

THE ROLL OF SMALL BUSINESSES IN TRADITIONAL HANDCRAFT IN RURAL DEVELOPMENT: A CASE-STUDY OF HANOI SUBURBAN RATTAN ENTERPRISES

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Abstract

Rural industrial development and new rural development programmes are the main target of Vietnam in the process of industrialization – modernization of the country. To expedite this process, it is necessary to promote the development and encourage the contributions of small enterprise in general and small enterprise rural in particular because practices in many countries show the important role of small and micro enterprises in local development. This paper presents the initial results of research to understand the economic–social contributions of rural enterprises to local development through the mobilization of local resources as well as establishment of the economic-social relations in local of rattan’s enterprises in the suburb of Hanoi, and then propose some measures to facilitate the operation of enterprises and promote the contribution of rattan’s enterprises for local development.

Keywords: small rattan enterprises, local development, labor, local resources, local economic-social networks

Tóm tắt

Phát triển công nghiệp nông thôn và xây dựng nông thôn mới đang là mục tiêu chính của Việt Nam trong quá trình CNH-HĐH đất nước. Để đẩy nhanh quá trình này, cần phải thúc đẩy sự phát triển và khuyến khích các đóng góp của các doanh nghiệp nhỏ nói chung và doanh nghiệp nhỏ nông thôn nói riêng vì thực tiễn ở nhiều nước cho thấy vai trò của các doanh nghiệp nhỏ và siêu nhỏ là rất lớn đối với sự phát triển địa phương. Bài báo trình bày những kết quả bước đầu của đề tài nghiên cứu các đóng góp về mặt kinh tế - xã hội của doanh nghiệp nông thôn đối với phát triển địa phương thông qua việc huy động các nguồn lực tại chỗ và xây dựng các mối liên hệ kinh tế xã hội tại địa phương của doanh nghiệp mây tre đan trên địa bàn ven đô Hà Nội, từ đó đề xuất một số giải pháp nhằm thúc đẩy hoạt động của doanh nghiệp cũng như đẩy mạnh sự đóng góp của doanh nghiệp mây tre đan đối với phát triển địa phương- Vùng ven đô Hà nội.

Từ khóa: Doanh nghiệp nhỏ và rất nhỏ thủ công, phát triển địa phương, nguồn lực địa phương, mạng lưới kinh tế-XH tại địa phương

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1. GENERAL INTRODUCTION

Vietnam, with 67% percent of population living in the rural area (*General Statistics Office of Vietnam, 2015*), is implementing step by step the mission of industrialization-modernization of the countryside so it could become an industrial nation by 2020. To achieve the success of this mission, it requires all resources and contribution of the whole nation, including the major role of enterprises in general, rural businesses in particular. Small enterprises are playing important part in both economic and social aspects of Vietnam, a nation where Small and middle enterprises take 95% the number of total enterprises (*Department of Local Development – Ministry of Planning and Investment 2014*).

Rural enterprises in general and handicraft businesses in particular are gradually affirming their position in the project of local and regional building and developing. The research is aimed into locating the position of traditional handicraft businesses in local development. In details, the research shall answer the following questions:

- What are the contributions of small enterprises in rural area for theoretical and practical study?
- What are the characteristics of rattan and bamboo business owners and companies?
- Do rattan and bamboo companies create jobs for local workforce? Are those jobs quality?
- What local resources are consumed by rattan and bamboo companies? How do the companies establish network of economy and society?

2. RESEARCH METHODOLOGY

2.1 Research subject

Businesses in the field of rattan and bamboo in rural and suburban areas near Hanoi, with the workforce of <300 people. Rattan and bamboo companies in here are identified by the definition of companies and individuals having business registration.

2.2 Location of study and sample collecting method

Location of study: Phu Nghia Commune, Chuong My District. This is the strongest place of rattan and bamboo business, with the force of many famous craftsmen and perennial companies. It is also considered as origin establishment of rattan and bamboo business with Phu Vinh Handicraft

Village, where has been working in the field for more than 4 centuries.

Sample collecting method: All legal enterprises and businesses in Phu Nghia Commune area.

2.3 Data collecting method

- Observing method: For collecting non-verbal data.
- Interviewing method with semi-constructed and constructed content by questionnaire form.

3. RESEARCH CONTENT

3.1 Role of rural small enterprises in local development in studies of aspect of job-creating and economic-social network establishing

Local developing is a terminology with inconsistency definition. At some points, local developing is considered as “object”, at some other points it is “subject”. Each method of approaching defines local developing to be a progress or a status, a result or a resort, a policy, etc. Local developing can be a development “from above” or “from below”.

“From above” local developing highlights the role and control from Government, while the local beneficiary is only a minor group (example: project’s target business group), thus local developing is considered as a tool of Government’s planning (*PLASSARD 1986, DE MONTRICHER 1995, PECQUEUR 2000*). From the point of view of economists, local developing has the same meaning with endogenous development, *is bottom up developing based on local resources by encouraging all resources at local area and creating value for the local resources (GREFFE 1984, HOUÉE 1996, BENKO 2001)*. “Bottom up” local developing aims to encourage, evoke, and plan the initiatives from local elements; to mobilize potential resources of local area, promote the participation of local elements in order to increase the dynamism of the local (*PLANQUE 1983*). According to Kretzmann, local resources are made from 5 aspects: humanitarian capital...

Small businesses in rural area not only contributes to increasing resources of human capital but also is a positive factor in stimulating the development of local social capital through participation, establishing a network of economic and social locally. The network is a collection of connected relationships among elements, individuals and organizations (*BEJEAN and GADREAU 1997*).

Economic network was created through the mobilization of local resources, economic networks are the economic and technical relations between suppliers and consumers of products and services (FOURCADE 1989, Curien 1992, Marchais -ROUBELAT 2000). To wrap up, economic networks at local economic are the business-technology relationships between individuals and organizations through the exchange, purchase and sale of products and services in local level. The social networks of business cover the internal relations between employers - employees, and between employees with one another, and the social relationships outside of the enterprise is established through non-commercial relationships, social relationships with individuals and organizations at local (OECD 2001, BRULARD, DOGOT et al. 2006). Network of socio-economic competition between businesses in the same area will be set when there is trust (RAZAFINDRAZAKA 2009).

Moreover, in the studies of small businesses, promoting the activity and stimulating the contribution of small businesses need to study the characteristics of business owners, since in small business owners are both investors and business managers; thus they are the one who has the leading role in all the activities of small businesses, and is an important indicator to decide how the activities of rural enterprises (JULIEN and MARCHESNAY 1988 Diniz, LEPICIER et al. 2007).

3.2. Enterprise rattan and local development

3.2.1. Features of the rattan industry

Rattan industry in Vietnam has a network throughout the nation from the plain area to the mountain area, with more than 723 villages, accounting for more than 35.8% of the total number of villages and development of the most concentrated in the Delta area Red (over 50% of villages rattan) (JICA 2004). Bamboo-rattan industry in the Red River Delta region is mainly concentrated in the suburban village Hanoi (old Ha Tay village). Vietnam Rattan sector has a quite clear organizational space, which is the separation of the space between the processing of raw materials, production and trade. Normally materials are mined and processed at the forestry-developing provinces, such as the northern mountainous province, the central provinces and the Central Highlands, then transferred to process, manufacture in the densely populated province / city, where many rattan villages are located in Hanoi (Ha Tay), Ha Nam, Binh Duong, Da Nang and the products will be offered at commercial companies located in the city big cities like Hanoi, Ho Chi Minh City.

Preliminary generalize rattan product chain as in Figure 1.

According to the report by the Department of Trade and Industry, 2011 Hanoi has 365 rattan villages (accounting 27.04% of the villages of

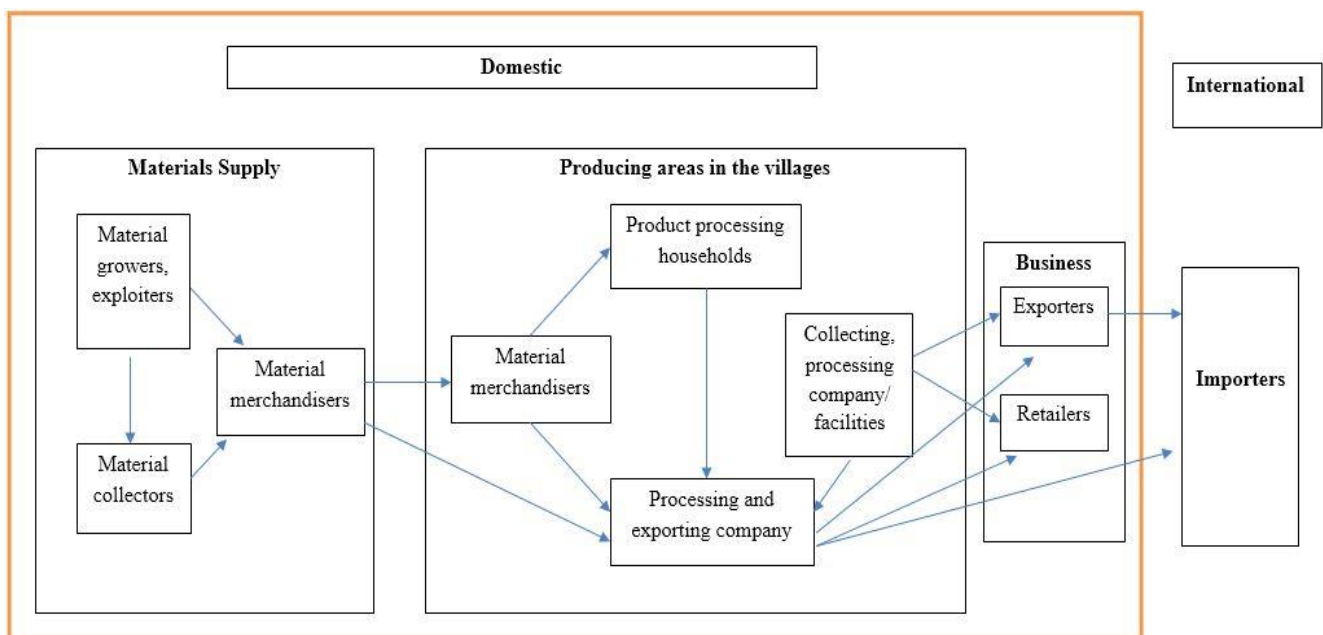


Fig. 1: Mapping the rattan Vietnam (Source: Compiled by the author)

Hanoi), worth 1521.49 billion, attracted 32,768 households with 159,900 employees in villages, with the average income of 17.7 million/person/year, of which Chuong My district is the "cradle" of the profession to focus 141 villages (villages of the district has the most rattan country) (Hanoi Department of Industry and Trade 2012). Phu Nghia village has 7/7 rattan village with more than 90% of households participating occupations and businesses, production and business establishments.

3.2.2. Characteristics of Rattan businesses

Processing enterprises producing products from rattan concentrated mainly in the coastal village around center of economic and social of the country such as Hanoi, Da Nang, ... because this is the place of skilled workers, and more highly skilled artisans. According to the General Statistics Office, in 2012, there were 756 enterprises manufacturing business of processing forest products from rattan, bamboo, leaves, ..., including 155 businesses located in Hanoi, accounting for 20.5% of all firms nationwide and Chuong My district has 87 enterprises rattan plaiting (accounting for 56% of enterprises in the district).

Rattan enterprises can create many kinds of products: from rudimentary products such as household goods, production tools (baskets, mosquito nets, baskets ...) to the exquisite handicraft products (vases, bamboo ...) and even the bamboo house. Depending on the products of each business that has different technology, but the majority are used by hand and only a small number of processing steps required steamrolling mechanization (cloud); powder coated, sulfur-drying anti-mold.

Products made from bamboo is very perishable, warping, termites due to weather changes, it is difficult for consumption in countries with tropical monsoon climate as Vietnam, so the main market of the Rattan product is countries such as Japan, America, Taiwan, ...

Production of rattan is conducted in different ways depending on the conditions of each entity receiving processing orders, can be categorized as follows:

- Households do outsourcing to enterprise and the supply of raw materials is given by business: For the form of this production, the owners of businesses purchasing products are responsible for supplying materials to the

producers, to advance a wages and collectors share the entire standard product engineering, art and the contract on time.

- Households do outsourcing for enterprise and materials purchased by households themselves: For this method, the order of processing enterprises will advance the money for the facilities, workers for them to buy materials materials for the manufacture of products on model regulations. Businesses are responsible for purchasing the entire products which meet the standards about technical, fine arts and the contract on time.
- The families organize themselves to produce the raw products then sold to businesses to collect, finish products. In this case, the manufacturer simply has information and sample code found on the self-investors to buy materials, organizing production and sales of products for the collection facilities.

We can see that the Rattan Enterprise is a significant nuclear in the chain-industry, developing business sector because producers decided what, whom-to-sell-to and the design, the quality of the product.

Rattan Enterprise activities are now accounting in a smaller number in the village. Phu Nghia commune, Chuong My district, the most typical communes nationwide in producing rattan and the "cradle" of Vietnam rattan industry with many well-known artists in the country. According to district statistics, the commune has 24 companies and 14 business establishments have registered currently operational in 2013. However, the actual survey in 2014, only 13 companies and 8 base facilities have registered relatively stable activity in the sector. After the approach and investigate the whole enterprise, facilities in communes, 15 companies and research cooperation facilities results below show some of the characteristics of bamboo and rattan business owners within the study sample in table 1.

Rattan handicraft business owners are mostly male and mature from business practices with family traditions. The average age is fair but the language competency is limited, unable to meet the requirements.

93% of studied businesses have the family business model with the average operating experience of 11.6 years

Table 1: Characteristics of rattan handicraft business owner

Male (93%)	The average age is 47.6. 60% of which are older than 45
Born in the handicraft village (93%), 80% are currently living in the commune and 13% in the adjacent commune	The average age
Family having a handicraft tradition: 80%	Experience before starting a business: Owning manufacturing facilities: 67.7%
Academic level: graduated from higher-secondary school. 46,7%	Business owner: 100%
Skilled workers in rattan handicraft: 80%	

(Source: Survey)

3.2.3. Handicraft businesses creating jobs for locals

Developing human resources always comes with industrialization and modernization. In Vietnam, developing rural areas is being implemented nationwide with the aim of improving living standards and focusing on improving rural human resources. In order to achieve these goals, education needs to be improved and provide vocational for rural workers. Businesses in rural areas usually employ local labour to response timely to create jobs and decrease the unemployment rate.

Bamboo, rattan and handicrafts are highly seasonal. Off seasons are usually from after Tet until the end of July of the lunar calendar. The handicraft market is usually busy during the Tet holidays, New Year and Christmas. The survey for the number of workers in business was done in the first half of 2015 are shown in Table 2.

Rattan handicraft businesses have employed most of the local workers (97,6% of the total). Female workers account for 65,3% of the total workforce. Workers mostly perform simple processes therefore there is only a small number of skilled workers (accounts for 16,1%). The primary task for highly skilled workers are correcting and gluing products. Due to the small production scale, the workers are mostly directly employed.

The handicraft businesses only finish and package products after receiving them from households. Therefore the creation jobs of rattan businesses to rural areas have not reflect all of its role for local development. It could be concluded that rattan businesses have created a major amount of indirect labour in the operating and adjacent rural areas in Northern and Central

Table 2: Labour structure in rattan handicraft businesses

Criteria	Amount (people)	Ratio (%)
I.Labour structure by gender	297	100
1.Male	103	34,7
2.Female	194	65,3
II.Labour structure by functionality	297	100
1.Highly skilled workers	48	16,1
2.Skilled workers	195	65,7
3.Administrative workers	19	6,4
4.Family workers	35	11,8
III.Labour structure by region	297	100
1.In the commune	194	65,3
2.Adjacent commune	96	32,3
3.Other provinces in the North	5	1,7
4.Provinces in the central regions	2	0,7
IV.Labour structure by age	297	100
1.Under 15	0	0
2.15 to 30	59	19,9
3.30 to 45	142	47,8
4.45 to 60	94	31,6
5.Over 60	2	0,7

(Source: Survey)

provinces. In average, a micro business would

associate with 4-5 other collectors and each collector would associate with 9-10 households that make rattan handicrafts. For small enterprises, other than regional collectors there are also 10-15 collectors in Northern and Central provinces such as Hà Nam, Nam Định, Thanh Hóa, Nghệ An ... Bamboo and rattan handicraft in rural areas is still considered as a sidejob (even in villages with long traditions), workers produce only when they are not busy farming. Due to the application of mechanization in agriculture, the time for making handicraft is prolonged. Side jobs are now the main source of income for farmers and in some villages such as Bát Tràng, Sơn Đồng ... farmers are no longer doing agricultural works and focus mainly on making handicrafts. In the context of developing new rural, job creation is a necessary but not sufficient, to increase the value of human capital, developing local human resources need to focus on both quality and quantity of work for workers in general and business in particular.

According to the definition by ILO, quality employment and decent work must first generate adequate income for workers. For rattan businesses, the average monthly income is higher from agriculture (Hanoi Department of Industry and Commerce, 2012), but remains low compared to other craft. In the first half of 2015, survey on average monthly earnings of employees in time "without work" which means that workers do not have to work overtime, the result is shown in Table 3

Table 3: Average monthly salary of employees in rattan businesses

Criteria	Income ('000 VND)
I. Categorization by function	
1. Highly skilled workers	3453
2. Skilled workers	2145
II. Categorization by gender	
1. Male workers	2780
2. Female workers	2177

(Source: Survey)

The survey data show that the income of workers in rattan businesses mainly ranges from 2 million to 3 million one month and there is a difference in earnings between male workers and female workers. The average salary of women is 78% that of men's.

For social security, the majority of labor works under verbal agreement and are not entitled to social protection such as social security, unemployment insurance... To explain this, most business owners think rattan processing workers are mainly unskilled workers and should be paid day by day, without a contract. Therefore, employment is highly unstable. Moreover, rattan businesses do not usually have union, so there is no organization to protect the rights for employees and there are no collective bargaining agreements.

The current operation of businesses is facing a lot of difficulties in terms of market, capital operation and quality labor, child labor. It is clear that, in the current context of integration, due to the impact of the global economic crisis, the consumption of rattan products also decreased significantly with no obvious breakthroughs in recent times. According to statistical data from Trade Map, if in 2008, the export value of the entire industry is USD 235,119,000, in 2009 the value of exports was 26% less, up to 2012 the new export value exceeded the value of 2008 is USD 240,897,000. Moreover, rural small businesses in general and businesses in particular are facing many difficulties in production and business activities at present, which could be mentioned in Table 4.

The toughest problem of the business is the lack of market information and hard competition not only domestically but also internationally. In addition, problems about recruiting handy employees and keeping them are very urgent nowadays. Meanwhile, businesses have to be faced with many problems such as lack of budgets, difficulties in manufacturing grounds, unable to approach the supports of government's management.

With the nowadays' difficulties, how the bamboo and rattan businesses can develop and create qualified jobs for rural employees depend not only from the business's itself but also the help of other social organizations and the Government.

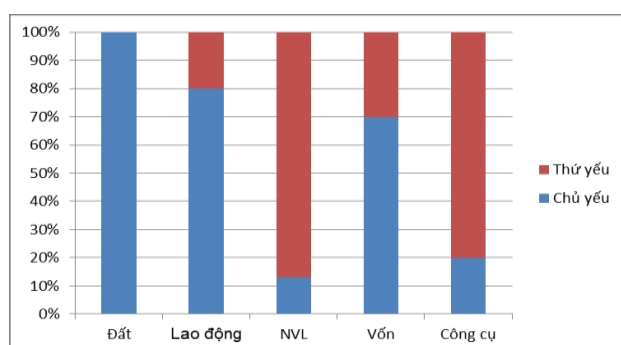
3.2.4. Bamboo and rattan business's participation in local economy – social network

Rural businesses take part in the local network throughout local commercial transactions. These transactions include buying, mobilizing income factors and selling products, outcome services. To the bamboo and rattan businesses, mobilized local resources are: lands, factories; budget; human resources; raw materials, manufacturing tools (Fig. 2).

Table 4: The difficulties of bamboo and rattan businesses

		Responses		Percent of Cases
		N	Percent	
E46 ^a	Employee's skill	10	12.0%	66.7%
	Employee's experience	13	15.7%	86.7%
	Raw material	3	3.6%	20.0%
	Budget	10	12.0%	66.7%
	Manufacturing ground	6	7.2%	40.0%
	Management	3	3.6%	20.0%
	Compete among businesses	11	13.3%	73.3%
	Market information	11	13.3%	73.3%
	Infrastructure	4	4.8%	26.7%
	Government's support	6	7.2%	40.0%
	Product's samples	1	1.2%	6.7%
	Transportation	5	6.0%	33.3%
Total		83	100.0%	553.3%

(Source: Survey)

**Fig. 2:** Mobilized local resources

Small businesses located in the rural mobilized a huge amount of local resources. To be mentioned, first the local material resources, which is the business's area. The total area is 26,000 m² but the huge amount of that is hired from the local's factory. The finance and human resources is also mobilized there. The budget mainly came from

the owner's budget and the loan from friends.

The bamboo and rattan businesses which located in the village are the factors in the local economic – social network. The network is created based on the trading relationships with the factors, and these relationships was created not only within the country but also throughout the world, and these factors have a economic relationship with the businesses, including organizations, independent and individual, seen in table 5.

In the relationship between the businesses and the factors in local, have to mention the reading relation with the families that manufacturing as processing products. Because processing is the characteristic of this business, not manufacturing the whole process, only outsourcing the products at the families of the village, so that the business itself created a big economic – social network, not just stays in the village but also extends to other villages in the North and the Middle. Places to hire to process the products depend on the types of the products that have been signed to customers. If it's rattan then mostly the outsourcing is hired inside the commune other communes that especially produce these, such as: Hà Nam, Thái Bình, Nam Định; “guột tể” are usually produced in Phú Túc village (Phú Xuyên, Hà Nội); if it's bamboo then it's produced in village in Đông Phương Yên (Chương Mỹ) ... For this to happen, when signing the contracts with partners, the company will start to manufacture at the factory to provide a small amount of the contract's value, and the rest will be hire to produce in the families through the satellites as small businesses in the villages. The hired price proportions are about 50-60% of the contract's value. Table 5 shows that 86.7% of the businesses surveyed have relationships with independents and the customers are mainly the customers of other companies, in other way, the company doesn't have a direct connection with their own customers. The company barely participates in the training networks. The business also cut down the budget by hiring seasonal accountants work. Beside, mobilizing idle capital among the population hasn't been high enough (13.3% among companies), mostly mobilized from commercial banks (60% of the company) .

The economic network of the company is not only domestically but also internationally. Table 6 shown the company's working zone.

Table 5: Relationship between businesses and partners

	Partners		Import and Export		Processing		Material Supplied	
	Primary	Minor	Primary	Minor	Primary	Minor	Primary	Minor
Businesses	93.3	6.7	33.3	26.7	0	0	46.7	13.3
Independent	0	20	0	0	86.7	13.3	46.7	46.7
Individual	6.7	6.7	0	0	0	20	0	6.7

	Training		Transportation		Accounting		Budget supplied	
	Primary	Minor	Primary	Minor	Primary	Minor	Primary	Minor
Businesses	0	0	46.7	0	0	0	60	0
Independent	0	0	6.7	13.3	0	0	0	0
Individual	6.7	0	26.7	13.3	40	0	13.3	0

(Source: Survey)

Table 6: Company's partners in zone

	Customers			Import and export			Processing			Material supplied		
	Busi ness	Indepe ndent	Indivi duals	Busi ness	Indepe ndent	Indivi duals	Busi ness	Indepe ndent	Indivi duals	Busi ness	Indepe ndent	Indivi duals
Com mune	20	0	0	0	0	0	0	40	13.3	13.3	40	0
Com mune next door	6.7	0	0	0	0	0	0	26.7	6.7	6.7	40	0
Other dist.s	6.7	0	0	6.7	0	0	0	0	0	26.7	13.3	0
North	0	20	0	53.3	0	0	0	33.3	0	6.7	0	0
Midd le	0	0	0	0	0	0	0	0	0	13.3	6.7	0
South	0	0	0	0	0	0	0	0	0	0	0	0
Other count ries	66.7	0	13.3	0	0	0	0	0	0	0	0	0
	Training			Transportation			Accounting			Budget supplied		
	Busi ness	Indepe ndent	Indivi duals	Busi ness	Indepe ndent	Indivi duals	Busi ness	Indepe ndent	Indivi duals	Busi ness	Indepe ndent	Indivi duals
Com mune	0	0	0	0	13.3	33.3	0	0	26.7	0	0	6.7

	Training			Transportation			Accounting			Budget supplied		
	Business	Independent	Individuals	Business	Independent	Individuals	Business	Independent	Individuals	Business	Independent	Individuals
Commune next door	0	0	0	0	6.7	6.7	0	0	13.3	46.7	0	6.7
Other dist.s	0	0	6.7	0	0	0	0	0	0	13.3	0	0
North	0	0	0	46.7	0	0	0	0	0	0	0	0
Middle	0	0	0	0	0	0	0	0	0	0	0	0
South	0	0	0	0	0	0	0	0	0	0	0	0
Other countries	0	0	0	0	0	0	0	0	0	0	0	0

The main customers of the company are mostly from other countries (66.7% of the examined company), export activities are mostly commission export, throughout the northern companies, like Hải Phòng, Hà Nội (60%). At the moment, the business hasn't spent enough care for training network to increase skills, specialize for human resources. The mobilized budget are usually from an official channel and loaned from commercial banks in the local communes and in Hà Nội (60% of the examined companies). The economic relation can't be stable without the trust among partners. Table 7 shown the trust levels of the company to economic factors by answering the corresponding point from 1 to 5, 1 is the lowest and 5 is the highest. In the commercial relationship, the highest reviews are accounting and transporting (3.71 points and 3.43 points respectively). The lowest review goes to loaning, this shows the difficulties of the companies to access to loan budgets.

With the invasion to the local social network, bamboo and rattan businesses also created social relationship with individuals, organizations in local. Because the company located within and the owners are local so the relation with commune factors comes from the relationship between the individual and the local in rural.

To firmly establish the social relationship with resident community, the assessment of

Table 7: Trust Reviewed between the company and partners

Partners	Quantity	Average
Accounting	7	3.71
Transportation	14	3.43
Processing	13	3.38
Material supplied	15	3.27
Customers	15	3.27
Training	1	3.00
Import and export	9	2.89
Budget supplied	9	2.56

(Source: Survey)

enterprises' trust for social relationship is an essential element. Table 9 shows the average score of enterprises' trust for relationships with local individuals and organizations.

Among local social relationships, the relationship between enterprises and local residents is quite firmly established based on trust (average score is 3/5). In contrast, the direct and indirect affecting factors to the operation of the company such as local authority, industry associations, social organizations in the local area are underestimated (1,67 for the authority; 0,93 for the associations; 0,8 for organizations). The relation with

Table 8: Professional organizations

		Agree		Cases' ratio
		Quantity	Ratio (%)	
D35 ^a	Authorities	12	25.5	80.0
	Local	15	31.9	100
	Other companies	11	23.4	73.3
	Professional organizations	5	10.6	33.3
	Social organizations	4	8.5	26.7
Total		47	100.0	313.3

(Source: Survey)

Table 9: Enterprises' trust assessment for social relationships

Type of relationship	Amount	Average Score
Local resident	15	3.00
Social organization	4	3.00
Industry association	5	2.80
Local authority	12	2.08
Peers	12	1.83

(Source: Survey)

company's peers is also low (1,47), which leads to the conclusion that enterprises in the same field do not have much faith on each other, are unable to create a tight connection with each other. It could be explained as from the past, all rattan and bamboo businesses are relatively spontaneous developed, there are still inequitable competitive and the quality is decreased, all of those make the products unable to compete in nationwide and worldwide markets.

4. RECOMMENDATIONS

Some early results of the research about role of rattan and bamboo enterprises in local developing show that:

- For rattan and bamboo business owners and enterprises:

Owners of rattan and bamboo business are limited

in qualification, besides most of them were born in the rural area so they are affected by closed and conservative ideology of residents in here (*Vu Quoc Tuan 2010*). On the other hand, most of the owners are in high ages, this also decreases the activeness and initiatives of companies' business operation and affects conservatively to design of products, production technique, in general they are more and more unable to compete in the market while life circle of rattan and bamboo items is shorter. Despite the fact that owners of rattan and bamboo businesses are skillful, experienced in working with individuals' factories and were raised into traditional and perennial families, they still have many limitations in management and language abilities. This is a very serious barrier for those companies to enter international and export markets.

The family-management scheme, a scheme with many advantages for rattan and bamboo companies, especially the industry is taking effect from worldwide economic crisis. They are the decrease in trading cost, low recruitment and workforce management cost, remaining the stable work during economic crisis; hereditary in business (*ARRÈGLE and MARI 2010*) and the most important key is protecting the secret receipt of family business. Even though, the family-management scheme shall also face many disadvantages in attracting new skillful workforce due to preferring acquaintances and inflexible traditional family management progress and ineffective management (*ARRÈGLE and MARI 2010*).

- For enterprises' workforce and local jobs:

Most of rattan and bamboo products are trays, dishes, baskets, etc. with low value and not requiring skillful workers, thus major part of workforce are regular workers, executing simple actions, no or not much aesthetics and craftsmanship required. In addition, there is the fact that an unfair competitiveness is happening in the handicraft villages, it makes the companies to reduce the price in order to have the contracts. In contrast, the cost of input elements is higher after each day leads to the hiring of old workforce. As a result, quality of the workforce is not qualified in both skill and physical aspects. Current labor structure has a high rate of old female worker and limited in skillful and professional workers in need to have active measures to attract more young workers engaging in the industry and focus on improving skills aesthetic for workers.

Current salary paid to workers is mostly under the minimum wage as stipulated in Decree No. 182/2013/ND-CP of the Government, accordingly the minimum wage for workers from firms located in the survey area was 2.7 million/month/worker. Meanwhile, number of firms with regular producing contract is very small, therefore employment is still unstable. Currently there is none social protection regime for workers so they are always the subjects to suffer the most disadvantaged if labor accidents occur and illnesses happen. Moreover, many firms still don't have department of Trade Union to be the represent the voice of employees, hence there isn't any bargaining agreements in firms.

Considering the aspect of spreadability of occupations, although firms have not created quality jobs for direct manufacturing labor, but in case of creating jobs for "disadvantaged" workers in rural such as women raising children, middle-aged workers who hardly can find jobs in different firms and even disable workers and in case of creating indirect jobs in rural area, it's possible to say that firm plays a very important role. The number of indirect jobs created by bamboo and rattan companies is very large, which contributes to reducing of unemployment rate in communes, stabilizing society, reducing social vices, improving the quality of rural labor force.

How to promote firm to increase the value of human resource though create quality job, decent work, this is a relatively difficult problem if only reply on internal resources of the company without support from professional organizations, society and State management agencies. If the current situation continues, the traditional rattan and bamboo industry will be eroded in the near future since currently the young labor in crafts villages are not enthusiastic with the job so they work for industrial companies in the industrial zone located in the commune, while the artists are getting older and older.

-For economic networks, local society:

Even though local economic industrial clusters have been formed, business network in communes hasn't grown. Currently, resources such as land, workshops, and employees are mobilized mainly from the local while materials and capital still need to be mobilized from outside. This suggests that rattan and bamboo companies are still not stimulating, and creating supply chains of materials locally as well as not attracting other agents involving in the operation chain of the

industry.

Although rattan and bamboo industry has a long tradition, the Professional Association is just newly established so still has weakness and hasn't showed enough of their role. Moreover, in the commune, there is no association for small business of rural industries therefore business activities are still highly spontaneous, lacking in connection between businesses in the sector which results in unfair competitions between local businesses and suppression the develop of businesses and the industry.

5. DISCUSSION AND CONCLUSION

In order to develop rattan and bamboo businesses as well as to promote the contribution of firms to local development, the following solutions can be in consideration:

For the sector's workforce, need to have incentives, training successor entrepreneurs along with social policies to support the sector's workers in order to attract young workers to return to the industry. Open professional skills and aesthetic classes for rural craft labor. Promote the dissemination of social responsibility of firms for business owners.

For local social and economic networks should further enhance and promote the role of the Jobs Association in the commune and established rural industrial small businesses association locally to create an environment for business members can share the difficulties, and it will be also a mechanism closely links members to develop the sector sustainably.

Local authority needs to organize dialogues between firms and local authority to understand better the problems and aspirations of the firms in order to find supporting solutions in time.

For the development of businesses, the State should have interventions, and supports to sustainable develop the industrial value chain, encourage firms to involve thoroughly in the industrial value chain to expand products continuously, in furtherance of creating jobs sustainably for rural workers.

In addition, the State should promote their trade village brands and traditional products by combining, deploying and promoting traditional cultural tourism to the village in order to introduce traditional products to the domestic as well as foreign tourists. The State also should

have the specific capital support structure for traditional handicrafts and the enterprise can approach loans easily.

Conclusion

The essay with original data partly showed the reality of operation of enterprises, the current position of the small traditional craft businesses in general and the bamboo and rattan wicker companies in particular with the development of local enterprises through the reality of employment and local economic and social networks. Small traditional business needs the attention from the authorities and local companies to maintain and develop traditional industries in rural areas, which will promote the development of local companies.

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