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NISTPASS

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.

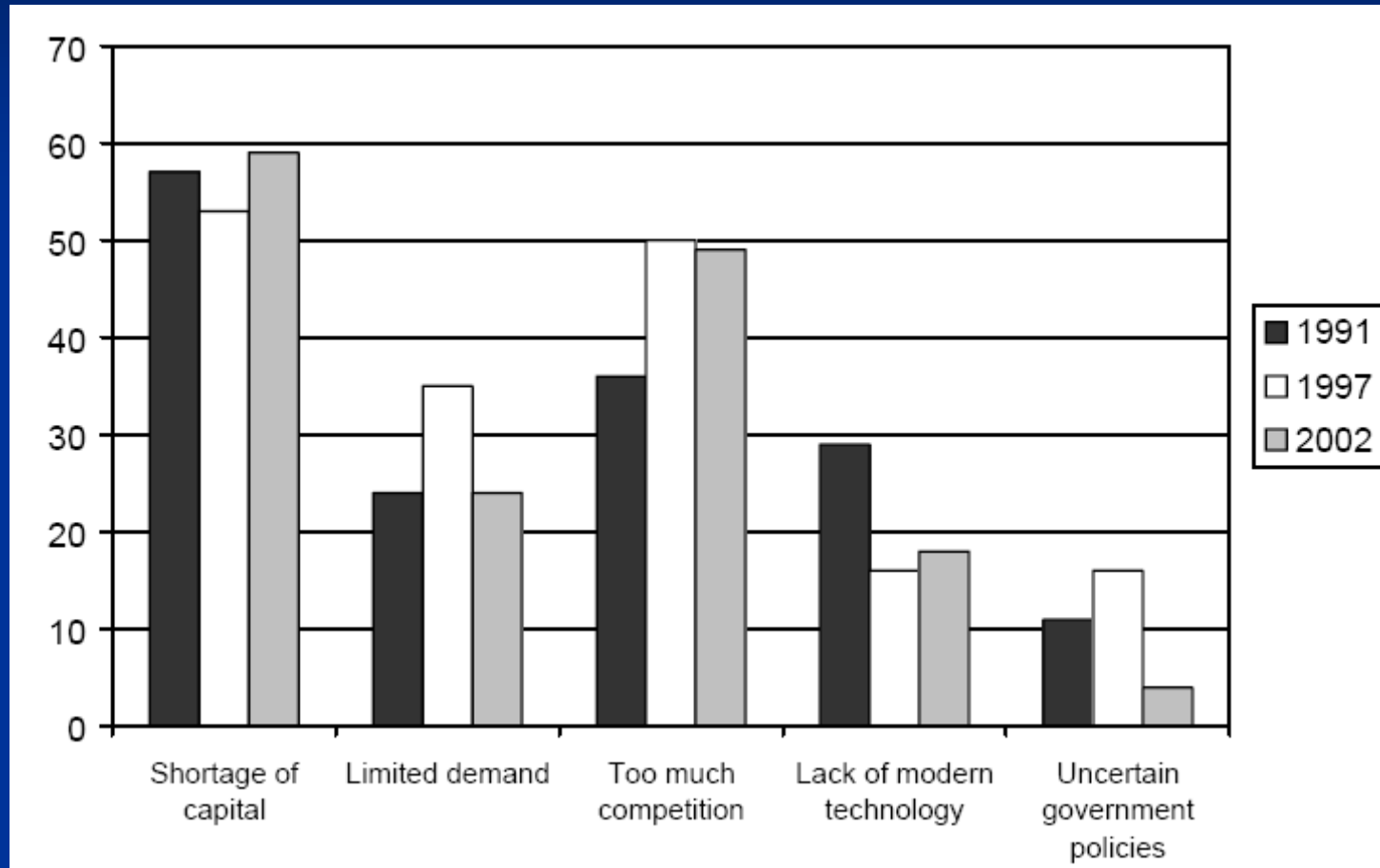
Thank you very much

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

