

Assessing the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese apparel retail market

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Since the Vietnamese government implemented an economic renovation policy in 1986, small and medium enterprises (SMEs) have tremendously contributed to a rapid growth in the country's economy. Although SMEs play an important role in Vietnam's apparel retail market, relatively little is known about Vietnam's apparel retailing market environment and domestic Vietnamese apparel retailers' dynamic business performance in the marketplace. Therefore, the present study aimed to extend an understanding of the competitive advantages of domestic Vietnamese small-sized apparel retail firms and examine their growth potential in Vietnam's apparel retail marketplace. The present study holds significant implications for international and domestic apparel retailers interested in expanding their business to the Vietnamese apparel retailing markets.

Rostow's Stage of Growth Model (1960) and the VRIO framework (Barney, 2001) were used to frame the qualitative study. For this study, face-to-face interviews and a paper survey were administered with a sample (n=13) of domestic Vietnamese small independently owned apparel retail store owners operating in Hochiminh City of Vietnam. To obtain candid responses from participants, closed and open-ended responses were used in a semi-structured questionnaire format. Open coding, constant comparison, and axial coding processes were used to analyze the data (Strauss & Corbin, 1990). Analyses revealed the following overarching themes: (1) resources generated for domestic Vietnamese small business owners in the apparel retail market, (2) limited access to financial resources, (3) lack of reliable human resources, (4) need for further development of transportation infrastructure, (5) use of retail technology, (6) economic conditions' influence on apparel consumption, and (7) facing other difficulties in retail operations. Vietnam's apparel retail market is progressing toward maturity as evidenced by increasing modern apparel retail channels throughout the country and consumer spending on apparel products. Therefore, the core findings in this study suggest that domestic Vietnamese entrepreneurs in the apparel retail marketplace should constantly review their scope of available resources and firm capabilities versus current and emerging competitors and related cost considerations.

Based on the VRIO framework (Barney, 2001), the findings suggest that a majority of the domestic Vietnamese small-sized apparel retail stores are weak and lack resource management. The results confirmed that a number of participants in this study have valuable resources in retail operations. However, the findings also re-affirmed that the firms are lacking in rarity, imitability, and organization structure toward valuable resources to sustain a competitive advantage in Vietnam's apparel retail market. Therefore, this study suggests that by understanding these resource management practices for domestic Vietnamese apparel retail business owners, other small business entrepreneurs in Vietnam can build appropriate resource management strategies for their stores to sustain a competitive advantage in the marketplace.

In addition, a majority of the domestic Vietnamese small-sized apparel retail stores confront many business constraints in the marketplace. Results illustrated that a majority of participants are facing difficulties in business operations because of several key challenges identified in this study, including capital resources, human resources, transportation infrastructure, and technology infrastructure (See table 1). Therefore, this study provides guidelines to policy makers and

organizations in Vietnam who may be responsible for specific assistance programs to domestic Vietnamese small businesses in transition markets.

This exploratory study is a launching point for a research agenda focused on domestic small-sized apparel retail entrepreneurs in Vietnam. This study generated a series of testable propositions based on analyses of domestic Vietnamese small firms' entrepreneurial activities and Vietnam's apparel retail market conditions. Therefore, future research should advance the propositions and test the framework by investigating new relationships among the components necessary to understanding market growth and sustainability in Vietnam's retail market. The present study contributes to the small body of research on contemporary Vietnam's apparel retail market environment. The present study holds significant implications for international and domestic apparel retailers interested in expanding their business to the Vietnamese apparel retailing markets.

Table 1. Summary of Key Operational Challenges for Domestic Vietnamese Small Apparel Retailing Business Owners

Major Theme	Sub-Theme	Challenges
Limited Access to Financial Resources	High operating costs Lack of governmental support	<ul style="list-style-type: none"> · High rental cost, advertising, and promotion · Difficult to access external fund resources · Lack of transparency credit system
Lack of Reliable Human Resources	Recruiting employees informally Labor costs on the rise	<ul style="list-style-type: none"> · Poor Labor Center Service · Untrained before employed · Increase operating costs
Need Further Development of Transportation Infrastructure	Development of transportation infrastructure contributed to retail operations	<ul style="list-style-type: none"> · Serious traffic jams · Delay delivery process
Use of Technology in Retail Operations	Increasing demand on e-commerce	<ul style="list-style-type: none"> · Lack of adopted modern technology
Economic Condition Influence on Apparel Consumption	Increasing consumer demand on high-quality of apparel products with lower price Predominance of Chinese-made apparel products in Vietnam's marketplace	<ul style="list-style-type: none"> · Economic downturn · Decrease apparel sales · Cannot compete with Chinese-made garments in terms of price and quality
Other Difficulties in SME Retail Operations	High level of competition Government tax burden	<ul style="list-style-type: none"> · Increasing competition from domestic SME apparel retailers · High tax rates impact the final price of apparel products → Decline in profits

References

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