



THE RELATIONS AMONG SMALL ENTERPRISES OF TRADITIONAL HANDICRAFT IN THE PROXIMITY: CASE STUDY IN HANOI-VIETNAM

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Abstract

The traditional handicraft in Vietnam has thousands year of historical development. After Doi Moi in the period of 1986s, the industry has been implementing not only at households but also at enterprises level. The socio-economic relationships among traditional handicraft enterprises have affected by customs and habits of the locals. In the context of integration, the solid establishment of industrial cluster in handicraft villages with fair and win-win relationships in the rural areas becomes a crucial factor in the supply chain. This contributes to industrialisation and modernization of rural regions in Vietnam. The objectives of this paper are to investigate characteristics of the traditional handicrafts enterprises and relationships amongst them. Plus, the paper describes the reasons of cooperations and in the proximity. The qualitative method with an exploratory analysis in the ground theory applied in this research to investigate the outstanding characteristics of relationships among 50 firms in 3 traditional famous villages located adjacently Hanoi.

Key words: Proximity, social and economic relation, small enterprises of traditional handicraft, handicraft traditional village

1. INTRODUCTION

The traditional craft products have appeared in Vietnam for ages (about 3000 – 4000 years ago). However, the traditional craft has really developed since the tenth century and has spread to the whole country (JICA 2004). At first, craft goods were produced and exchanged simply – produced in the households, then bartered (exchanged goods without involving money). So, handicraft was only considered as an auxiliary job because farmers only enlist to do when they finish field works). After the land reform in the 1950s, handicraft production executed on a larger scale, through the cooperatives. During this period, all the private production forms were illegal and abolished. The traditional craft goods were produced to serve for the daily activities and exported to the former Soviet Union, the socialist countries under the form of “barter”. After the Doi Moi (Innovation) period (in the 1986s), especially when the business law took effect numerous traditional handicraft private enterprises, limited companies, joint stock companies, individual households which were established on a small scale.

Traditional handicraft enterprises usually gather in craft villages or the communes along the traditional craft villages in the outskirts of big cities such as Hanoi, Ho Chi Minh, Da Nang etc in order to take advantage of local labor, space and material resources

Since the merger of the administrative boundary with Ha Tay province, Hanoi has become a “hundred job” city with the largest amount of craft villages and traditional handicraft businesses all over the country. The craft villages and traditional handicraft businesses mainly gather in communes in the suburban districts of Hanoi (SCH 2012). The traditional handicraft firms play crucial roles in creating jobs for local communities, as well as contributing to the local budget, increase foreign currency revenues from exporting activities (NGUYEN 2010); participate actively in activities aimed at preserving and promoting the traditional cultural values through the preservation and development of traditional crafts and support local activities, the traditional cultural festivals.

Because of the proximity of space, traditional handicrafts enterprises usually have the relationship, the interaction of socio-economic aspects. The interactions among these enterprises can be competitive due to the same area of operation and the same activity. Moreover, with the volatile external environment, these businesses will also link, cooperation together to reduce the risks arising in business, reduce unnecessary costs.

This study helps to better understand the nature of these relations among traditional handicraft businesses in the craft villages group in the suburban districts of Hanoi thus promoting the development of social and economic networks in locals. This study examines the outstanding characteristics of small traditional enterprises located in adjacent Ha Noi, relationships among them and reasons of the co-operations.

2. CONTEXT

Hanoi, the capital of Vietnam, with abundant and diverse natural resources which have ancient culture especially, is the place that gathers the most traditional handicraft villages in the country. With the hundreds of years of development, these villages produced many products that have the high artistic value which serves for domestic consumption and exportation. In 2011, Hanoi has 1,350 craft villages (accounted for 15.25% the total of craft villages of the country), in which 277 craft villages are approved (accounted for 28.7%) (SCH 2012).

The traditional handicraft villages in the Red river delta, especially in suburban Ha Noi are the places to not only perform and remain cultural activities but also to produce and do business non-agricultural products (SCH 2009, BACH 2010, NGUYEN 2010, Vu 2010, BUI 2013, SCH 2013). Almost of the villages are located in a cluster and they are connected by amending and exchanged relationships which become more complicated recently due to the higher tendency of mechanisation and diversification needs (FANCHETTE and NGUYEN 2010). The previous records revealed the significant roles of traditional handicraft villages in the cultural and economic values of Vietnam as well as Ha Noi. Moreover, researchers also proposed some implications to conserve and develop craft villages contributing to industrialisation and modernization rural areas. (CIEM 2009, FRANCHETTE

2009, FRANCHETTE and Nguyen 2009, BACH 2010, FANCHETTE and NGUYEN 2010, NGUYEN 2010, TRINH 2013, FANCHETTE 2014, FANCHETTE 2014).

The traditional handicraft of Hanoi is divided into 8 main groups, including lacquer, mosaic, bamboo and rattan, forest product processing and carving, textile, footwear, metal, agricultural products processing. Among these crafts, the ceramics, rattan and wood carving are famous across the country for ages with the traditional craft villages are Phu Vinh bamboo and rattan, Bat Trang ceramics and Son Dong. In these three handicraft villages, there are not only many production businesses, but also the registered households (called formal enterprise) and informal enterprise. There are three villages namely Phu Vinh, Bat Trang and Son Dong, the products of which are high value and famous (SCH 2012). Craft villages located in the craft communes, which are considered as clusters of craft villages that specialise in producing, trading the typical traditional handicraft goods of that village. They are Bat Trang (including Bat Trang traditional pottery and ceramics); Phu Nghia (including Phu Nghia traditional bamboo and rattan); Son Dong (including Son Dong traditional wood carving).

In Bat Trang craft village cluster, according to the statistic of Gia Lam Statistic Department, in 2013 the commune had 564 ceramic production and business units including 75.7% formal enterprises. The pottery has created jobs for over 4800 labors and many other labors from neighbouring communes. In Phu Nghia craft village cluster, according to the statistic of Chuong My statistic department, in 2013 the commune has 1552 bamboo and rattan production and business units including 2.4% formal enterprises. The bamboo and rattan have created jobs for over 5900 labors in the commune. In Son Dong craft village cluster, according to the statistic of Hoai Duc statistic department, in 2013 the commune had 436 wood carving production and business units including 20% formal enterprises. The wood carving has created jobs for nearly 1900 labors in the commune.

The traditional handicraft businesses in Hanoi usually have the small and medium scale, operate under the household form. These enterprises were mainly established after the period of 1995s under the issue of Vietnamese business laws. The workforce in these firms are almost locals and they usually have a friendship or relation with their owners (NGUYEN 2010, Nguyen, Lebailly et al. 2015). The border between formal and informal economic sector in this branch is not apparent. (FANCHETTE and NGUYEN 2010).

3. THEORICAL FRAMEWORK

3.1. Village of traditional handicraft, enterprise of traditional handicraft

The traditional handicraft branch found thousands of years ago in Vietnam. At first, it produced agricultural equipment. Presently, the products serve diverse purposes, including agricultural tools, decoration, and furniture or worship materials. It is called traditional when it has been found more than 50 years (MARD, 2006). Handicraft village is a unit of residents located in one or several hamlets, villages, communes or towns and they produce products in the rural areas. According to CIEM, a village is approved as a traditional handicraft village when it has one traditional craft approved (CIEM 2009). According to Vietnam Craft Association, a village is recognized as craft village when its products contain at least 50% artisanal works and 30% population participated. There are some craft villages with hundreds to thousands year of age (CIEM 2009). A small scale craft enterprises are enterprise producing or manufacturing traditional handicraft products with labor force is less than 200.

3.2. Relation among the enterprises

The relation between enterprises in one branch could be co-operation, competition or both co-operation and competition (GRANATA and ROY 2014, LE ROY 2008, PELLEGRIN-BOUCHER and FENNETEAU 2007). Cooperation and competition are two opposite categories but difficult to separate in the relationship among enterprises in the same sector. According to Nalebuff and Branderburger, the word of business is a mixture of cooperation and competition (Nalebuff, Branderburger et al. 1996).

Cooperation is the process of interaction generated from relationships to acquire a common interest among individuals, groups and organizations (Pellegrin-Boucher 2006). Meanwhile, competition is the force majeure for each enterprise in the market economy. Competition is a rivalry among enterprises to gain the higher productivity as well as the superiority than the competitors (Fernandez and Salvetat 2009). Competition is also the struggle among rivals for customers (market) and the resources. It is a fierce race and cannot be avoided. If enterprises want to survive and grow, they have to rise to dominate and win the race. Fair competition is the motivation for the production development and vice versa unfair competition (as tax evasion, vandalism information spreading, imitating) will lead to the negative impact to the economy, society and culture.

The cooperation–competition relationship between enterprises comprises a complex combination of two opposite logics of interaction: the competitive paradigm, assuming that companies interact based on conflicting interests, and the collaborative paradigm, asserting that companies interact based on common interests in a certain area (Bengtsson and Kock 2000, Cassiman, Di Guardo et al. 2009). Although there are many risks and conflicts, but the cooperation – competition relationship between businesses is the new trend in current economic relation. This relation helps to reduce costs, overcomes the lack of resources, solves the technological and technical difficulties and expands the market together (Das and Teng 2000, Tether 2002), solves the difficulties from the external environment.

Balancing the cooperation – competition relationship among enterprises in the same sector and the same industrial cluster will develop the network of economics-social relations in local, contribute to promoting the stable development of the rural industrial network.

3.3. Proximity and small enterprise

Proximity is an interdisciplinary awareness. It is mentioned in many different angles so there are many different concepts of proximity depend on characteristics that people assign to it. Proximity is a situation that is a short distance from something else or from someone, from two or more things that are close together (CNRTL)

Proximity is considered in term of the proximity of jobs, social proximity, strategic proximity (Marchesnay 2003). Torrès also had close accessibility to the function, hierarchy (Torrès 2000). In the research of Fourcade and al, there are organized proximity, territorial proximity and industrial proximity (Fourcade 1997). Besides that, there are also awareness proximity, proximity of space (Jaouen and Torrès 2008).

For the role of proximity in production and business operations of the small enterprises: In studies, Torrès showed that SMEs were mixed entities, proximity statuses (Torrès 2000, Torrès 2002, Torrès 2003, Torrès 2007). Torres indicated that every characteristic of small enterprises equivalent to each proximity. Small enterprises have 5 basic characteristics included: small size; centralised management; a low level of labor specialisation; simple, informal and direct internal and external information system; intuitive, implicit and short-term strategy. Corresponding to these 5 characteristics are 5 proximity status: spatial proximity; hierarchical proximity; functional proximity; proximity information system, temporal proximity; proximity management.

4. METHODOLOGY

The study applied both quantitative and qualitative methods to explain explicitly the statement of research problems.

To investigate extended features of relationships among enterprises, this study uses qualitative methods, analysis and exploration and the basis of grounded theory.

According to Wolcott in research of Creswell, qualitative research is to implement the interpretation of data. Data interpretation consists of describing a personal or context, analysing the data into themes or categories, and finally interpreting or giving out the conclusions about its meaning personally and in theory , what can be learned, and make the deeper questions (Creswell 2002).

Qualitative research is used when describing, explaining the conduct, compartments, social interactions; the stories of life; the activities of the organizations; the social movements (Corbin and

Strauss 1990). Qualitative research uses the data in words and images. In this study, thanks to the field experience of researchers, qualitative methods are used to explore, explain the cooperation and competition between traditional craft firms through the data collected in the field.

Grounded theory is an inductive type of research, based or "grounded" in the observations or data from which it was developed; it uses a variety of data sources, including quantitative data, review of records, interviews, observation and surveys (Ralph, Birks et al. 2014). Qualitative research uses grounded theory strategies to explore the processes, activities, events (Creswell 2002). According to Strauss, this method heightens the field experience, "let the field talk" (Strauss and Corbin 1990). During more than two years researching, the researcher of this article has been continuously present in three representative communes represent for three traditional handicrafts where's focus many famous traditional crafts manufacturing enterprise of the whole country. They are a Phu Nghia commune with rattan and bamboo, Bat Trang commune with ceramics, Son Dong commune with handmade woodcarving craft. The objective of the field approach is to observe, contact and interview the owners of traditional crafts enterprises and other relevant actors in order to study the problems of labor, employment and the local socioeconomic network of businesses in local development.

Studying subjects are businesses (in the broad sense) that produce and trade the traditional crafts at three communes along Hanoi as described above.

Like other studies, the sample choosing in the grounded theory strategies of the qualitative study also to ensure the representativeness, the confidence, and the consistency. Unlike quantitative research, the observation samples in qualitative research do not represent in terms of the overall amount but must represent in terms of information, awareness to answer well the research question. In this study, the researchers interviewed some owners of production enterprises in order to collect the necessary data using semi-direct questions. These types of question will allow the respondents to express their thoughts more freely around the issue of research but under the control of the deliberate interviewer. Numbers of observation samples will stop when the researcher has collected the full of information related to the research problem. Together with the interviews, we also used the participant observation method to collect information and nonverbal data when they express.

For the small business research, interviewing, observing and understanding the thoughts and views of business owners are essential because they are the people who decide all the business activities of small enterprises, have a leading role (Julien and Marchesnay 1988, Lopez and Muchnik 1997, Marchesnay 1997).

The data were collected through the following steps: (1) The one hour and a half meeting and semi-directive interview with the first owner of the rattan enterprise on the information relating to labors, employments, and partnerships of entrepreneurs with enterprises in the sector. This interview helped the researcher collect the valuable information about the interactions among firms in the same business sector. However, this information was not adequate enough to develop, expand and help the researcher understand deeply the studied issue. Therefore, the researcher interviewed the second owner in the same sector. (2) For the 2nd exposure, the researcher has outlined a basic issues framework oriented to the content of the interview. After one hour of talking and semi-directive interviewing, the information collected has helped the researcher understand more clearly the research problems. Characteristics of competitive relations, cooperation and close relationship status types among enterprises have emerged. (3) After the first interview with the rattan enterprise owner, we have accessed to one rattan business owner, two ceramics business owners and one wood carving business entrepreneurs to exploit and add the detailed information to answer more clearly the research questions. Here, the information gathered were clear and complete.

However, we still have more access to some representatives of professional associations, community leaders, some local people to verify the collected information in order to increase the reliability and accuracy of information.

The collected data will be processed, encoded according to the characteristics and types of information. With the grounded theory, the data collected will be processed, encoded by system steps. These steps involve the creation of information categories (open coding), select one of the categories and positioning it in the theoretical model (axial coding) and implementing a story from the mutual connection of these categories (selective coding) (Corbin and Strauss 1990). Open coding is the interpretive process by which data are broken down analytically. It's mean that

events/actions/interactions are compared with others for similarities and difference. They are grouped together to form categories and subcategories. In axial coding, these categories are related to their subcategories, and the relationships tested against data. In the selective coding, all categories are unified around a “core” category. There are the main characteristics (Corbin and Strauss 1990).

In order to understand main characteristics and describe preliminary features of traditional handicraft enterprises, descriptive statistics are used in the study. The surveys were conducted at 50 enterprises in 3 traditional branches at 3 communes located in 3 different districts of suburban Ha Noi in 2015. The traditional branch mentioned includes 15 rattan, 16 wood craft và 19 ceramic enterprises. The convenient sampling is applied to the maximum respondents were approached and willing to answer the questionnaires. In the researches of small enterprises, information about owners are essential because they are investors, managers and decision makers (LOPEZ and MUCHNIK 1997, Marchesnay 2016)

5. RESEARCH RESULTS

5.1. The prominent characteristics of traditional handicraft enterprises

- **Traditional handicraft enterprises**

The enterprises are situated in craft villages and their owners recruit mainly local employees in nearby communes or villages. The local labors account for 90% in the 50 interviewed enterprises. Women are the dominant workforce in the craft firms (62.5%) compared to man. The majority of workers hold the primary education level (84.1%). This means that they have never addend trainings in colleges. Ceramic firms hired more labors than those in rattan and wood branches.

Table 1: Labors by genders in the craft firms

Branches	Male	Female	Mean
Rattan	5.6	11.9	17.5
Wood	6.1	1.9	8.0
Ceramic	5.5	14.3	19.8
Total	5.7	9.6	15.3

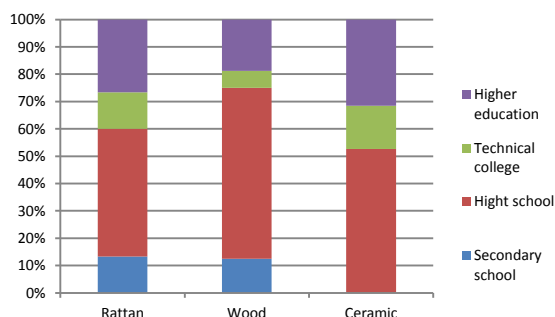
(source: own survey, 2015)

There are 82% craft enterprises design their resident lands for administrative offices, manufactures houses and homes. All of the respondents have manufactured houses situated in the craft villages with the average area is 1,061 m². Rattan firms’ manufacture area is 1,734 m² which is larger in comparison with ceramic (989 m²) and wood (374 m²). In the year 2014, average revenue of 50 firms was 3 billion Vietnam Dong. Rattan’s revenues achieved the highest value of 3,8 billion Vietnam Dong, while wood’s values were lowest at 1,98 billions Vietnam Dong. The revenues of ceramic enterprises were 3,24 billion Vietnam Dong. The socioeconomic networks among the enterprises are connected locally, nationally and internationally. There are 88% respondents cooperate with the suppliers in the same communes or the adjacent regions. There are 40% enterprises sell their products to intermediate agents, while 20% firms export craft products.

- **Owner of enterprise**

The owners of craft firms are mainly male (84% of interviewed enterprises). There are 96% business owners used to be workers in the villages. A significant number of owners hold the moderate education degrees (74% business owners attend high school or lower educational levels). The average age of them is 44.6 and they normally started a business at the age of 28.

Fig.1: Educational levels of business owners



(Source : Own survey 2015)

Table 2 : Age of business owners

	Average age	Average age of entrepreneurship
Rattan	47.7	29.3
Wood	41.3	26.1
Ceramic	45.0	28.7
3 jobs	44.6	28.0

(Source : Own survey 2015)

5.2. Relations among small handicraft enterprises in the proximity

Information collected through semi-directive interviews with owners of enterprises, other factors in local and participatory observation of the researcher. After encoding the information, we have portrayed the basic characteristics of cooperation and competition among enterprises in the traditional handicraft industry. These characteristics also have a relationship with proximity among these enterprises.

5.2.1. Basic characteristics of cooperation and competition among enterprises.

Relations among the peer enterprises in the traditional craft communes are established with four basic purposes: (1) Products processing; (2) Co-operation and solidarity; (3) Imitating; (4) Gain the advantages, the favourable conditions.

(1) Products processing:

Traditional crafts products processing among the peer enterprises is the production and business activities in which the processing enterprise – could be an official or unofficial enterprise (production and business households) will receive, in advance (or not) the materials, the capital of the ordering enterprise to produce the raw products according to the requirements of design, type, size of the ordering enterprises.

There are three basic reasons explaining why traditional handicraft enterprises must outsource to process the products. They are (i) short of resources; (ii) products model problem and (iii) timely delivery.

(i) **Having to outsource because of lacking internal resources.** The resources that traditional crafts enterprises still lack include: Lacking of production capital, human resources limitation (quantity and quality), constraint of factories, marketing information

Lacking of production capital is one of the reasons explaining why enterprises have to outsource. This is a basic characteristic in cooperation and competition among businesses in the same industry. Lack of capital is one of the most difficulties of Vietnamese small enterprises in general and traditional handicraft enterprises in particular. The production capitals of traditional handicraft enterprises are mainly own capitals (Nguyen, Lebailly et al. 2015) while the approaching of loans from banks is very difficult (NGUYEN 2010). To implement a large order, enterprises have to outsource. The processing enterprises can receive in advance a section from contract value or use their own money to buy materials and hire employees.

Enterprise owner 1 – rattan industry: “I haven’t got enough capital to implement the order so I received the order then give it to other households to process. If I need the products strictly I will pay them in advance so that they can deliver the products on time. If the delivery time is long and the productions are not slow, I will let them use their own money to product” – June.2016.

Restrictions on human resources are the second reason explaining why enterprises have to outsource. This is an important feature in the interactive relationship between the enterprises in the industry. Human resources in the handicraft industry is a vital and critical factor to the success or failure of enterprises. Traditional handicraft businesses operating in small and very small scale so the number of employees is still little (NGUYEN 2010).

Enterprise owner 2- rattan industry: "To implement an exporting rattan order we need a lot of workers and the production place must be very broad. However, most of the enterprises cannot meet these requirements so we are forced to outsource the informal enterprises – May.2014

Lack of production premises and information are other constraints affecting the efficiency of the business performance. Handicraft enterprises mainly placed at the house of the business owners, the area so was cramped (NGUYEN 2010, Nguyen, Lebailly et al. 2015). To produce with large orders, particularly products that need the broad workshop like the woodcarving, bamboo, and rattan, business owners are forced to outsource. Meanwhile, business owners are mostly skilled craftsmen and they have capital. They are the hereditary craftsmen but not the professional trainer. Therefore, they have a lot of restrictions on the management level as well as the access to the market information.

Enterprise owner 2 – rattan industry: "Although our products are high appreciated of design and quality, but due to the English limitation so customers do not order goods from us but order from larger companies and the larger companies hire us to process. Furthermore, our production premises are not broad enough to gain the big orders (The customers come and assess our production capacity "- May 6.2016

(ii) Having outsourcing because enterprise able to meet partial demand of customers about product design

Enterprise owner 1 – rattan industry: "Many customers order but our labors are impossible to create the goods as demanded so it is the best to order the frame from others then complete" – June.2016

(iii) Having to outsource to ensure the ontime delivery

Enterprise owner 2: "Some orders are required to be completed right after ordering so we are forced to share the order to informal enterprises to process to ensure the ontime delivery" – May.2014

(2) Unity, mutual assistance in business and production

Owners of the small traditional craft firms are people of traditional villages (Nguyen, Lebailly et al. 2015). In rural areas, the social relations in the community rather tight, the living views of rural people is "Better a neighbor near than a brother far off ". Thus, the rural population has created the social networks based on the mutual trust (Hoang 2009).

Unlike large enterprises, small rural businesses depend heavily on the external factors, so they often tend to link together to jointly adapt to the environment change (Lopez and Muchnik 1997). Social economic relations among the business owners of traditional crafts in rural areas is not out of rural social networks. The relationship among enterprises owners in communes could be the cousin relations, friendships, or neighbors. In addition, they also have the concept of "a life without a friend is a life without sun," so they tend to link together to jointly overcome the difficulties and obstacles from the external environment.

The relationship among business owners of traditional handicrafts is based on the solidarity and mutual assistance in order to **share, support resources, and learn, improve**

(i) To the **solidarity and mutual assistance based on the sharing, supporting resources**: The researched enterprises now have a lot of resource restrictions, such as human resources, factories, capital, information, etc. Therefore, to meet the requirements of customers, they have together support and share resources, add to the weakness of each other to develop together.

Enterprise owners 4 - wood carving: "When a larger business gets big contracts, they may not have enough time and resources to perform the contract, so they usually share one part of the work for other business owners that are cousins or mechanic who used to work for them then

operate separately.(.....). For me, the participation in Carving Association helps me to get more information about trades and the change in the law relating to my work "- July.2015.

Enterpriseowner 3 - Rattan: "Have the closerelation to other enterprises, we often share information about the market, experience in participating in international fairs in order to reduce the unnecessary costs "- June.2016

(ii) To **solidarity and mutual assistance based on the learning, heightening professional capacity**:The business owners are often a lack of experience and information due to young age. They tend to learn from each other in order to further improve their management capabilities, and skills.

Enterprise owner 6 – ceramic industry: "When startinga business, I was still not good at furnace technology so I had to ask my father (boss of another business) help me the whole terms of technology. After learning the technology, I master actively my work" - June.2016.

(3) Imitating, copying the models:

To meet the demand of customers while enterprises often face a shortage of capacities, skills, models, the owners often imitate and copy ideas from others. The idea of models from other businesses.

Enterprise owner 1 - rattan sector: "We can not sell the goods online because once we give out the new model the other enterprises will imitate and parody. Here, we rarely visit each other even when we are cousins to avoid a reputation for stealing each other's designs "- June.2016.

Enterprise owner 6 - ceramics industry, "The embossed with sharp lines ceramics products only come from my business. However, you can find the parody in the market though they obviously are not as good as our products "- May. 2015.

(4) Gain the advantages, the favorable conditions

The traditional craft businesses interact to gain advantages in business, in which compete to attractworkers is a key issue. Workers in craft enterprises are mainly local people, they work in enterprises through the verbal agreement. Most of the workers are not entitled theworking sponsor mode (like medical insurance, unemployment insurance). The labor moves between enterprises rather easily because of not signing labor contracts so.

Enterprise owner 5 – ceramics sector: "In this sector, the majority of employees are unskilled workers. Besides this, they do not stick with the company. Thus, in the case of other enterprises pay higher salary, they immediately move out"- June.2016

Enterprise owner 1 – rattan sector: "I help and create the favorable conditionsformy employees but some workers move to other enterprises because they are a little higher paid. When there is no job, they will return" - June.2016

5.2.2. The relationship among the basic features of collaboration, competition and proximity status among traditional handicraft enterprises

After understanding the nature of interactions among enterprises in the industry, another question is which proximity of the researched enterprises that these cooperations and competitions related to? Which resultsconsequences for the operation of enterprises that these interactions led to?

For the outsourcing relationship among the enterprises, instead of being competitors on the same products fronts, these enterprises have established *the mutual cooperation*. This collaboration formed on the basis of mutual trust in the ability and capacity to meet the job requirements of the partnership or relied on the proximity relation. Since the proximity of job so the enterprises hired the partners to process products because they knew very well the requirement of the products. Moreover, the hiring of the products processing only took place with partner enterprises that they trusted, or in other words between the enterprises owners that have *proximity relations with each other*. The proximity of social relation could be cousins relations or relations of mutual trust friends. In addition, *the proximity of space* can help businesses to exchange information, knowledge and work requirements to ensure that

the raw products can meet the requirements of outsourcing enterprises. The result of this collaboration is to help businesses to better meet the needs of customers and can grow together.

Likewise, the social-economic relation of the businesses base on solidarity and mutual assistance among the competitors in the business sector is the relationship established on the basis of *mutual cooperation* - cooperation in the context of lacking resources. This cooperation is due to *the proximity of job and spatial proximity*, so the sharing, cooperation, and resources mutual assistance have not many obstacles. In addition, because the small businesses bear a huge impact of the change of the external environment so they have the *proximity of psychology* and they must cooperate to create power and survive. *The proximity of social relations* (cousins, trust relationships) will help businesses decide whether to put their trust to share resources in order to better implement the production. Cooperative relations based on solidarity, mutual assistance among the businesses will help them reduce costs, increase operational efficiency. Then, this association will help businesses better cope with the changes of the external environment; create a collective voice with the authorities through industry associations; generate power while exploiting new markets; enhance the competitiveness of enterprises. Finally, the companies in the industry will be able to learn from each other to develop together.

For the copying, parodying the design of products of other businesses even when being agreed, this is still a form of *competition* between firms in the industry to seize the market through the satisfaction customers, keep the customers. Parodying products can be done when businesses have *spatial proximity and proximity of social relations*. However, the copying shows that businesses do not have the ability to innovate, always be passive in conquering markets. The consequence of this is that businesses will not only lose customers, gain low value but also face the legal problems when the copied products were copyrighted.

The competition for human resources is mainly due to businesses have spatial proximity and proximity job so workers can be able to "jump to" easily.

6. DISCUSSION AND CONCLUSION

Vietnam has been broadly and deeply participating in a regional and an international market by joining in organizations such as ASEM, APEC, WTO, TPP in the communities, trading and economic organizations. When participating in international market, Vietnamese enterprises have more chances to participate in a fair trade, expand trade exchange; deeply participate in production and supply chain of region and the world; having favorable conditions in trade relations such as ASEAN one gate customs mechanisms, the self-certification of origin system, harmonization of standards and mutual recognition, etc. However, Vietnamese businesses in general and traditional craft businesses will face a lot of challenges when there are no borders of economic, goods, services and capital in regional and international economic communities. That is the competition for goods, services, investment attraction, they have to face with the trade defense measures and the higher requirements for products quality as well as business methods.

Despite, Vietnamese traditional craft products also reach international market but still have many have many severe limitations on design and quality. Against the fierce competition with regional craft products as Indonesian rattan and bamboo products, Chinese pottery and ceramics as well as wood carving, the traditional crafts enterprises need to strengthen links and mutual cooperation and limit unfair competition.

Analyzing and exploring the basic characteristics of cooperation and competition between businesses in the traditional craft industry has shown a very clear nature of these relationships. To strengthen cooperation and limit unfair competition, businesses need to make a great effort to change the perception and action.

To strengthen mutual cooperation, enterprises need to build trust and respect for partner businesses, especially the partners that have little social relations through exchange activities, communicate with each other. To do this, businesses need to actively participate in industry associations, the local small business associations. Only trust and mutual respect can help businesses have a long cooperation. Moreover, they need to understand the capacity of partner firms to thoroughly discuss the rights and obligations of the parties in the partnership and agree in writing to

effectively share, cooperate the resources to develop together.

To curb the unfair competition by copying models, enterprises need to improve the quality of products, continuously improve the products models. As well as register the products protection. In addition, these enterprises need to step up the production of single products with high aesthetic value, reduce the series and grocery production. Moreover, enterprises also need to actively enter the market, learn the demands of their target customers to launch products with the most competitiveness, avoid producing as ordered as present.

To produce the high aesthetic value products, the key issue is that businesses need to attract and retain the skilled labors. To do this, all businesses must have adequate remuneration policies, training skills, create better employment conditions such as insurance for employees, improve working environment.

On the side of the State management agencies, they should promote and enhance the role of the industry Association, the Association of local small enterprises as these are the representative voice of the desire of enterprises. The creativity through the designing contests for the craftsmen should be inspired.

Promoting of partnerships and reducing unfair competition between enterprises are the solutions for the local industry network. Thus, the enterprises can grow together, this will greatly contribute to preserving the national cultural identity, enhance local economic development and social stability through creating jobs to local labors.

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