily and smoothly (new projects, new business connections) if the company is able to maintain and develop relationships. As a newbie, Straits of Asia Company has to makes more friends to become powerful in competition market.

7.5 Organization developing (firm strategy, structure and rivalry)

According to the interview's information which SOA Company shared, their organization management style would be based on the hierarchy system and also the cultural background.

The hierarchical system is likely to affect Asian culture because of the highest position in the company has the most power to control and manage the whole process. In this case, director Alvin Lin is the second highest responder in the office in Singapore in the logistics department and then his team mates. In this case, the logistics department only can tell mostly about the structure. There are no more detail about how the costs are controlled as well as the policy and rules of SOA Company.

As only the future planning, SOA Company would like to find another distributions to develop their business but certainly, that would only be considered when the first step of setting up is succeeded. Finally, SOA Company also aims to bring the name of the brand to become popular in the markets.

8 RECOMMENDATIONS

8.1 Chosen country's market: Vietnam

According to the answers from the interview question number 1 from SOA, there are two main reasons why the company decided to pick Vietnam as their next target market for their garment business. The first reason is that SOA is able to see the potential market for garment manufacturing. And the second reason is that both Singapore and Vietnam are the members of Trans-Pacific Partnership and will reduce the import and export tariffs for both countries.

8.2 The chosen seaports in Vietnam: Da Nang port and Saigon Newport

From SOA point of view, there are two options in consideration for domestic and international shipment that are by sea (ports) and Inland Container Depot (ICD). However, shipping domestically by sea is also possible if the shipping cost is lower than another option. In addition, the company is more interested in exporting between Vietnam and Singapore.

In more detail, from the result of information research collection and from the opinions of SOA, there are two most reasonable and matched port's areas in Vietnam that are recommended including the Middle Center region and the Southern region.

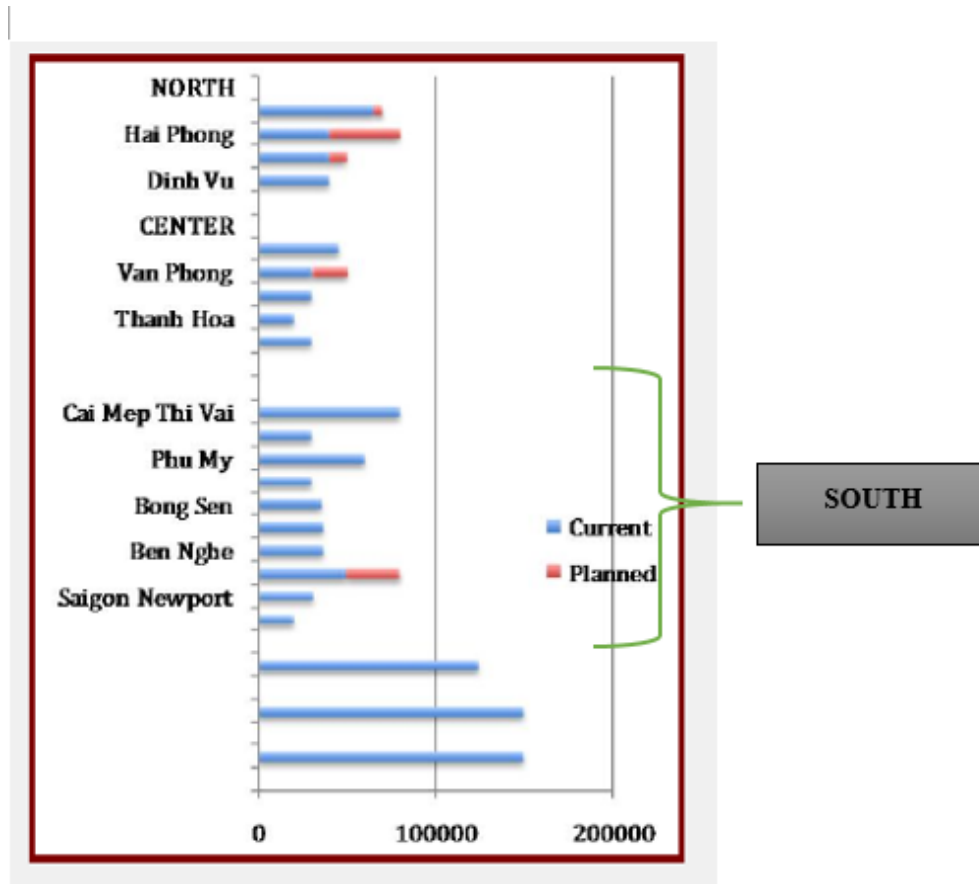


Diagram of port's location from the North, Center and the South of Vietnam in the 2049 project

From the diagram 1, the blue represents the current cargos in tons which are shipped both inside the country and out of Vietnam from 2008 to afterwards. On the other hand, the red one represents the number amount of cargos from each area planning to reach in the near future. As we can see clearly that the amount of cargos in the ports from the South (about 89 millions in Cai Mep Port) is higher than the Center (around 45 millions) and the North (about 59 millions) even though the planned amount is not as much as the North. In recent years, Saigon Newport (Ho Chi Minh City Port) becomes the most important seaport in the South because it takes most of the international shipping action.

In the Center of Vietnam, the second important port is Da Nang Port which is located in DA Nang City which people called "Another Singapore" in Vietnam because of the rapidly development in last two years.

To conclude, I would like to do the recommendations for Straits of Asia Company about the domestic shipment and international shipment as a foreign company in Vietnam. First of all, Da Nang Port would be a good choice for national shipping port for SOA Company. Not only shipping the ready-made products or items but also the materials from one location to another. And I would like to mention that the Inland Container Depot which is also a good option for storing the materials in warehouses or transporting the products mainly by train.

About the international shipping, Saigon Newport (HCMC Port) is definitely a good decision for importing and exporting even materials, products internationally in general and between Vietnam and Singapore in particular.

8.3 Labor force, working environment and security

On the other hand, there are also suggestions about the labor force for the manufacturing. After reading and understanding the ideas from SOA, the company is willing to hire local employees with at least graduated level in education with medium level of English or Chinese. Moreover, workers with potential skills are also demanded. Connecting to the two modern cities Da Nang and Ho Chi Minh City, with the high local populations and high education systems, those two would be good options of setting up their business.

The security and working environment are insured by the labor laws in contract between the company and employee. According to the foreign enterprises in Vietnam regulations, it does not matter which type of business the company is doing, the company has to follow strictly the register rules.

9 CONCLUSION

To finish the thesis process, it takes the longest time ever during the studying time of the whole degree program. However, even though it has been difficult and challenging for me to complete, it is something remarkable in our student life.

First of all, going back to the very beginning, I was excited and nervous also at the same time when I got the thesis topic from Straits of Asia Company. The topic made me feel excited because finally I could find myself a suitable logistical topic. At the same time, I could see that it must be a big challenge for myself to revise and apply the knowledge into real case. From my personal point of view, to complete the thesis is also one way to learn how to create and present a proposal for a company in the new international market.

Thus, I have found out there is also difficult time when completing the thesis concerning about the interview part. As usual, the author would have to find at least two people from the case company to create and complete the interview questions. However, because of company structure, there is only one people I am able to contact and send the questionnaires. And that is the reason why the collected information at some point is lacking and not enough for the empirical part of the analysis of the thesis. In the end, the author is able to manage to finish the whole thesis as planned.

Beside the challenges and difficulties, there is also easy going because the market which SOA Company is looking and aiming into is Vietnam, the country I come from so there is at least something connecting with my own understanding from the topic.

Finally, to conclude the whole thesis, I would like to send my regards to Daniela Tanhua who is my supervisor of the thesis, with her useful guidelines, supports and valuable suggestions, the director of Straits of Asia Company, Alvin Lin for answering the interview with honest and clear opinions and lastly to opponent of my thesis Siu Yung Chan for giving very detail and significant evaluations and opinions of the whole report.

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APPENDIX 1

Interview questions for Straits of Asia Company

1. In particular, why does SOA decide to choose Vietnam as a new entry market for expanding the business of the company? (General reasons? Potential development?)

Vi the Vietnam la nuoc co tiem nang phat trien va de mo rong kinh doanh sau nay, uu the xuất khẩu được giảm thuế khi xuất khẩu đi các nước trong hiệp định TPP.

Chang han, ngành len xuất khẩu đi Nhật, Nhật được giảm thuế khi nhập khẩu hàng sản xuất từ Vietnam.

2. What are the requirements from SOA needed to be fulfilled of the manufacturing area?
 - a) Diện tích khu sản xuất có quy mô diện tích từ 1000m² trở lên và phù hợp với Quy hoạch của nhà nước
 - b) Có vị trí địa lý thuận lợi cho phát triển kinh tế khu vực (có gần cảng hoặc gần sân bay), kết nối thuận lợi với các trục giao thông huyết mạch của quốc gia và quốc tế; dễ kiểm soát và giao lưu thuận tiện với trong nước và nước ngoài; có điều kiện thuận lợi và nguồn lực để đầu tư và phát triển kết cấu hạ tầng kỹ thuật;
 - c) Có khả năng cung cấp và đáp ứng nhu cầu về nguồn nhân lực (lao động.)
 - d) Đảm bảo vệ sinh an ninh.
 - e) Có khả năng phát huy tiềm năng tại chỗ và tạo ảnh hưởng phát triển lan tỏa đến các khu vực xung quanh;
 - f) Không tác động tiêu cực đến các khu bảo tồn thiên nhiên; không gây ảnh hưởng xấu và làm tổn hại đến môi trường, môi sinh và phát triển bền vững.

APPENDIX 2

3. What will be included in the purposes of building a factory/ industry/ manufacturing in Vietnam?

Xây dựng một nhà máy với mục đích mục đích thương mại. bán hàng thị trường nội địa và bán vào thị trường các nước, để đưa thương hiệu nhà máy từ một nhà sản xuất nội địa vươn lên thành nhà xuất khẩu với thương hiệu mang tầm cỡ quốc tế.

4. Does SOA plan to develop their business with the idea of producing and selling domestic within Vietnam or SOA also think about to export those products globally from Vietnam?

Như phần trả lời câu 3 là xây dựng nhà máy phát triển kinh doanh với mục đích

bán hàng thị trường nội địa và bán vào thị trường các nước, để đưa thương hiệu nhà máy từ một nhà sản xuất nội địa vươn lên thành nhà xuất khẩu với thương hiệu mang tầm cỡ quốc tế.

5. According to the project plan, does SOA consider to use local resources, raw materials from local suppliers or SOA is going to import from Singapore to the target area for the manufacturing?

Trước mắt sẽ ưu tiên sử dụng nguồn nguyên liệu trong nước để đảm bảo việc sản xuất cho các đơn hàng bán tại nội địa , đối với hàng xuất khẩu thường tùy theo yêu cầu khách hàng sử dụng nguyên liệu nhập khẩu từ nước ngoài chẳng hạn như hàng áo len xuất khẩu đi thị trường Nhật bản thường dùng nguyên liệu sợi nhập từ Trung Quốc (đối với hàng thường) cũng có khi dùng sợi Việt Nam nếu là các loại sợi chủ lực của Vn như cotton, polyester và nhập sợi Italy (đối với hàng cao cấp)

6. How about the labor force? (Foreign labor force or local labor force?)

APPENDIX 3

Vấn đề lao động nước ngoài vào làm việc tại Việt Nam cũng tồn tại nhiều cơ hội và thách thức, trước hết, những cơ hội do đối tượng lao động này mang lại:

Một là, cung cấp nguồn nhân lực chất lượng cao góp phần nâng cao năng suất lao động xã hội, thúc đẩy nền kinh tế tăng trưởng nhanh.

Hai là, tạo nguồn nhân lực đáp ứng nhu cầu của các nhà đầu tư nước ngoài vào Việt Nam.

Ba là, tạo môi trường cạnh tranh giữa lao động Việt Nam với lao động nước ngoài.

Bốn là, góp phần đào tạo nhân lực tại chỗ theo tương tác thâm thấu.

Bên cạnh những cơ hội, lao động nước ngoài vào làm việc tại Việt Nam kéo theo nhiều tác động

7. Going into the port/ harbor, what size of the port/ harbor does SOA aim to?

Cảng Sài Gòn, hay Cảng thành phố Hồ Chí Minh, là một hệ thống các [cảng biển](#) tại [Thành phố Hồ Chí Minh](#) đóng vai trò là cửa ngõ của miền Nam (bao gồm cả [Đông Nam Bộ](#) và [Đồng bằng sông Cửu Long](#)) trong các hoạt động [xuất khẩu](#) và [nhập khẩu](#). Năm [2006](#), tổng khối lượng hàng hóa thông qua cảng là 35 triệu tấn!

là trung tâm trung chuyển hàng hóa của toàn bộ khu vực phía nam như Đồng Nai, Bình Dương, Long An, An Giang, Vĩnh Long, Bạc Liêu, Cần Thơ, bao gồm các cảng và ICD :

- 1) Cảng Cát Lái
- 2) Cảng Tân Cảng
- 3) Cảng VICT
- 4) Cảng Tân Thuận
- 5) Cảng Bến Nghé
- 6) Cảng Khánh Hội
- 7) Cảng Hiệp Phước (SPCT)
- 8) ICD Transimex

APPENDIX 4

- 9) ICD Tanamexco – Tây Nam
- 10) ICD Sóng Thần
- 11) ICD Sotrans
- 12) ICD Phước Long I, II
- 13) ICD Phúc Long

8. What do you think about the level of competition?

Công ty Cổ Phần Kinh Doanh Len Sài Gòn đang ở cấp độ cạnh tranh trung bình.

Công ty đã thành lập lâu đời từ năm 1976 là thương hiệu quen thuộc đối với người tiêu dùng tại thị trường trong nước. Trong những năm trước rất nhiều nhà máy đóng cửa vì không có đơn hàng sản xuất trong khi thị trường trong nước nhu cầu rất thấp vì thời tiết nóng.

Năm gần đây, Việt Nam bắt đầu ký kết hiệp định TPP đã tạo luồng đầu tư nước ngoài tập trung vào Việt Nam vì thế nhà máy hiện nay đang nhận được rất nhiều đơn hàng nước ngoài, 30% hàng đi thị trường Nhật, 68% đi EU và Nga, 1-2% tiêu thụ tại Việt Nam.

Doanh nghiệp có năng lực cạnh tranh cao, có nhiều công nhân tay nghề giỏi có nhiều kinh nghiệm, có thể sản xuất ra các sản phẩm hàng hóa và dịch vụ đáp ứng được đòi hỏi của thị trường, đồng thời tạo ra việc làm và nâng cao được thu nhập thực tế.

Sử dụng nhiều biện pháp cạnh tranh: cạnh tranh giá cả (giảm giá) hoặc cạnh tranh phi giá cả (Khuyến mãi, quảng cáo)

9. Does SOA know or at least have any ideas about who will be their competitor in the same field and same market?

Đối với các công ty nước ngoài đầu tư thành lập nhà máy sản xuất tại VN cùng ngành cùng thị trường thì sẽ là đối thủ cạnh tranh lớn vì Cty nước ngoài có nguồn đơn hàng từ nước nhập khẩu, am hiểu thị trường của chính họ và nguồn tiêu thụ trong nước họ.

APPENDIX 5

Vi dụ : Công ty Korea đầu tư nhà máy sản xuất áo len tại VN, họ có rất nhiều thuận lợi lấy đơn hàng từ nước Korea không cần quan tâm về vấn đề thiếu đơn hàng, họ am hiểu xu thế thời trang của nước họ, việc quảng bá sản phẩm nước họ dễ dàng hơn và có nhiều nguồn tiêu thụ hơn là nhà máy đầu tư nguồn vốn từ nước khác hoặc nước Vietnam mà xuất khẩu cùng thị trường Korea.

Đối thủ thứ 2 là các công ty nội địa cùng ngành cùng thị trường xuất khẩu: sẽ cạnh tranh nhau về giá cả. Những nhà máy gần trung tâm thành phố sẽ khó khăn hơn trong vấn đề tuyển dụng lao động có tay nghề và đương nhiên chi phí nhân công cũng sẽ đắt hơn những nhà máy đặt tại các vùng xa hơn. Nhưng ngược lại họ thuận lợi trong việc vận chuyển hàng ra cảng và hàng đi lại. Ngoài ra, họ cạnh tranh nhau về chất lượng vì thế cần đầu tư máy móc nhiều để tăng năng suất và quản lý hàng hóa tốt hơn.

10. What is the main goal that SOA want to achieve when deciding to open a new business in Vietnam?

Mục tiêu chính là để xuất khẩu hàng hóa vào thị trường của nước mình, để cạnh tranh được các đối thủ cùng thị trường cùng ngành.

Mục tiêu của doanh nghiệp cũng là tồn tại và phát triển bền vững. Muốn vậy, điều kiện bắt buộc cho mỗi doanh nghiệp là phải nâng cao hiệu quả kinh doanh của mình.

11. What is the future plan of SOA for the business in Vietnam? (just a brief information about the future planning)

Hiện nay Vietnam đã có hiệp định TPP kế hoạch mở rộng thị trường xuất khẩu, tương lai sẽ có rất nhiều đơn hàng vì thế cần cải thiện cơ sở vật chất, cách quản lý và môi trường sản xuất đạt tiêu chuẩn 5S

APPENDIX 6

dau tu them nhieu trang thiet bi may moc, dây chuyền sản xuất de tang năng suất và hieu qua san xuat , dam bao nhu cau thi truong nuoc ngoai va de phat trien thuong hieu cua minh dat tam co quoc te.

12. Does SOA plan to co-operate with any distribution in the future?

Thong qua nhà phân phối sản phẩm của mình được tiêu thụ nhiều hơn và đối tượng khách hàng sẽ đa dạng hơn, thương hiệu được mở rộng, kênh phân phối phong phú, rộng khắp, đem lại lợi thế cạnh tranh dài hạn cho doanh nghiệp. Vi The can co ke hoach hop tac voi nha phan phoi trong tuong lai.

APPENDIX 7

Interview questions for Straits of Asia Company

1. In particular, why does SOA decide to choose Vietnam as a new entry market for expanding the business of the company? (General reasons? Potential development?)

Because Vietnam has the potential market development in expanding the business in the future. Moreover, there is also the tariffs reduction is applied in export within the Trans-Pacific Partnership (including both Vietnam and Singapore). For example, wool exported industry from Vietnam to Japan with less taxes.

2. What are the requirements from SOA needed to be fulfilled of the manufacturing area?
 - g) Production area needs to be spacious at least from 1000m² and matches with the State Regulation.
 - h) Advantages of geography location (closed to the harbor or the airport), benefit in connecting with the domestic and international transportation lines with easy controlling system. Finally, with good conditions to enhance the investment and infrastructure development.
 - i) Be able to provide and fulfill the human resources requirements (labor forces and working insurances)
 - j) Ensure the security issues
 - k) Be able to present the potential ability internally and externally the area in development inflection.
 - l) No negative affection to the natural environment and environment of surrounding.
3. What will be included in the purposes of building a factory/ industry/ manufacturing in Vietnam?

APPENDIX 8

The purpose of building the factory is to make business connection. Most importantly is to bring our company's name from domestically into globally.

4. Does SOA plan to develop their business with the idea of producing and selling domestic within Vietnam or SOA also think about to export those products globally from Vietnam?

As mentioning in the question number 3, we are willing to aim to expanding our business globally.

5. According to the project plan, does SOA consider to use local resources, raw materials from local suppliers or SOA is going to import from Singapore to the target area for the manufacturing?

At first we should use the local raw materials to fulfill and manufacturing the domestic order lists. About the exporting products, it also depends on the requirements from the customers, our company will choose the most affordable price and suitable materials to reach their wish. For example, manufacturing and exporting woolen shirts from Vietnam to Japan, there are companies that choosing fiber materials from China (average quality) from Vietnam (mainly use in Vietnam) or from Italy (high quality)

6. How about the labor force? (Foreign labor force or local labor force?)

There is high opportunity that we need both local workers and workers from Singapore also. However, the language might be a small problem but it is able to handle and find the solution for that. With the local workers, the company would have to pay more than workers from our own country. It is easily to see the point because if local workers are working for foreign company of course they expect to get higher paid than national company.

7. Going into the port/ harbor, what size of the port/ harbor does SOA aim to?

APPENDIX 9

Our company was thinking about domestic port and also international port as long as there is good option for transporting the products. Of course, we would prefer low costs transportation but efficient choices.

The most important port in the South is Sai Gon port or Ho Chi Minh Port that plays a significant role in international importing and exporting.

We are considering also those ports which can be seen as products transport center in the South including cities of Dong Nai, Binh Duong, Long An, An Giang, Vinh Long, Bac Lieu, Can Tho:

- 14) Cat Lai Port
- 15) Tan Cang Port
- 16) VICT Port
- 17) Tan Thuan Port
- 18) Ben Nghe Port
- 19) Hoi Khanh Port
- 20) Hiep Phuoc Port (SPCT)
- 21) ICD Transimex
- 22) ICD Tanamexco – Tây Nam
- 23) ICD Song Than
- 24) ICD Sotrans
- 25) ICD Phuoc Long I, II
- 26) ICD Phuc Long

8. What do you think about the level of competition?

There is Saigon Wool Joint Stock Company which located in HCM city that our company would consider as the same field. The only different thing is that most of products from Saigon Wool Joint Stock Company are wool and we are tending more in business suits. The company is established in 1976 and become the very common brand in Vietnam.

APPENDIX 10

There were many industries which shut down last few years because of the lack of the customers and besides, the weather in Vietnam is not really a good reason for wool products.

However, after being the member in Trans-Pacific Partnership, there are many foreign industries start make investment in Vietnam again so it rises the order lists of the factories such as 30% to Japan, 68% to EU and Russia, 1 - 2% within Vietnam.

Finally, because of the rise in recent years which attracting more professional workers and skills employees in the field to fulfill the demand in and outside Vietnam. In addition, there are competition in prices, position in the market, consumers, and suppliers.

9. Does SOA know or at least have any ideas about who will be their competitor in the same field and same market?

About the foreign enterprises in Vietnam such as South Korea and Japan are two essential competitors so far because they have quite a big industries in Vietnam for quite a long time so they have already huge amount of certain customers, suppliers.

For example, South Korea, they have are doing both manufacturing in Vietnam and exporting from Vietnam back to South Korea. However, they also do the selling in Vietnam.

About the domestic competitor (Vietnamese enterprises) in the same field same export market, they are more likely to competitive about the prices. Those manufacturing industries which located in the heart of the city or a bit closed to the city center have more difficulties in hiring labor forces because people would prefer office works. However, they have advantages in transporting and delivery.

APPENDIX 11

10. What is the main goal that SOA want to achieve when deciding to open a new business in Vietnam?

The visible goal is to bring our product into the market in Vietnam, to competitive with the same field of manufacturing and also to see more how the garment industry is different country. Learning from others to change and improve ours.

11. What is the future plan of SOA for the business in Vietnam? (just a brief information about the future planning)

Because of the Trans-Pacific Partnership so far, Vietnam has already planned to expand and develop their business in manufacturing, import and export so from SOA point of view, starting and expanding our business in Vietnam is a big and significant step for us and even for Vietnam itself. The reason is to increase order lists and sales and opening up the business area.

Moreover, there are many different technologies which perhaps can improve our business management in general and business environment (with 5S quality system).

On the other hand, our future plan is maybe to invest more in mechanical equipment, manufacturing supply chain to rise both productivity and capacity to fulfill and catch up the global business.

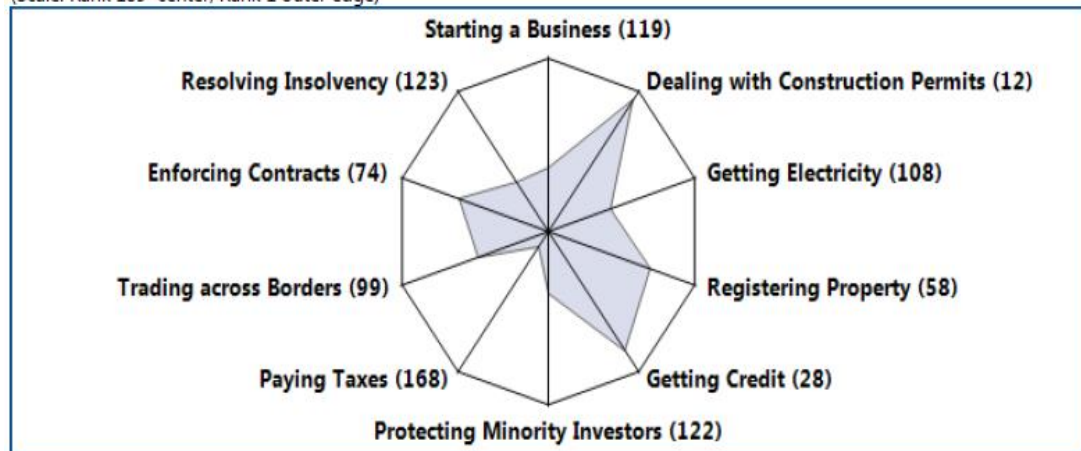
12. Does SOA plan to co-operate with any distribution in the future?

Yes, co-operating with different distributions worldwide is a good idea to increase sales with variety types of customers, enhance productivity and capacity. In addition, it would have advantages in long term global competition.

APPENDIX 12

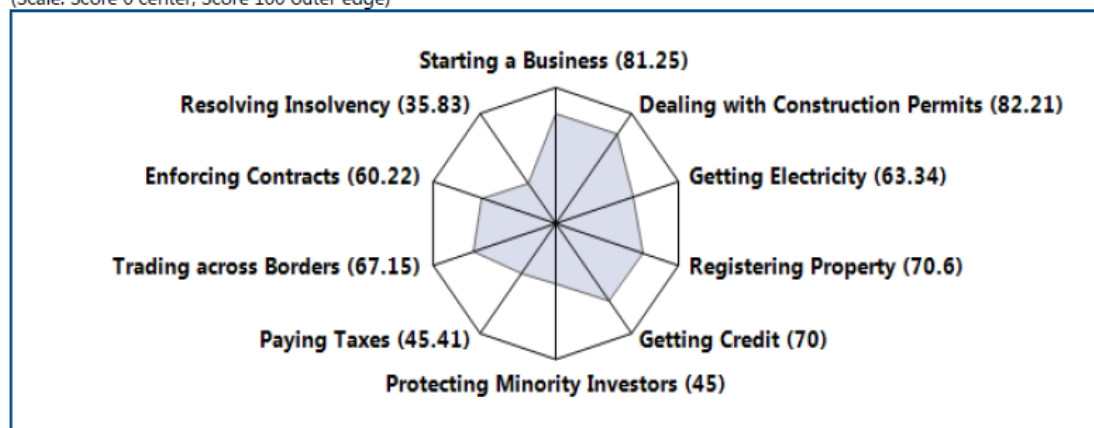
Explanation of 10 ranking doing business topics

Figure 1.3 Rankings on *Doing Business* topics - Vietnam
 (Scale: Rank 189 center, Rank 1 outer edge)



Explanation of distance to frontier scores on doing business topics - Vietnam

(Scale: Score 0 center, Score 100 outer edge)



Source: *Doing Business* database.

Note: The rankings are benchmarked to June 2015 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.