

# Shortcomings to be Tackled for Development of Vietnam's Handicraft Villages

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Vietnam's handicraft villages have developed for thousands of years, so far the country has some 2,017 craft villages, but their production remains spontaneous and scattered. Production families are a major form of business, accounting 90% of total production units in current handicraft villages. According to statistics of the Ministry of Agriculture and Rural Development and Japan International Cooperation Agency (JICA), some 1.4 million families are producing handicraft, accounting 10% of total families in Vietnam. This has good effects on generating jobs and income for families. However, they find it hard to hire skilled labor and get access to technologies and markets for expansion. At present, families in craft villages mainly churn out products to meet orders of businesses, they do not have conditions to get direct access to markets and their products

Table 1: Forms of businesses in craft villages of selected provinces

Provinces	Family	%	Cooperative and business	%
Bắc Ninh	14,501	99	150	1
Hà Nam	10,684	98.4	175	1.6
Hà Tây	99,361	99.9	3	0.1
Hải Dương	23,572	99.6	99	0.4

Source: Annual report of Vietnam Union of Cooperatives, 2000.

must go through many intermediaries to approach customers. The consequence is increase in product price and decline in their competitiveness and producers lack market information to launch proper designs. This is one of reasons for underdeveloped and unstable production of craft villages.

The utilization of resources in craft villages remains a lot of limitations. Most of families and production entities use their houses for production, they have no warehouses to store materials and products. Only 18% of units have workshops and 85% use electricity for production. So their infrastructures are not convenient for production expansion and technical application.

Production inputs are mostly self-provided. This is suitable for small production, but when the demand increases fast, they may face a shortage of materials. On the other hand, the producers lack a strategy of materials supply in the long term. For example, sources of clay, bamboo, rattan and wood are being exhausted.

According to a survey, the working force of a production unit is rather small on average: 8.9 persons in a production family, 54.6 in a cooperative and 18 in a private business and 75.8 in a limited company. Workers are usually relatives and friends of the owner or managers. Their skills are derived from family training, 32.81%; self-study 27.34%;

private schools 13.28%; local government training 10.16% and central government 0.78%. So the training is not professional, and traditional craft may be easily extinct. In addition, there is no connection between craftsmen and painters and designers to create many new attractive designs.

Another problem is that educational attainment and profession skill of workers remain too low. Most of them are trained in occupational skill, not in general education. (see Table 2). This is just a reason for poor quality and unattractive designs, and thus losses incurred by craft villages because a lot of products require great creativity and skill of workers.

Table 2: Scale and labor quality in Vietnam's craft villages

Indicator	Unit	Form of business				Average
		Family	Cooperative	Private business	Limited company	
1. Average number of workers in each production unit	Person	8.9	54.6	18.0	75.8	25.5
2. By educational attainment						
Grades I-V (primary education)	%	-	2.2	8.9	2.5	5.7
Certificate of primary education	%	11.2	19.1	31.1	28.5	28.4
Certificate of lower secondary education	%	80.6	39.9	45.7	50.1	47.9
Certificate of upper secondary education	%	8.2	38.8	14.3	18.8	18.0
3. By professional skill						
Untrained	%	17.4	8.8	58.6	52.1	54.9
Vocationally trained	%	59.2	34.1	32.5	41.7	36.8
High skilled	%	19.4	1.9	6.7	5.0	6.1
Graduated from secondary technical schools	%	4.0	4.5	1.6	5.0	6.1
Graduated from colleges and universities	%		0.7	0.6	0.7	0.6

Source: Examination of 3,439 production units in the survey of rural careers of the Ministry of Agriculture and Rural Development in 2000



The average working capital of a production unit in craft villages is VND700.32 million, a specialized family 25.73 million and not specialized (second job) family VND16.1 million. This shows capital size of producers is too low. Furthermore the equity capital makes up over 50% of total capital, proving small and scattered production of craft villages at present. The small capital size will be an obstacle to their expansion when the demand soars. It also hurdles them to get access to modern technologies or industrialization.

Producers in craft villages are trying to use machinery and equipment including clay grinding machine, enamel spraying machine, as well as gas kiln in ceramic production. However, the practice is done in certain stages; according to an investigation, only 37% of tasks are mechanized and the remaining 63% manually done. The machinery and equipment are obsolete, so their efficiency is low and they even pollute the environment. This reveals craft producers are badly in need of capital for technology innovation, consultation and assistance of scientific experts and organizations.

The production and living of craft villages contain

Table 3: Capital size and source of production units in craft villages

Indicator	Unit	Business	Family (Craft as first career)	Family (Craft as second career)
1. Average capital of one production unit	VND mil.	700.32	25.73	16.1
2. Average fixed capital	VND mil.	432.7	14.7	9.1
3. Average working capital	VND mil.	267.62	11.03	7.0
4. Average equity capital	VND mil.	339.32	15.89	10.98
5. Average loan capital of one production unit	VND mil.	361.0	9.84	5.12
-Ratio of loan capital from banks	%	76.8	61.04	72.43
-Ratio of loan capital from individuals (%)	%	8.57	20.24	19.92
-Ratio of loan capital in state programs (%)	%	4.36	1.09	0.94
-Ratio of loan capital from other sources (%)	%	10.27	17.63	6.71
6. Ratio of units using loans	%	55.06	32.15	22.38

Sources: Vietnam rural careers, the Ministry of Agriculture and Rural Development, 2000

a lot of cultural features and original arts of Vietnam, so they become an interesting destination to international tourists. There are at least 60 craft villages which may be typical tourist sites. Unfortunately, these villages have not yet cooperated with Vietnam Tourism Administration in order to build infrastructures and design tour programs to tap their potentials. International visitors' arrivals in Vietnam reach over 2.5 million annually. If a visitor spends US\$100 on fine art handicraft, the sales of handicraft may earn hundreds of millions of US dollars. Why not to exploit such an important resource?

To recognize the great potentiality and role of

craft villages in rural development, over the past years, the Ministry of Trade and the Ministry of Agriculture and Rural Development have carried out a lot of measures to revitalize and develop traditional careers in rural areas, such as conducting surveys of production in craft villages and mapping out solutions of capital, labor, technologies to craft villages. Nevertheless, those measures are still not integral and systematical. There is no government agency in charge of craft villages' development. Some provinces like Hà Tây, Hà Nam, have planned special industrial parks for craft villages' production and devised strategies and policies to help them grow firmly. The Government is required to show its determination and implement more effective and practical measures to spur development of craft villages. ■

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