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# **Fifty Cases of Successful Links Between Small-Scale Producers and Markets**

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# Structure of the Presentation

1. Rationale
2. Objectives of the Study
3. Research Questions
4. Methodology
5. Major Findings
6. Concluding Remarks

# 1. Rationale

- The dominant roles of SMEs
  - ✓ account for 95% of enterprises, provide 26% of employment, contribute up to 25% GDP
  - ✓ achieving sustainable economic development
  - ✓ allocating resources more efficiently
  - ✓ expanding exports
  - ✓ achieving a more equal distribution of incomes
  - ✓ and assist in rural and regional development.
- Potential for poverty reduction
- The challenges of further growth of SMEs

## 2. Objectives

- To find out factors behind the successful links between small-scale producers and markets
- Implications for poverty reduction

# 3. Research Questions

1. Who are the successful small-scale producers? Where are they? What are they doing?
2. What are the factors for the successful links between small-scale producers and markets?
3. To what extent do those small-scale producers contribute to employment and income generation?
4. What are the lessons for market development and poverty reduction?

# 4. Methodology

1. Desk research and interviews to identify a range of suitable case studies
  - Size of Business: Small and very small at the start
  - Success in doing business. Criteria for success
    - ✓ Continuous growth of revenue
    - ✓ Employment expansion
    - ✓ Product diversification
    - ✓ Market diversification
    - ✓ Export growth
  - The success can be sustained and replicated
  - Firms are located in a variety of geographic settings

# 4. Methodology

- Areas of activities covering a diverse range of agricultural and non-agricultural goods and services
  - 55 relevance firms are selected
    - Geographical area:
      - ✓ The North: 17 cases located in Hanoi, Bac Ninh and Hai Duong
      - ✓ The Center: 10 cases located in Da Nang, Quang Nam
      - ✓ The South: 28 cases located in HCMC, Can Tho, Binh Thuan and Dong Nai
    - Areas of activities
      - ✓ Agriculture: 20 cases
      - ✓ Non-Agriculture: 25 cases
      - ✓ Services: 10 cases

## 4. Methodology

2. Development of standard checklist for a semi-structure interview
3. Conducting the actual interviews
4. Editing the results into a standard format; and
5. Conducting analyses with identifying the emerging patterns in terms of:
  - firms' behavior
  - owners' access to the market; and
  - the position in the value chain

## 5. Major Findings

1. **Background of the Owners :**
  - Diversified background
  - Education: Very different
  - Ages: mainly mid-30 to 50
  - Genders: majority of firms' owners are male

# 5. Major Findings

## 2. Notes on creation of firms

- The turning point for firms' owners: End of 1980s and beginning of 1990s, when there were two factors co-existed:
  - ✓ Difficult economic hardship
  - ✓ Start of the liberalization of the economy
- The initial investment:
  - ✓ Financial resource: very small (less than 10 million VND) and mainly from savings and loan by the owners (mostly from friends, relatives).
  - ✓ Non-financial resources: house, piece of land of family
- Firms not formed just by itself but after some long process of learning and acquisition of certain skills

# 5. Major Findings

- 3. **Business behavior and growth strategies**
  - Motivation of becoming business owners:
    - ✓ Determination of becoming a business owners
    - ✓ To detect of some business opportunities relying on experiences, technology, skills and expertise of specialist.
  - Business strategies:
    - ✓ Specialization and focusing on selected products and services
    - ✓ Diversification into different kinds of products and service
  - Incremental accumulation with cautiousness

## 5. Major Findings

### 4. **Specific features of owner personality**

- Determination and tenaciousness to succeed
- Curiosity and keen to learn
- Nature of intelligence collector
- Entrepreneurship
- Dynamic flexibility
- Hardworking

# 5. Major Findings

- 5. **Types and ways of market access**
  - Finding the niche and get into the niche: country niche vs. localized niche
  - Creating a network and value chain
  - Direct sale vs. relying on intermediary marketing channels

# 5. Major Findings

## 6. **Success factors**

- Sharing the benefit by working and cooperating to create their own value chain
- Constant learning
- Entrepreneurship
- Tenacity and perseverance

# 5. Major Findings

## 7. **Current obstacles and future threats**

- Weak technological base
- Lack of training
- Unstable market factor
- Facing competition coming increasingly from both domestic and international suppliers
- New constraints related to environment pollution
- Weather and climate condition (most applied to agriculture and agriculture-based service business)

## 5. Major Findings

### 8. **Sustainability and Replicability**

- The cases in the study would be sustainable without difficulty: Most firms have got some kind of core competence or assets that they can maintain in the future
- It is difficult to replicate these cases: the successful of each case is indeed a matter of entrepreneurship, which is linked to individuals in specific circumstances.

# 5. Major Findings

## 9. Policy Issues

- Technology policy to support small firms
- Training on entrepreneurship
- Developing supporting industry for small businesses
- Financial and credit policies for small start-ups
- Policy for supporting export

# 5. Major Findings

## 10. **Lessons learned**

- Constant saving and gradual accumulation: finance, material assets, expertise, experiences and knowledge.
- Nurturing entrepreneurship
- Flexibility in business decision and tactical approaches

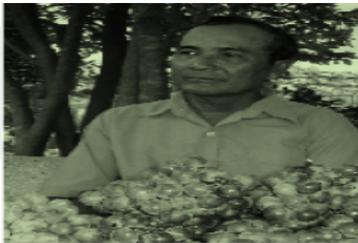
## 6. Concluding Remarks

- It is possible and feasible to establish small producers in the market, finding the way and get it done
- Learning is a key factor that help firms established, revitalized, grew and succeeded
- Entrepreneurship is a must for firm owners
- Support from government is needed to create better business environment for small firms.

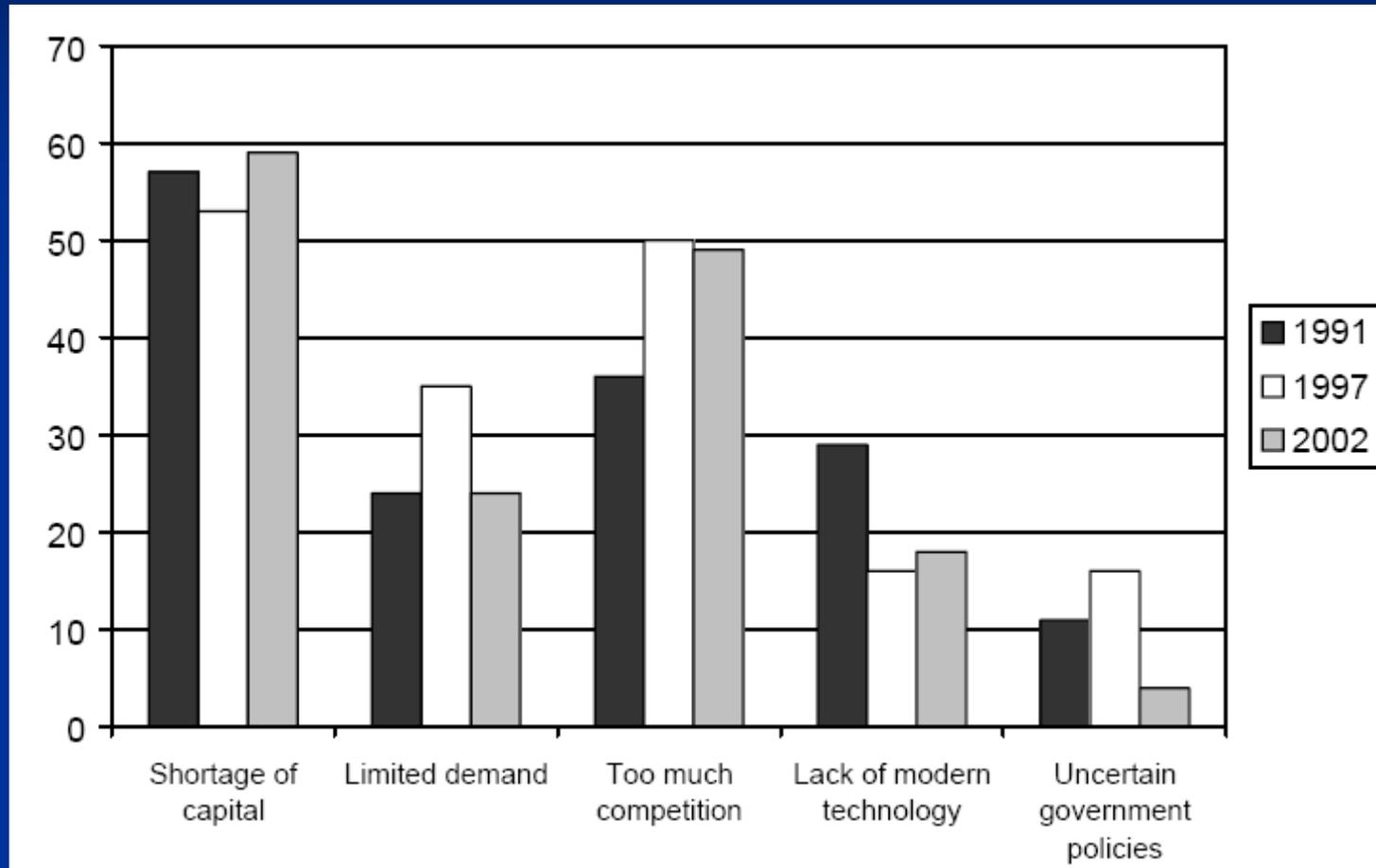
**Thank you very much**

# Entrepreneur

Overcoming Poverty through Enterprise



# Figure 1. Main Constraints of SMEs to Growth



Source: Kokko, A. et. al 2004

# The most successful case of overcoming poverty through enterprise



# Standard Format

- Introduction
- Background: Description of past and current activities
- Obstacles in development: past and current obstacles
- Growth strategies and future plans
- Future threads
- Success factors
- Lessons learned
- Sustainability and Replicability

