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## **Sustainable Business Solutions For Traditional Handicraft Product In The Northwestern Provinces Of Vietnam**

### **1. Introduction**

Firstly, traditional handicraft products play a role in improving and enhancing the quality of life of ethnic minorities in the Northwest. Northwest provinces, including 12 provinces (Ha Giang, Lao Cai, Yen Bai, Lai Chau, Dien Bien, Son La, Hoa Binh, Cao Bang, Bac Kan, Lang Son, Phu Tho, Tuyen Quang) and 21 other districts. West of the two provinces of Thanh Hoa and Nghe An. This is a place where there are a lot of people from over 20 ethnic minorities such as the Tay, Thai, and Muong ... The lives of the people here are generally still very difficult compared to the common ground of the country. The majority of people are engaged in agriculture, with low income. Profits from the production and purchase of traditional handicrafts therefore play an important role in improving the quality of life of the people here.

Second, traditional handicraft products in the Northwest are diversified, unique, with many unique features, different from other

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regions. For the Northwestern region, the process of formation and development of the traditional handicraft profession, apart from the common features like many other regions of the country, has its own unique features. The Northwest is a culturally rich land with many traditional handicrafts such as: weaving, handicraft, embroidery, bamboo and rattan ... These traditional handicraft products are symbolic of the arts of ethnic groups. The minority is very unique, has a great cultural attraction, promises to be a unique tourism product.

Thirdly, the development of handicraft products of the people still has many limitations, has not developed properly with the inherent potential. At present, the household economic households in the North West provinces are still operating mainly in traditional and spontaneous nature, with small scale, simple operation, and low efficiency. Therefore, although there are many favorable conditions, but traditional handicraft business is still limited with very low potential and efficiency. The development of traditional handicraft business activities here in a more professional and modern direction will be of particular importance; Not only need to make the most of resources and advantages in economic development, but also contribute to changing living habits, changing business practices towards a more modern direction, and specifically contributing to positively improving life. There are still many difficulties for the ethnic people here.

Fourth, the northwestern provinces have not yet effectively combined tourism development with the development of traditional handicraft products. The Northwest region possesses many natural and human resources that are of great value for tourism development. Among the region's tourism resources, traditional handicraft products hold an important position, contributing to diversifying tourism products, attracting tourists. The development of tourism in general and the combination of traditional handicraft development with tourism in particular is a right direction, having the impact of supporting the tourism industry and the traditional handicraft industry to develop together.

This paper is organized with introduction, research questions, literature review, main results, discussion and conclusion.

## 2. Research Questions

Firstly, what is the theoretical and practical foundation for commercial development of handicraft products associated with local tourism development?

Second, how is the business development of traditional handicraft products associated with the Northwestern tourism development today?

Third, what are the solutions to business development of traditional handicraft products of the people associated with tourism in the Northwest in the coming time?

### 3. Literature review

We summarize previous studies as follows.

#### 3.1. Domestic studies

Up to now, most researches on business development in the field of traditional handicraft have focused on the traditional model of the craft village. These studies all show that the model of craft villages in handicraft production and trading is falling into the “recession” situation, requiring a new direction for sustainable development.

In a recent survey in a number of peri-urban craft villages, it showed that over 30% of the production households had quit their jobs. Previously, pottery of Bat Trang craft village (Gia Lam, Hanoi) was famous for developing well and quickly adapting to the market mechanism, export turnover always led the craft villages in the country, creating jobs. makes about 6,000 workers; but now only half and the number of buyers has also decreased, many orders have been cut, inventories are high.

According to survey data and reports of recommendations of many localities, 18/51 provinces and cities said that there is an overlap in the management of rural occupations between state agencies from central to local. There is no policy to promote the participation and linkage between rural production establishments and investors and the market.

Meanwhile, policies on credit capital for the development of rural industries and craft villages are as stipulated in Decree 66/2006 / ND-CP on encouragement of rural career development and related policies. There are still many problems, leading to the difficulty of production households, production establishments and enterprises in accessing capital to invest in production development and product consumption.

According to the survey figures of the Vietnam Craft Villages Association, in the Central and Central Highlands regions today, more than 1,500 craft villages have been preserved and developed for hundreds of years, such as: Casting Dong Phuong Casting, embroidering Thuan Loc, Phu Cam conical hat, confetti Thanh Tien ... in Thua Thien - Hue; Da Nang Non Nuoc stone carving village;

Phuoc Kieu copper casting village, Kim Bong carpentry village, Ma Chau silk weaving, Hoi An temple, Tra Que vegetables ... in Quang Nam; Bau Da wine village, Nhan Thap fine arts facilities (Nhon Hau commune), Tay Phuong Danh forging (Dam Da town), Binh Dinh; Cham pottery in Ninh Thuan, Tay Nguyen brocade weaving. However, like the whole country, there are many traditional craft villages that are unsteadily operating, fading with the years due to the inability to find the production method suitable for the market mechanism, the products cannot compete with Industrial products are mass produced at low prices and cannot meet the needs and tastes of customers.

Some recent studies such as Tran Doan Kim (2007), Nguyen Thi Bich Thuy (2015), Vu Ngoc Hoang (2015) and Mai Xuan Huong (2016) have studied a viable open direction for the current craft villages. It is a program that connects craft village production with tourism. Many projects develop the traditional handicraft industry, including combining with tourism as a solid way to both develop the economy while protecting and restoring cultural traditions, are found by a number of tourism companies and implementation of local rights. All are opening up a new business model with great potential. Through tourism, products of handicraft villages reach many domestic and foreign consumers, and expand the local export market. The tourism model of the trade village and the tourism trade village is being invested and deployed by many localities such as Thua Thien - Hue, Da Nang, Quang Nam, Binh Dinh, Ninh Thuan, Dak Lak ... initially brought confidence positive effect. However, these models have not yet been replicated, not really commensurate with the great tourism potential of craft villages in Vietnam.

Beside, Hieu, V.M (2017) mentioned in Phu Quoc, craft villages are doing the tourism but they are not equivalence with their potentials and development opportunities for the tourism endeavour and also face numerous challenges including the product competitiveness and the changing market tendency.

Last but not least, Hoa, L.T. (2021) pointed that Vietnam is a traditional agricultural country, associated with the traditional village, the traditional handicraft industry, from the past up to now it has always in an important role in socio-economic structure. And traditional silk weaving in Vietnam has been well known in the world for its silk products.

### 3.2. International studies

In order to build a common foundation for the design of new business activities with emphasis on the design form, author Lim (2010) has proposed a method

of building a new business activity more methodically, which is the method of generating development of a business model called ESSO (Environment-Strategy-Structure-Operations Business Model Development), in which special attention is paid to the link between the business's strategy with the organization's structure, operations, and individual environmental factors of that business. The aim is to gain advantages in business performance by combining a variety of cost, quality, time, flexibility, innovation and efficiency.

Previously, Zott and Amit (2009) gave a new method of designing business systems based on the harmonious coordination between design form and content. The design form refers to the key factors that create value in the system, the design content is to examine in detail the actions to be taken, the linkage and the sequence between the systems, actions and who will perform those actions.

Sánchez-Medina et al. (2011) conducted a study focusing on business activities of 168 Mexican traditional handicraft businesses to see the relationship between innovation in terms of environment. The results show a direct relationship between environmental changes and the development of traditional handicraft businesses here in all three aspects: economic, social and environmental. In which the most important influencing factors are the type of business, changes in products and the process of making that change. Research has concluded that the traditional handicraft business models here often make decisions to ensure stability at an acceptable level.

One of the goals that CHF International (2011) set out when conducting an analysis of the traditional handicraft goods industry in Palestine, focuses on assessing the effectiveness and feasibility of the current business activities in the management of traditional handicraft related services; identify the sector's potential for growth and job creation, particularly jobs for women and the poor; The study also focuses on identifying the obstacles facing traditional handicraft business here, including obstacles in the demand for business services of this commodity group. Research has used a value chain analysis to identify factors hindering the operations of traditional handicraft manufacturers and traders, while at the same time clarifying opportunities for economic development and investment. private economic sector. This approach includes interviews, impact assessments and financial analysis.

In Cambodia, traditional handicraft industry was researched by Bronwyn Blue (2006) in an international labor organization project (International Labor Office - ILO). But the published results confirm that with a skilled indigenous workforce, along with the strong development of tourism and export markets, the traditional handicraft industry in Cambodia has a strong potential for growth, especially for

the countryside. However, the study also shows that the current business model is still mainly a small-scale production process, organized and implemented simply by households, mainly using unskilled labor and unofficially, appear to be incompatible with the requirements. Most products are slow to change models and of low quality and need to be upgraded to meet the needs of tourists and meet the standards of the export market.

Mustafa (2011) analyzes business activities, mainly as souvenirs for tourists. Jordan is currently ranked as one of the safest countries for leisure activities, attracting a large number of tourists. Handicraft products are therefore not only an experience of tourists coming here, but the amount of money they point out when buying traditional handicraft products can play a significant role in reducing poverty in a rich traditional country for traditional handicraft. Stores in Jordan are not regulated by a single agency, but run by many agencies; The licensee must comply with regulations during its operation such as: in order for the license to be visible, the store name must be placed in both English and Arabic, placing the tag "Made in Jordan" (Made in Jordan) on local products, placing price tags on products for sale, giving customers invoices for the products and the amount purchased.

Morley (2007) researched and assessed the capabilities, strengths and weaknesses of the traditional craft industry in relation to the Croatian tourism industry. The author has analyzed the overall potentials for improving the consumption efficiency of traditional handicraft products and provided some suggestions for future technical assistance. Research shows that, although the current business model is outdated, Croatia owns very high quality traditional handicraft products that have great potential for the tourism market. Like most other handicraft products in the world, current sales of Croatian traditional handicraft goods are limited by business models that really lack market linkages, designs are slow to change. Business lacks creativity and narrowness, resulting in very poor market information, and limited access to financial markets. Overall business management skills are weak and encounter many obstacles.

Bhattacharjee (2012) conducted a study on handicraft business in Tripura, a state of Bangladesh. After conducting an analysis of the e-commerce business model, the study found that the B2B model (business and enterprise) was more suitable for the start-up context of the state of Tripura, where people could not afford to introduce products to global customers over the internet. Therefore, the development of the existing business model must allow the customer to simply pay, avoid distractions, placing orders, changing orders, and defining desired delivery times must be done, with reliability, safety and comfort. Entrepreneurs

need to provide it all with minimal cost. The study has evaluated the B2B model with the necessary parameters to conclude that it is necessary to have cooperation in website design to ensure the success of this model. The use of external resources is needed to improve flexibility, reduce risks, reduce investment costs and enhance the ability to bring the B2B model early to the traditional handicraft industry in Tripura.

Demircan (2012) studied one of Turkey's well-known traditional handicraft villages, Bakacak, located in the middle of a route connecting Ankara to Istanbul. The products here are quite cheap and are an effective way of marketing the product. In this context, improving and improving product quality, design and design is necessary, but the craftsmen cannot afford to do these jobs. However, in the face of market demands and customer needs, craftsmen here have also started to produce new products.

Jena (2010), John (2014) and Thaliath and Anson (2014) analyze the development, production and trading of handicraft products associated with tourism in India. The government, shortly after gaining independence, implemented policies to promote handicraft products, including financial support, skills and policy. For example, Dwaraka (Development of Weavers and Rural Artisans in Kalamkari Art), an organization that supports hundreds of artisans by providing loans for training and medical and family expenses. Likewise the 'Dastakar' NGO enables skilled artisans from different countries and regions to participate in handicraft exhibitions.

Tatiyanantakul and Kovathanakul (2014) research on traditional handicraft products associated with tourism in Thailand. With the development of tourism, handicraft craft villages have been exploited and put into service by Thailand. Now, tourists come to Thailand not only to relax, visit monuments, landscapes or entertainment venues, but also come to handicraft craft villages to learn, enjoy and buy products. Products. Products and services in craft villages are well invested, ensure quality, and bring satisfaction to customers.

Some conclusions drawn about the research situation are related.

In recent years, the tourism industry has increasingly become an economic field attracting the attention of countries around the world, including Vietnam. Tourism is considered a green economy, with little negative impact on the environment like other economic sectors, so it is focused on investment by countries. For our country, tourism is one of the key economic sectors of the country, contributing more than 6% of the country's GDP. As an indispensable practical need, along with the development of tourism activities, there have been requests for theoretical issues, research and research to develop the

tourism sector. On the international or domestic scale, there are more and more researchers and research works on tourism activities.

#### 4. Conceptual theories

TCTT products are artistic products, crystallized from technical achievements - traditional technologies, sophisticated craft methods, with artistic creativity, with a history of forming and developing hundreds of thousands of thousand years, in the craft villages. Typical traditional handicraft products: ceramic, porcelain, rattan, weaving and silk, wood-stone carvings, mechanics, jewelry, pearl mosaic, mat weaving, making hats, paper fans, do paper, paintings folk... Handicraft products and traditional handicraft products have certain differences. Both types of products: traditional handicraft and handicraft products (handicrafts) are handmade products, relying on the ingenuity of craftsmen to produce products. But handmade products simply mean hand-made products of craftsmen, while traditional handicraft products also imply that products have a long-standing origin, passed down through generations. Next, there is inheritance between generations. Therefore, the remaining traditional handicraft products represent the quintessence of culture and development history of a craft village.

Vietnamese traditional handicraft products have some main features as follows:

1. Handicraft goods are produced by artisans and craftsmen in craft villages by each stage of the entire technological line, with the cooperation of many individual workers. The craftsman works according to the set pattern and is also free to create according to his skill level and skill. In the industrialization era, handicrafts are seen as a counter-trend force, not respected and gradually isolated from the rhythm of social development (Rees, 1997; Maznah, 1996). Traditional handicraft products are manufactured from many different materials and each product is created by completely different processes. However, traditional handicraft products all have a common feature that is the result of artistic workers with skillful skills, unique creative intelligence of talented craftsmen and long-standing knowledge.
2. Handmade products are made to meet the usage requirements of consumers, to meet practical and spiritual requirements. The craftsman produces handicrafts, primarily because of his economic needs and livelihood. Craft products have thus arranged themselves into a category of art. The most common feature of traditional handicraft products is that they cannot be dematerialized.

Compared with other artificial products, traditional handicraft products also have certain differences. In innovative product design, artificial products are often driven by market motives, while handmade products are driven by the needs of the craftsmen. Handcrafted products therefore reflect the reality of personal choice, self-expression or the craftsman's experimentation with materials and techniques (Rees, 1997).

3. Handicraft products always get the attention of consumers. Although traditional handicraft products are not advertised, because the products themselves are the cultural quintessence and history of a craft village, produced by the talented artisans of the craft village, there is always a place in the market. Handicraft products have been developed for many generations, and traditional handicraft products have always been one of the preferences of consumers, despite the variety of alternative products with multiple designs and forms on the market. Handcrafted products meet the needs of buyers with the most basic functions, not designed for advertising or commercial development purposes. The solitary nature of craft products can become a weakness and a disadvantage in the marketplace.

Classification: Our country is an agricultural country, characterized by the relationship between rural communities and villages; Therefore, traditional handicraft products also have many features of agricultural and rural production. Traditional handicraft products in our country are divided into 12 groups of products as follows: Rattan, bamboo and rattan; Products from sedge and water hyacinth; Ceramics; Wood sculpture; Lacquer; Lace embroidery; Stone sculpture; Craft weaving; Construction paper; Art picture; Metal; Other handicraft products (Author).

Traditional handicraft product business concept and characteristics.

Concept: From the reality of the handicraft industry, it shows that the handicraft profession is derived from meeting the needs of life. After that, the craft gradually transformed into a more artistic form, including social meanings and social symbols. Once the economic structure has been built, the handicraft profession has become a professional means of making a living (Dormer, 1997).

Handicraft manufacturing existed as a method of producing products with more artistic intent or for products that could not be produced by technology. In the development trend of a market economy, handicraft products have become a commodity consumed in the market. Therefore, it can be seen that traditional handicraft product trading is the production and distribution of traditional handicraft products in the market, meeting the needs of consumers in order to gain profits (Maznah, 1996).

## 5. Methodology

This study mainly uses both qualitative analysis and quantitative analysis. Qualitative analysis: Authors use synthesis, inductive and explanatory methods. Quantitative analysis: authors use statistics, questionnaires and charts.

**Table 1. Results of the survey of the Northwest provinces**

Q2					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	3	4.4	4.4	4.4
	2.0	22	32.4	32.4	36.8
	3.0	14	20.6	20.6	57.4
	4.0	19	27.9	27.9	85.3
	5.0	10	14.7	14.7	100.0
	Total	68	100.0	100.0	
Q3					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	13	19.1	19.1	19.1
	2.0	17	25.0	25.0	44.1
	3.0	32	47.1	47.1	91.2
	4.0	6	8.8	8.8	100.0
	Total	68	100.0	100.0	
	Q4				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	28	41.2	41.2	41.2
	2.0	26	38.2	38.2	79.4
	3.0	14	20.6	20.6	100.0
	Total	68	100.0	100.0	

Q5					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	2	2.9	2.9	2.9
	2.0	10	14.7	14.7	17.6
	3.0	30	44.1	44.1	61.8
	4.0	17	25.0	25.0	86.8
	5.0	9	13.2	13.2	100.0
	Total	68	100.0	100.0	

**Source:** calculations by authors

The questionnaires before being put into the official investigation were investigated, thereby drawing the limitations and adjusted more appropriately. Regarding how to distribute the questionnaire, the questionnaire was distributed to the management agencies of business management of TCTT products of 12 Northwestern provinces.

The majority of businesses participating in the survey have operating time from 3 to 10 years, accounting for 59.14% of the total sample. Up to 34.95% of enterprises are in the form of joint stock companies; then to limited companies (23.66%), the number of state-owned enterprises accounted for the lowest proportion (only 6.45%). In terms of business, the majority of businesses participated in surveying business Metal (70.97%), Wood Sculpture (52.69%), Stone Sculpture (49.46%), sedge and water hyacinth products (40.32%), Art paintings (34.41%) and Rattan and bamboo products (32.26%). The businesses participating in the survey mainly have labor scale of less than 50 people (81.18%) and have an average annual turnover of less than 10 billion dong (accounting for 76.35%).

## 6. Main results

### 6.1. Model of traditional handicraft business development associated with local tourism development

In the context that the traditional handicraft product business is looking for a new direction, developing and expanding the market, the industry

linkage between the traditional handicraft product business and tourism is the right direction with many potentialities. According to Porter (1998), industry linkage is understood as a group of parties that are linked with each other, geographically, through customers, suppliers and other relationships in a given sector, represents a country or region. This association activity aims to reinforce and enhance an industry's competitive advantage based on four factors:

1. Production conditions: cost and quality of input factors.
2. Demand: characteristics of local consumers.

Supporting industries and related industries: levels and characteristics of service providers in areas such as training, technology, finance and business associations, related professions and infrastructure system. Business strategy and competitive conditions: the nature and level of local competition.

The benefits of this model are to create a perfect business environment, promote effective business activities and bring higher profits. In addition, production and business units also have access to specialized knowledge, skills and human resources, lower transaction costs, and appropriate infrastructure. There are two important factors that affect the likelihood of this link being successful: the impact of government policies and the ability to seize new opportunities arising from the business environment of the affiliates.

Based on 4 groups of conditions and 2 impact factors in the aforementioned model of Porter (1998), the author builds a business development of traditional handicraft products associated with local tourism development, in which Analysis of the current linkages of traditional handicraft product manufacturing / trading units in the relationship, associated with tourism activities as follows.

## **6.2. Situation of strategic formulation of traditional handicraft establishments**

In general, the identification, planning and implementation of the development strategy of traditional handicraft products' business associated with tourism in the Northwest region still has many limitations and weaknesses. This is a common situation of Vietnamese enterprises. Most of the surveyed units showed ambiguity and ambiguity in defining the strategic mission and strategic planning for the business of traditional handicraft products associated with tourism.

**Table 2. Situation assessment of the development of traditional handicraft trading strategies associated with tourism in the Northwest provinces**

	Total agree	Agree	Normal	Disagree	Total disagree
Mission	6%	27%	41%	21%	5%
Strategy	4%	13%	22%	31%	30%
Implement	6%	7%	40%	37%	10%

**Source:** calculations by authors

Specifically, accounting for the majority (40%) of traditional handicraft products' business establishments, identified that the determination of the strategic mission of traditional handicraft products associated with tourism is still at a general level, not clear. Meanwhile, the strategic planning of traditional handicraft products has many limitations and weaknesses. Most of the traditional handicraft product sales organizations said that the strategic planning for the development of traditional handicraft products associated with tourism in the Northwest is poor (31.18%) and very poor (30.65%). Due to lack of clear mission definition and weak strategic planning, the implementation of development strategies has not been highly effective. Basically, the effectiveness of the implementation of the traditional handicraft development strategy associated with tourism of the traditional handicraft products is only at the average level (39.78%) and below the average (37.10%).

Product manufacturing policy. In terms of product policies, traditional handicraft product sales establishments highly appreciate the ability to meet customer needs in terms of tastes and product quantity. There are 50% and 38.71% of surveyed establishments rated that they have a policy of producing a variety of designs, with very good and good quality. Similarly, 46.24% and 36.02% of establishments said that they have produced products to meet the needs and tastes of tourists at a very high and high level. Besides, the majority of establishments (52.69% and 36.02% respectively) confirmed their plans to produce a number of products that are very suitable and suitable to the needs of tourists. Among the traditional handicraft product sales establishments surveyed, 51.61% of establishments are ready and 43.55% are very willing to change products at the request of tourists and the tourism industry. However, the tourists surveyed showed that the traditional handicraft products of the traditional handicraft products are less diverse in form and design (34.71%). As for quality, the majority

of tourists (47.93%) rated the product as good quality, and 23.97% rated it very good by the tourists.

**Table 3. Evaluation of the tourism policy of traditional handicraft products in the Northwest provinces**

	Total agree	Agree	Normal	Disagree	Total disagree
Various products	50%	38%	10%	1%	1%
Need	4%	13%	22%	31%	30%
Quantity demand	52%	36%	1%	10%	1%
Change product	45%	52%	1%	1%	1%

**Source:** calculations by authors

The survey results show that the sales of traditional handicraft products have a certain initiative in linking with tourism activities, considering tourism as a market for product consumption. Therefore, the traditional handicraft products have researched and learned about the needs and tastes of the tourist market for traditional handicraft products. However, the assessment of traditional handicraft product sales service for the tastes and needs of customers is somewhat subjective, not really close to reality. Currently, the quality of handmade products is quite good, but the design and design of the products are relatively monotonous, with little changes, so they are less attractive to customers. The Northwest provinces also have many product groups with many similarities, such as the group of brocade products present in many provinces from Dien Bien to Son La, Lai Chau ... Therefore, it will be easy to cause fatigue for visitors. If the business establishments do not have innovations in developing designs, creating their own products.

Product pricing policy. According to the traditional handicraft product's sales policies, the price policy of the product has been implemented quite well. Accordingly, the price of traditional handicraft products has been calculated and balanced between the capacity of the establishment and the consumer demand of tourists, bringing high competitiveness. According to the survey results, 75.27% of establishments assess that the price policy of traditional handicraft products is suitable or very suitable with the consumer needs of tourists. In addition, the price policy not only meets the aspirations and consumer needs of tourists, but also meets the benefits of the business service at a quite high

level. A total of 72.58% of respondents believe that product pricing policy is appropriate or very suitable with the needs and capabilities of the stock market. In addition, the stock companies also highly appreciate the competitiveness of the unit's product pricing policy compared to competitors in the same target market. Accordingly, 35.48% of establishments highly appreciated and 21.51% highly appreciated the competitiveness of the product prices of businesses. However, the majority of tourists (42.15%) rated the competitiveness of product prices at a moderate level.

The results of this survey show that the pricing policies of the traditional handicraft products are not in line with reality, and there is a lack of competitiveness. In fact, a normal scarf has the price from 200 - 250 thousand VND, skirt and mantle cost from 500 - 700 thousand VND / set depending on the sewing material, and a Mong dress has the lowest price, 1.5 million. However, on the tourist market there is a wide choice of technology textiles at relatively lower prices. An industrially produced Mong dress is 30 - 80 thousand dong cheaper than handcrafted, or woven brocade bags are only 30-40 thousand dong.

**Table 4. Evaluation of price policy for traditional handicrafts associated with tourism in the Northwest provinces**

	Total agree	Agree	Normal	Disagree	Total disagree
Ability Price	41%	32%	22%	1%	4%
Need price	48%	27%	16%	1%	8%
Competitive price	21%	36%	29%	1%	13%

**Source:** calculations by authors

Product distribution policy. In fact, the consumption market for traditional handicraft products in general and the consumption of traditional handicraft products through tourism activities is a difficult problem for traditional handicraft business activities. A typical example is traditional brocade weaving that was once considered the key to economic development for ethnic minorities in Dien Bien city, but due to the lack of a market for pepper, so far there are only a few small-scale production households. Due to failing to find a consumer market, the Brocade Weaving Cooperative in Him Lam II village, Him Lam ward (Dien Bien city) was established in 1998 after a period of operation so far

has also ceased operations. Not only brocade weaving, other professions such as the carpentry village Minh Duc (Thanh Uyen, Tam Nong, Phu Tho), even though it has existed for more than 50 years, is now operating in moderation due to its lack of product finding out. Lack of consumer market is a common situation in the current traditional handicraft craft villages in our country.

**Table 5. Evaluation of the traditional craft product distribution policy associated with tourism in the Northwestern provinces**

	Total agree	Agree	Normal	Disagree	Total disagree
Sell with tour	1%	3%	20%	25%	51%
Sell at place	1%	7%	25%	24%	43%
Serve clients	1%	7%	26%	26%	40%
Effective distribution	1%	5%	17%	44%	33%

**Source:** calculations by authors

The survey results show that the distribution of traditional handicraft products through tourism has not achieved high efficiency. Accordingly, 45.70% and 33.33% of establishments underestimate the efficiency of product distribution through the tourism market. The methods of distributing traditional handicraft products through the tourism market are rarely used by establishments. Specifically, 51.61% do not use and 25.81% of establishments rarely use the policy of distribution of products sold with tours; Meanwhile, 43.01% of establishments do not use and 24.73% do not use the form of product distribution sold to tourists when visiting craft villages. The majority of business establishments (40.32%) also said that serving visitors to learn about craft villages did not have a positive impact on the distribution efficiency of craft villages. The tourist survey also did not show any less positive results, as the majority of tourists (32.24%) rated the appropriateness of traditional handicraft product distribution as normal, and 46.25% rated the establishment's salesperson skills poor. These results reflect the reality of the discrete, ineffective combination between traditional handicraft and Tourism Service. At the same time, it shows that perceptions and incorrect assessments of the important role and exploitation are not commensurate with the potential of the tourism market for traditional handicraft products.

## 7. Discussion

Huong, N.T.T, Hoa, H.T et al (2020) stated that traditional craft villages are gradually regaining their positions in the economic, cultural and social life of each country and nation. And Huy, D.T.N (2015) also mentioned good management standards for corporations.

Beside, Environmental factors affecting the business development of traditional handicrafts associated with local tourism development.

### 7.1. Objective environmental factors

Objective environmental factors (macro and industry environments) influence the strategic decisions and long-term survival of a traditional handicraft business and production establishment. The macro environment includes the following elements:

1. The political environment. Business activities of traditional handicraft products as well as tourism activities are affected by the macro environment. Both activities need a stable political environment for development. Political environment, the legal system of the country, and at the local level are the first important basis for the unit to feel secure to invest in production and business activities, for the tourism sector. Basic facts to attract and attract tourists to visit and relax locally. Therefore, only when there is a stable political environment, business activities of traditional handicraft products and tourism activities will have the opportunity to connect and develop. Relevant legal regulations such as investment law, taxation, labor, environment ... and trade policies, industry development, competition regulation, especially legal frameworks and promotion policies. encourage industry linkages to help promote and strengthen the link between traditional handicraft product sales and tourism service establishments.
2. Economic environment. The economic environment has two important impacts on business operations of traditional handicraft and tourism service establishments. When the economy develops, it also means that people's income and life are improved and improved, and thus increasing the demand for shopping, relaxation and tourism. The development of the economy increases the demand for consumer products in particular and tourism products in general, thus stimulating the business of traditional handicraft products for tourism to develop. In addition, economic policy and free trade orientation also have a positive or negative impact on sales of traditional

handicraft products for tourism. Monetary policy, exchange rate, monetary policy, investment loan policy, interest rate ... have an impact on the operating performance of manual businesses, tourist service facilities and spending ability. of tourists. Stable financial and monetary policies that have a positive impact on promoting business investment and people's spending have had an impact on business activities of traditional handicraft products as well as tourism activities to develop. In addition, the infrastructure system also has an impact on tourism development.

3. Social and cultural environment. In consumer shopping behavior, cultural background has a significant impact on their decisions. Their cultural background will dictate their psychology, tastes and preferences for choosing products. Therefore, the cultural environment of tourists will have an important impact on their behavior of buying traditional handicraft products. East Asians in general and Vietnamese people in particular have a long history of sticking with traditional handicraft products. Up to now, although the society has developed more, most Vietnamese people still maintain the psychological trend of favoring traditional handicraft products. As for the foreign tourists, they prefer the traditional handicraft products of the craft villages and localities of Vietnam due to its unique nature and rich cultural value. Along with that, people in our country often have the habit of shopping for gifts of friends and relatives or as souvenirs during each travel trip. These are cultural and psychological values that have a positive impact on the production and trading of traditional handicraft products in association with tourism. Due to improved life, the trend of enjoying and traveling is also becoming a popular trend in society. Currently, our country has a large population with a high proportion of the young population. Therefore, there is also a large number of potential customers who need and tend to travel and rest. This is also a condition for investment, business development of traditional handicraft products associated with tourism.
4. Technological environment. Modern technologies have a positive impact on traditional handicraft product business in two aspects: Technologies, technical innovations that help create new products, new processes, and support modern technology applications. product promotion (Pham Van Cau et al., 2003).

In the manufacturing of traditional handicraft products, in order to meet the diverse needs of consumers, modern technologies can assist in stages such as manufacturing new materials, product design support, support. production

process management, business processes ... Besides, modern technologies also actively support product promotion activities, especially online applications. New technology reduces costs, improves quality and leads to the next innovation in the production and trading of traditional handicraft products, thereby, indirectly promoting tourism activities to develop. Technological developments that benefit consumers as well as product suppliers are traditional handicraft product sales and tourism service establishments.

However, on the other hand, if the speed of updating technology and advanced technology is slow and outdated, it will limit the growth rate of the traditional handicraft product business, thereby reducing the attractiveness of the local tourism industry.

5. Industry environment. In any production and business activities, it is affected by two factors that play a vital role in production and business activities, that is the factor of production conditions and the factor of demand. In addition, the production and business of traditional handicraft products are also affected by the group of supporting industries and the impact of industry authorities. Business development activities of traditional handicraft products associated with tourism want to develop, first of all, it is necessary to have an environment that facilitates the development of production conditions such as raw materials, human resources ... Production and business activities In order to develop, it is also necessary to have a favorable consumption market, large consumption demand, diversified modes of product consumption .... Besides, the factors are supporting industries such as: transportation human resource training, product promotion, .... and the timely and effective direction of the central and local management agencies on the production and business activities of traditional handicrafts associated with tourism. is also very important and has practical significance.

## 8. Conclusion

Business development of traditional handicraft products associated with tourism is a new direction. In which, traditional handicraft product becomes a corporate income and tourism becomes a consumer market for traditional handicraft products. Linking the business of traditional handicraft products with tourism contributes to preserving and preserving traditional cultural values, while bringing practical economic benefits to both the traditional handicraft industry and the tourism industry. Handicraft products with their values and characteristics become a unique tourism product, creating an

attraction for visitors. Meanwhile, the development of tourism increases revenue and sales of traditional handicraft products.

On this day, in order to effectively operate traditional handicraft products associated with tourism, it is required to meet all relevant requirements and conditions such as conditions of production, conditions of demand, supporting and related industries, competitive conditions and business strategy, supported by the Government, central and local State management agencies. The trading development of handicraft products for tourism of the businesses is a series of activities aimed at providing the best quality products to tourists, including the following activities: product manufacturing, product pricing, trade promotion, product distribution. In the process of production and business, business establishments are affected by objective environmental factors (politics, economy, culture - society, technology), and subjective environmental factors (business strategies). business, internal resources, organizational structure and corporate culture).

Although there is great potential for tourism development, tourism in the Northwest has not achieved the desired efficiency and success, the development speed is not stable and steady. Tourism activities still mainly exploit the value of available natural resources, are heavily spontaneous, lack of planning, small-scale tourism business, lack of creativity and diversity in tourism activities. services, infrastructure and quality of tourism service are limited. As for the profession, because this is the living area of many ethnic minorities, the traditional handicraft profession is mainly of ethnic minorities, bearing bold cultural identity and values. geography. Typical handicrafts of the Northwest include weaving brocade of the Thai, Lu, Ha Nhi, baking of the Day, wine-making of the Mong, and other professions such as carpentry, bamboo, rattan, and silver, as a musical instrument ...

Survey results of management agencies, business establishments of traditional handicraft products and tourists showed that macro factors and internal factors have important impacts on the performance of their business activities. The State's support to the legal framework, policy and macro-level strategies is considered to have a positive impact on the business of traditional handicraft products associated with the tourism of the Northwestern ethnic minorities. In addition, the State and local governments also need support in terms of capital, human resources training, technology, trade promotion ... Besides the government's support, the elements belong to internal business establishments have a decisive impact on the success of the establishment.

Management implications. Through analysis of practical experience of business development of traditional handicraft products associated with tourism, it shows that for this business operation to be successful is a serious, strategic investment process, including effective coordination between the traditional handicraft product sales. And tourism services under the support of the State. Handicraft products manufacturing and trading establishments must truly actively improve and innovate their production and business activities with the motto towards the goal of serving customers the best.

### **Abstract**

#### **Sustainable Business Solutions for Traditional Handicraft Product in the Northwestern Provinces of Vietnam**

Local tourism development requires us to consider many solutions, among them is sustainable solutions for business development of traditional handicraft products. This study is done based on surveys of northwestern provinces of Vietnam, in which authors use statistics, questionnaires and charts.

Research findings show us that despite of potential chances, tourism activities still mainly exploit the value of available natural resources, are heavily spontaneous, lack of planning, small-scale tourism business, lack of creativity and diversity in tourism activities. services, infrastructure and quality of tourism service are limited. Our study also indicated that macro factors affect tourism activities.

**Key words:** *traditional handicraft products, business development, tourism, Vietnam, northwestern provinces.*

**JEL:** M21, G30, M10

### **Limitation of research**

We can then expand our model to other industries and markets.

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