

Contribution of Vietnamese enterprises in socio-economic development of the locality

by

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Distinguished Participants,

As a joint-stock company having 31% of its equity owned by the State, the Hanoi Electric Light Bulb Shareholding Company (Dien Quang Company) is mandated by the State budget and by its shareholders to contribute to promote economic development of the locality. In today's session, Dien Quang Company would like to discuss the followings:

I- Challenges faced by the enterprise.

- ❖ **Market sharing:** We expect that a big challenge in the integration process is sharing the market with many other investors and players who may offer the same products of high quality, nice-looking industrial designs as we do. Many of these products may have better and multiple technological functions, lower prices and favorable customer services. Dien Quang Company, a manufacturer and trader of civil and industrial electric light bulbs will have to compete with not only domestic enterprises but large foreign manufacturers like Philips, Toshiba, Megaman, GE, and Clipsal. Further more, Dien Quang Company will have to compete with products from China, which are of different quality and lower prices.
- ❖ **Strong competition in product design:** Product diversification, development of pioneer product lines, constant improvement of designs as well as customer services by foreign enterprises have caused Vietnamese enterprises to engage in strong competition. To exist and grow, Vietnamese enterprises have to further invest in equipment and new technology that require funding sources and the training of human resources to operate modern equipment. All of these should be well planned and implemented professionally and effectively.
- ❖ **Limited and weak cooperation and linkages:** There has not yet been a linkage among Vietnamese enterprises to develop and protect their interests when new foreign competitors enter the market, especially in exporting our products. Recently, some Vietnamese enterprises such as leather shoes, agriculture and light bulb sectors, including our Dien Quang Company, were forced to accept cheaper prices when exporting our products. We met difficulties with these lawsuits because we do not yet have sectoral associations, law experts, and lawyers who understand well international trading laws or the local laws of other partner countries. In the future, large enterprises in Vietnam need to be linked with each other so that they will be stronger in competing with foreign companies when integrating into the world economy.
- ❖ **Poor infrastructures:** Infrastructures in Vietnam are not yet matched with the speed of economic development in the region as well as in the world. Our main transportation routes are still in poor condition, constraining the flow of goods and services to every part of the country, especially to the highlands and other isolated areas. This has had a negative impact on the prices of our products/services, which are higher than in other countries in the region. In addition, the price of gold, petrol and the US dollar were not stable in the country in recent years, leading to a rise in prices of input materials and causing difficulties for the business enterprises.

II. Measures by Dien Quang Company to effectively contribute to the development of the local socio-economic situation.

The Company is one of leading enterprises in manufacturing civil and industrial light bulbs in Vietnam. The Company has more than 2,500 employees at 4 member factories based in Hai Duong, Binh Duong, and Dong Nai provinces and 3 representative offices in Hanoi, Da Nang and Can Tho.

With the economic integration into AFTA and participation in WTO, Dien Quang Company has prepared itself to be ready for investments and the concentration of its resources in the integration process into the development of the country. The Company has instituted 4 important measures:

- 1- Development of a long-term business strategy: In preparation for integration, Dien Quang Company has formulated a long-term business strategy with the objective of “Wherever there is electricity, Dien Quang is present” to satisfy the needs of customers in all continents of the world. The Company will strive for an average growth rate of 30% in key target areas during the period 2006-2010.
- 2- Investment and renewal of equipment, technology and management: During the past few years, Dien Quang Company had constantly invested tens to hundreds billions of VND a year to renew its equipment and to acquire advanced and modern technology in order to increase the Company’s output and to develop new products with high technological functions. These products save energy and product costs while having multiple attributes, e.g. the 24-tons per day smelting furnace from Japan, the production line of fluorescent lamp T5, T8, compact lamps, sockets, and ballasts that have a capacity of 2-3 times larger than before. Besides renewing equipment and technology, the Company, since the beginning of 2000, has successfully applied the management system of ISO 9002:1994. In 2002, the Company decided to change to ISO 9002: 1994 to ISO 9001: 2000 certified by TÜV of Germany.
- 3- Training of human resources and the improvement of professional and management qualifications: Dien Quang Company always pays great attention to the development of its human resources, regarding this as an important strategy in the Company’s integration process. Dien Quang Company frequently engages in capacity building to improve the professional and management skills of its managers by inviting Vietnamese and foreign experts to conduct on-the-spot training for its managers and by sending young staff for training abroad. The Company also supports and facilitates its work force in improving their professional skills..
- 4- Investment and market expansion: An important measure in preparation for the Company’s integration process is its strategy of penetration and expansion in the marketplace as well as the professional marketing and promotion of the Company’s brand..

Over the past few years, Dien Quang Company has put great focus on investment and expansion of markets inside and outside the country. In the domestic market, Dien Quang Company maintains and develops its existing distribution systems with a market share of 68.8% (according to the survey data from HVNCLC in 2004). In the international markets, since 1997, from distribution to 2 foreign countries within the region, the Company has expanded to about 15 countries in Asia, Africa, and Latin America. Dien Quang Company’s brand is ranked among the top 5 in the international market. In Myanmar and Egypt, the Company has reached the 1st and 2nd rank among other brands in the same industry. An objective of Dien Quang Company is to further develop its brand to meet international standards so that it will have equal position compared with well-known brands in the world, contributing to the pride of being a Vietnamese brand.

III- Results

By implementing the above measures, the Dien Quang Company has achieved promising results. First is the constant increase of the Company’s average growth rate, during the last 5 years. Secondly, the Company’s industrial value, revenue and profits have tripled during the previous 5 years. and its total export value has increased by 30.

- Thanks to these business achievements, Dien Quang Company was honored in 1997 to receive the 1st class Labor Medal given by the State for its outstanding achievements during 1993-1997.
- The Company also received tens of certificates of merits and emulation flags granted by the Ministry of Industry and Vietnam General Confederation of Labor for achieving over its planned targets and for being a leading company in the industrial sector.
- Certificates of merit granted were by the National Committee for International Economic Cooperation for the Company’s outstanding achievements in development of its products and brand in international integration.
- The Company has been selected for 10 years consecutively to be among top ten Vietnamese Products of High Quality organized by Sai Gon Marketing and Consumers Newspapers.

- After the Association of Vietnamese Young Entrepreneurs started the award “Vietnam Golden Star” in 2003, Dien Quang Company’s brand has won 2 awards (one in 2003 and the other in 2005).
- Golden Cup “Vietnamese Brand” was granted by the Association of Vietnam Industrial Ownership .
- Golden Cup “Product of Good Quality” was granted by the Association of Vietnam Industrial Ownership .
- Golden Cup “For the Advancement of Women” was granted by HCM Youth’s Union and a series of certifications of merits, emulation flags was granted by HCM Party Committee, People’s Committee of District 1-HCM City, and HCM Youth’s Union for the Company’s outstanding achievements in emulation work of the industrial sector, the work of party, trade union and youth union.

IV- Contributions to local socio-economic development.

The effective contribution to economic development of the locality and of the enterprise requires the Company to have continuous investments, renovation in all aspects, and improvements to be firmly competitive in the marketplace. Without development, the enterprise cannot contribute to the socio-economic development of the locality and of the country. This successful indicator lies in the growth of key targets in industrial production, revenue and profits, which have tripled as mentioned above. The development of the industry and the income of the work force will lead to improvement of peoples’ living standards and a civilized and strong society.

Through its own efforts, Dien Quang Company has made effective contributions to the speedy development of the industrial sector of the whole country in general and of Ho Chi Minh City in particular. Therefore, Dien Quang Company is often selected as a main industrial product of the City. The enterprise has been selected by Ministry of Industry, Vietnam General Electricity Company and HCM Electricity Company as a partner in the Government’s Project “A Safe and Effective Light Program” for the period 2006 -2010.