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FOCUSING ON ENHANCING MANAGEMENT AND INNOVATION COMPETENCIES

THE ONLY PATH FOR TEXTILE AND GARMENT ENTERPRISES

In the first eight months of 2024, Vietnam's textile and garment industry achieved an export turnover of \$28.6 billion, growing nearly 7.2% year-on-year. Notably, August reached a record \$4.66 billion, with predictions of reaching \$44 billion for the whole year. However, the industry is facing a significant labor shortage,

making recruitment challenging despite higher wages. The average wage in the sector is still higher than competitors such as Bangladesh and India, reducing Vietnam's competitive edge.

To maintain competitiveness, businesses need to focus on two key factors: management and innovation competencies.

Management capability includes optimizing decision-making speed ensuring reliable data management, and effective information. This requires the adoption of an Enterprise Resource Planning (ERP) system, which digitizes processes and enhances operational effectiveness. Innovation capacity should focus on product



development, product testing, and deeper involvement in the product development stages of the global fashion supply chain.

In the face of competition and market pressures, the only solution for the textile and garment industry to survive and grow is to concentrate on enhancing management and innovation competencies, especially in product development and sourcing stages. This will help businesses adapt to market demands and maintain their competitive position in the future. □





WILL VIETNAM “CATCH THE WAVE” OF ORDERS IN THE LAST QUARTER OF 2024?

The political instability in Bangladesh has created opportunities for the shifting of garment orders to other textile-exporting countries. Will Vietnam benefit from this shift in the final months of 2024 and early 2025?

According to Vietnam Customs, the country's textile and garment export turnover reached \$4.3 billion in July 2024, up 12% yoy. In August 2024, the figure was \$4.66 billion, up 14.6% yoy. Total exports for the first eight months of 2024 reached over \$28.6 billion, up 7.2% yoy.

The political conflict in Bangladesh escalated in July 2024, causing many garment factories to close and the number of orders to drop by 25-40%. This presents opportunities for Vietnamese enterprises to receive orders diverted from Bangladesh. According to Mr. Nguyen Dang Loi, General Director of Dong Xuan Knitting, the company has secured orders until the end of Q2 2025 and is negotiating new contracts.

However, despite the increase in garment orders, Vietnam's yarn sector continues to face challenges as China-main export market, has yet to show strong signs of recovery. Spinning enterprises are under pressure from rising competition and input costs, particularly electricity, which accounts for nearly one-third of yarn processing costs.

Vinatex Phu Hung's General Director emphasized the need for government support policies, especially in reducing electricity costs and providing solutions such as increasing credit limits and lowering loan interest rates to help spinning businesses handle the current challenges.



Although Vietnam's apparel sector is taking advantages from the political instability in Bangladesh, these opportunities are expected to be short-term. By 2025, the order shift will end, and competition will return to each country's strengths and production capabilities, and Bangladesh with low labor costs, will remain competitive in the global market. □

TRAINING TEXTILE GARMENT STUDENTS

WITH
FULL OF

*DIGITAL SKILLS AND
GREEN SKILLS*



Dr Hoang Xuan Hiep
*Headmaster of Hanoi Industrial
Textile Garment University*



The demand for training university students in the textile garment industry to meet the needs of businesses in the context of digital and green transitions is rising. Therefore, companies require a workforce with digital and green skills to maintain and enhance their competitive edge. In the textile-garment sector, businesses are adopting digital technologies to optimize processes and prepare for green production trends to meet international market such as Europe and the United States.

Demand for Digital Skills for Graduates: Students in industrial sewing need skills such as smart production preparation, quality control, and managing sewing lines using digital technology. Students specializing in textile equipment maintenance require skills in predictive maintenance and interdisciplinary thinking about mechatronics. Textile fiber students need skills in operating virtual processing systems, using RFID technology, data collection, running automated factories, and leveraging 3D technology. The dyeing industry requires skills in big data processing and artificial intelligence for dyeing prediction and error management. Management personnel need skills in strategy development, big data analysis, digital chain management, and foreign languages in a digital environment.

Demand for Green Skills: Students need to acquire skills in ecological design, using sustainable materials, designing green supply chains, measuring carbon emissions, optimizing production processes to reduce emissions, and managing waste. Additionally, students must be able to produce sustainability reports and assess risks associated with the green transition.

Solutions for Integrating Digital and Green Skills into Training: HTU is integrating 3D design software, digital technology, energy-saving equipment, and green production models into its training programs. The university is also investing in faculty, equipment, and collaborating with advanced companies to provide students with opportunities for internships in modern environments that meet new business requirements.

The university also organizes scientific research activities to assess the impact of digital and green technologies on human resource training. The goal is to equip students with the necessary skills to succeed in the digital and green transformation of the textile industry. □



The Needs of Businesses and the Labor Market

as the **GOAL** of VOCATIONAL TRAINING



Ho Chi Minh City College of Technology (HCT) offers 19 college-level programs and 10 vocational intermediate-level training programs, aligning with the labor market demands, particularly in the textile and garment industry. For the academic year 2024-2025, HCT enrolled over 1,800 students, ensuring the supply of high-

quality human resources to the labor market.

STRENGTHENING COLLEGE-ENTERPRISE PARTNERSHIPS

HCT focuses on collaborating with over 100 enterprises to enhance its curriculum, provide internships at companies, and support lecturers in gaining real-

world experience. Thanks to these partnerships, more than 90% of graduates secure employment, with nearly 100% of textile and garment students employed.

TRAINING WORKFORCE TO MEET THE MARKET'S NEED

To attract students in the context of challenges in the

textile garment industry, HCT has implemented breakthrough measures such as revising the curriculum, shortening training duration, diversifying programs, and obtaining quality assurance certifications, etc. The college also emphasizes practical skills and increases internship opportunities at enterprises to ensure students are job-ready upon graduation.

Additionally, the college has made significant investments in modern facilities and teaching equipment, especially in fields

related to Industry 4.0 and green energy, ensuring the relevant and practical quality of training programs.

Despite the difficulties in recruiting for the textile garment industry, HCT remains confident about the future, as the demand for jobs and garment products continues to grow. The school is committed to continually improving the quality of its education and meeting the needs of businesses in this era of integration and development. □





GUIDELINES *for*

RESOURCE UTILIZATION AND COST REDUCTION

IN THE YARN SECTOR

In recent years (2022-2024), the textile garment industry, particularly the yarn sector, has faced challenges impacting business results. In response, Vietnam National Textile and Garment Group (Vinatex) has concentrated its resources and sought solutions to maintain operations.

"DUAL" SOLUTIONS

The solutions implemented aim to achieve the "dual" goal of reducing production costs while maintaining product quality:

- **Market Analysis:** Monitor raw material markets and output to develop appropriate strategies for purchasing materials and semi-finished products.
- **Quality Improvement:** Implement measures to enhance and stabilize product quality.
- **Cost saving:** Optimize production processes, reduce waste, and optimize technical parameters.
- **Direct Cost Reduction:** Cut costs related to electricity, labor, and spare parts.

In yarn production, the key goal is to maintain brand reputation by ensuring consistent quality and customer satisfaction. Yarn quality depends on several factors: raw

materials, equipment quality, technology, environmental conditions, and personnel.

Equipment Quality Factors:

- **Maintenance Quality:** Proper maintenance and servicing.
- **Equipment Calibration:** Accuracy in equipment alignment.
- **Spare Parts Quality:** Quality of components and materials used in the equipment.

Spare parts account for about 6-7% of processing costs and 1.5-2% of total costs, equivalent to VND 54 billion (\$2.2 million) annually. For yarn mills, the costs are as follows:

- Under 5 years: USD 2-2.5/spindle/ year
- 5-10 years: USD 8-10/spindle/year
- 10-15 years: USD 11-12/spindle/year
- Over 15 years: USD 12-13 /spindle/year

The average cost across the Group is USD 8 /spindle/ year. Therefore, a yarn mill producing 30,000 spindles annually incurs costs ranging from VND 4.5 to 5 billion per year. Saving 15% on these costs has resulted in savings of approximately VND 8 billion for the Group.



Improving Equipment Quality and Cost Reduction

To enhance equipment quality and reduce costs, Vinatex organized workshops in the North, Central, and South of Vietnam for discussing solutions to optimize the use of spare parts and increase understanding about:

- Proper Spare Parts Usage: According to quality standards, product types, raw material properties, and equipment requirements.
- Benefits of Correct Usage: Ensuring yarn quality, extending spare parts lifespan, and reducing production costs.
- **Workshop outcomes:**
- Data Exchange and Standardization: Companies can exchange and standardize data for more effective material usage.

- Experience Sharing: Discuss experiences and analyze usage scenarios.
- Management Improvement: Enhance management and decision-making regarding materials and spare parts, saving costs and improving product quality.
- Evaluation Practices: Establish habits for evaluating quality and lifespan of materials, track data for informed purchasing decisions.
- Consolidation of Spare Parts: Reduce inventory and negotiate better prices with suppliers. Explore new materials to improve yarn quality and stability.
- Technical Exchange Group: Create a Zalo group for technical staff across regions to discuss and resolve technical issues.
- Optimization Issues: Some units have not optimized

spare parts use, leading to inconsistent lifespan and reporting. Post-workshop, many units have revised their management and usage of spare parts.

Centralized Procurement

Starting in 2025, the Group will centralize procurement for essential materials, including:

- Coarse and fine combs
- Leather belts, rubber rolls
- Spindle rings
- Sizing cords
- Bearings

Centralizing the purchase of yarn equipment is expected to reduce investment costs by about 10-15%, enhancing the competitive position of the yarn sector. □



WHEN CREATIVITY IS DOUBLED



The workplace has always been referred to as the "second home" of every worker. In textile-garment factories with large workforces, it not only serves as a second home but also as a place where relationships blossom and families are nurtured and built.

Married couple Pham Van An and Vu Thi Hien have been working together at the Sewing Workshop 1 of Natexco since 1998. They have built both their careers and their family within the factory. In company's activities, they actively guide and assist new workers in completing their

tasks. With a stable income and diligent saving, they have had a good life. Their two daughters are excellent students who have achieved high academic honors.

At Viet Tien Corporation, a couple Pham Ngoc Tuan Trung and Pham Thi Ngoc Cam also work together at the company. Not only do they support each other in their work, but they have also contributed to improving production processes and increasing labor productivity. Their son has also achieved excellent academic results and was recognized by the Vietnam National Textile and Garment Union in 2024.

Both families were honored and awarded on Vietnam Family Day 2024 for their efforts and contributions to the company, as well as their success in raising children. To improve the living conditions for workers, the Union has implemented many initiatives, from launching

productivity competitions to organizing cultural and sports activities that help workers relieve stress after work. As a result, many worker families not only feel secure in their commitment to the company but also place their trust in the

company as the future of their families. The Union leadership is always attentive to the circumstances and feelings of workers, ensuring timely and specific support policies, truly making the company a "second home." □





TEXTILE AND GARMENT MARKET CONTINUE TO SHOW POSITIVE SIGNS OF RECOVERY

GDP GROWTH

Global GDP Growth Forecast: Global GDP is projected to grow by 3.2% in 2024 and 3.3% in 2025. The global economy is expected to continue recovering, but slowly.

Vietnam GDP Growth: In Q2 2024, Vietnam's GDP grew by 6.93% compared to the same period last year, the highest rate since Q2 2022. The GDP is forecasted to grow by 6.1% in 2024 and 6.5% in 2025 and 2026, better than the 5% growth in 2023. The country's total merchandise export value in the first eight months of 2024 reached \$265 billion, up 15.8% year-on-year.

MACROECONOMIC OVERVIEW AND MAJOR ECONOMIES

US: GDP increased by 3% in Q2 2024 compared to the same period and by 1.6% compared to the previous quarter.

Japan: GDP grew by 3.1% in Q2 2024 compared to the same period.

Europe: GDP in Europe grew by 0.8% in Q2 2024 compared to the same period. Germany faced difficulties with GDP declining by -0.1% compared to the previous quarter.

China: GDP grew by 4.7% in Q2 2024 compared to the same period, down from 5.3% in Q1 2024. Inflation in major economies is trending towards the 2% target.

TEXTILE AND GARMENT EXPORTS

Vietnam: Textile and garment exports in August 2024 totaled \$4.66 billion, up 14.6% year-on-year. The cumulative export value for the first eight months reached \$28.6 billion, up 7.2% year-on-year. Major markets include the USA (\$11 billion, up 7.5%), Japan (\$2.89 billion, up 5.3%), and the EU (\$2.92 billion, up 5.7%).

China: Textile and garment exports decreased by 1.2% in July 2024, with a total value of \$26.8 billion.

India: Textile and garment exports in June 2024 were \$2.95 billion, up 3.6% year-on-year.

IMPACT FACTORS

Pros: Vietnam's economy continues to grow well. Inflation in major economies is decreasing, and it is anticipated that the Fed and other central banks will lower interest rates, which should stimulate consumer demand and imports of textile and garment products. Political instability and natural disasters in competing countries provide opportunities for Vietnam.

Cons: The VND has appreciated against the USD, reducing the exchange rate advantage. Businesses need to pay attention to buyer regulations and quality standards and consider adjusting USD/VND exchange rates. The shift in orders from competing countries imposes stricter compliance with brand and import market regulations.

RECOMMENDATIONS

Businesses should take advantage of the opportunity provided by the shift in orders to grow and strengthen their international position. It is essential to ensure transparency in the supply chain, comply with regulations, and prepare for exchange rate changes to mitigate risks. □

CHALLENGES AND SOLUTIONS IN THE FASHION INDUSTRY

Managing a diverse and dispersed workforce: Fashion industry personnel often work across multiple countries, in different time zones, and with varying cultural backgrounds.

Solution: Leverage technology for seamless communication, implement digital platforms, and conduct regular virtual meetings.

Adapting to the rapid changes in the industry: The fashion industry evolves rapidly with sustainability and digitalization trends, requiring a workforce with skills and adaptability.

Solution: Focus on continuous learning and development programs for employees, particularly in digitalization and sustainability practices.

Retaining talent in a competitive environment: Retaining talent is a significant challenge due to the competitiveness from competitors.

Solution: Offer attractive benefits, work-life balance, clear career progression paths, and recognize employee achievements.

Human Resource Management (HRM) in Fashion Industry

Not simply about filling vacant positions



LEVERAGING TECHNOLOGY IN RECRUITMENT

Approaching through digital platforms

The demand for creative and skilled employees is rising. Utilizing digital platforms like LinkedIn, Indeed, and Glassdoor to broaden the scope and optimize recruitment processes are needed.

Applying AI and Machine Learning

AI/ML technology allows recruiters to focus on personalized interactions,

making the recruitment process more efficient and candidate-friendly.

PROMOTING DIVERSITY AND INCLUSION

Building clear policies: Diversity and inclusion policies should be specific, comprehensive, and communicated clearly across all levels of the organization.

Using data to make strategy: Regular assessments of workforce diversity, including recruitment, promotion, and salary equality, are essential for identifying areas of improvement.

The integration of Human Resource Management (HRM) and fashion management software plays a critical role in transforming businesses and driving growth. In the fashion industry, it's not just the design and marketing departments that create trends, but HR also helps connect company culture and ensures the organization thrives sustainably in a competitive environment.



Reducing bias in recruitment: Implement AI tools and structured interview processes to minimize unconscious bias and expand the search for diverse candidates.

By applying technology and effective management policies, fashion businesses can adapt quickly, maintain competitiveness, and grow sustainably in a global environment. □



Many classic collections from TRAVALI brand have left a lasting impression on consumers due to their uniqueness and distinctive style in each product. The brand's founder, designer Tran Van Linh, a former student of Fashion Design at Hanoi Industrial of Textile and Garment University (HTU) nurtured his passion for fashion and started his career in the field with the knowledge gained from university and the motivation from his diverse experiences in the textile garment industry.

After graduating, Linh gained experience working in several small fashion businesses, being responsible for from selecting materials to finalizing products. Through perseverance and passion, he successfully developed the TRAVALI brand, which now generates a monthly revenue of VND500 to 700 million.

FASHION ENTREPRENEURSHIP

By Knowledge and Motivation





TRAVALI focuses on sustainable fashion, using natural materials such as cotton, linen, oak, and wool. Linh aims to create a distinctive fashion style that combines classic elements with environmental friendliness. He shared that to succeed in the fashion industry, startups need to clearly define their style, continuously innovate, and improve quality to approach consumers sustainably.□



Unchanging Principles

FLEXIBLE RESPONSES



According to Associate Professor Dr. Dang Quoc Bao, the wisdom of "Unchanging Principles - Flexible Responses" can be effectively applied in modern management. This approach helps managers in two sides: firstly, by identifying core principles to serve as a foundation for resolving various issues; secondly, by being flexible in handling situations without losing sight of legitimate goals. Managing change requires leaders to conduct a SWOT analysis and have a clear understanding of themselves, their circumstances, opportunities, risks, and limitations.

Modern management emphasizes four key skills: event recognition, event linking, selecting actions based on principles ("unchanging principles"), and flexibly responding to situations ("flexible responses"). This approach allows managers to adopt a global thinking strategy (Thinking: Global) while taking specific, localized actions (Action: Local), creatively integrating both traditional and modern management practices. □

