

Application of SWOT Analysis in Building and Developing the Value Chain of OCOP Entities in Thanh Hoa, Viet Nam

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ABSTRACT: By applying the SWOT analysis method based on a survey of 252 entities, this study identified the prominent strengths of OCOP entities, including high product quality, skilled labor, and a clear understanding of production processes. Simultaneously, it recognized weaknesses related to technology, production scale, branding, and knowledge of value chains. Through an analysis of opportunities and threats from the external environment, the study developed a SWOT matrix as a foundation for proposing strategic solutions to promote the sustainable development of OCOP product value chains. The study also provides policy recommendations for relevant authorities to enhance the effectiveness of OCOP value chains in Thanh Hoa province.

KEYWORDS: Strategy, OCOP, SWOT, Thanh Hoa, sustainable development

1. INTRODUCTION

The “One Commune One Product” (OCOP) program, implemented in Vietnam since 2018, is one of the key initiatives aimed at fostering rural economic development through endogenous growth and value enhancement. With the objective of unlocking local potential and comparative advantages, the OCOP program not only promotes the development of regionally distinctive products but also contributes to sustainable livelihoods by integrating agriculture with processing industries, trade, and tourism. As of 2024, more than 14,000 OCOP products nationwide have been rated three stars or higher, of which 72.1% are three-star products, 25.8% are four-star, and 2.1% are five-star or potential five-star products (Ministry of Agriculture and Rural Development, 2024).

In Thanh Hoa province, the OCOP program has achieved notable results. As of 2024, the province has a total of 597 products rated from three to five stars, with active participation from cooperatives, enterprises, and household producers. However, alongside these achievements, OCOP entities are facing numerous challenges in the development process— particularly in the context of an increasingly competitive market, the urgent demand for digital transformation, and the growing requirements for product standardization.

Identifying the opportunities and challenges facing OCOP entities is essential for formulating appropriate, sustainable development strategies that are adaptable to the evolving context. SWOT analysis serves as an effective tool for comprehensively assessing both internal capacities and external conditions, thereby supporting the development of well-aligned strategic orientations for OCOP entities.

2. THEORETICAL FRAMEWORK AND RESEARCH METHODOLOGY

2.1. Theoretical Framework

SWOT analysis is a widely used tool in strategic planning, enabling managers to gain a comprehensive understanding of both internal conditions and the external environment in order to formulate appropriate development strategies [Weihrich, H. (1982)].

¹ The article is a product of the provincial-level project: “Research and propose solutions for building and developing the value chain in production, processing, and consumption of certain OCOP products in Thanh Hoa province.”

Application of SWOT Analysis in Building and Developing the Value Chain of OCOP Entities in Thanh Hoa, Viet Nam

The value chain refers to a set of logically connected activities carried out from the inception of a product idea to its delivery to the final consumer—and even beyond. Each stage in the chain—from input sourcing, production, processing, packaging, and distribution to post-sale services—plays a role in creating or enhancing the product's value. Organizing and optimizing the value chain not only helps reduce costs and improve quality but is also a critical factor in determining a product's competitiveness in the market (Michael E. Porter, 1985). Kaplinsky and Morris (2001) emphasize that the value chain serves as a foundation for designing sustainable product development strategies, wherein each stage is evaluated not only in terms of cost but also in terms of its contribution to differentiating value—such as uniqueness, environmental friendliness, or traceable origin. These factors are increasingly becoming key competitive advantages in modern markets.

In the context of rural development and the advancement of local products such as those under the OCOP program, SWOT analysis serves as a strategic tool for value chain development. It enables the identification of competitive advantages (e.g., product quality, traditional know-how, and locally sourced materials); recognition of limitations in production processes, human resources, and management; discovery of opportunities arising from market trends, supportive policies, and digital transformation; and awareness of risks related to competition, price volatility, and technical or trade barriers. A systematic application of SWOT analysis also lays the groundwork for constructing the SWOT-TOWS strategic matrix, which helps to formulate development solutions aimed at leveraging internal strengths and external opportunities while mitigating risks and overcoming weaknesses.

2.2. Research Methodology

Methodological Approach: The study employs a combined qualitative and descriptive quantitative approach to ensure both comprehensiveness and analytical depth. SWOT analysis is utilized to identify and systematize the strengths (S), weaknesses (W), opportunities (O), and threats (T) associated with OCOP entities in Thanh Hoa province. The identified SWOT factors are subsequently quantified to assess their prevalence and priority levels, thereby enabling the determination of the most significant elements for informing development strategies.

Research Process

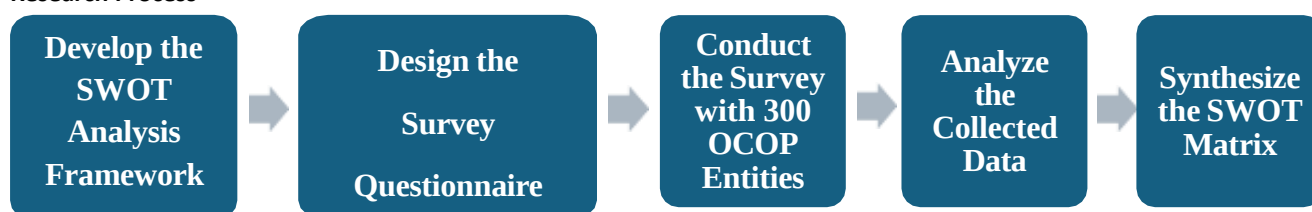


Figure 1. Research Process

The research process consists of five steps:

- (1) Developing a SWOT analytical framework based on relevant theoretical foundations and the practical characteristics of OCOP entities in the locality;
- (2) Designing a questionnaire to assess entities' evaluations of individual SWOT factors;
- (3) Conducting field surveys through two methods: in-person interviews at local sites, fairs, and exhibitions; and online data collection via Google Forms;
- (4) Analyzing the collected data, with a focus on frequency of responses and differences among stakeholder groups;
- (5) Aggregating SWOT factors with a frequency of $\geq 60\%$ into the SWOT matrix, serving as the basis for proposing appropriate strategic orientations.

Data Collection and Processing:

Primary data were collected through questionnaires distributed to OCOP entities in Thanh Hoa province, including enterprises, cooperatives, cooperative groups, and individual household businesses. As of the end of 2024, a total of 474 OCOP entities had been identified. The sample size was determined using Cochran's formula with a 5% margin of error, yielding an estimated minimum of 209 respondents. The research team distributed 300 questionnaires; after data screening and cleaning, 252 valid responses were retained for analysis. Quantitative data were processed using Excel and SPSS software to perform descriptive statistics, calculate mean values, and conduct cross-tabulations to identify trends across stakeholder groups. SWOT factors with a response frequency of 60% or higher were classified as key elements in the SWOT matrix.

3. RESULTS AND DISCUSSION

3.1 Overview of the Survey Sample

The survey revealed that the largest respondent group was individual household business owners, accounting for 60.7% (153 individuals), reflecting the common characteristic of current OCOP entities. Directors and deputy directors of enterprises constituted 33.7% (85 individuals), indicating the participation of larger-scale organizations. The “other” category made up 5.6% (14 individuals).

Regarding age distribution, the majority belonged to the middle-aged group (40–60 years), comprising 56.3%, followed by the 25–40 age group at 42.1%, while those under 25 years accounted for only 1.6%. This structure suggests that the current OCOP workforce has practical experience but poses challenges related to succession and adaptability to new technological trends such as digital transformation and e-commerce.

In terms of educational attainment, 65.1% had a high school education or below, 24.6% held vocational college or associate degrees, and only 10.3% possessed a university degree or higher. This highlights limitations in accessing information, management skills, and technological applications—key factors in enhancing the competitiveness of OCOP entities, particularly in Thanh Hoa.

3.2 Analysis of Strengths and Weaknesses

The most prominent strength identified is the high product quality, with 90.87% of respondents affirming that their products are of good quality and safe. This indicates that OCOP entities in Thanh Hoa place strong emphasis on food safety and hygienic production processes, thereby building consumer trust. The next significant strength relates to human resources, with 89.68% of respondents perceiving the workforce as skilled and diligent. Additionally, 86.11% acknowledged that OCOP entities possess a clear understanding of their products and production processes. This knowledge forms a foundation for developing products in a professional manner that meets market standards. Another advantage noted is that OCOP products are rated more favorably by consumers compared to similar products in the region, accounting for 67.86% of respondents, reflecting the positive differentiation of OCOP products. Furthermore, 61.11% of entities reported having proactive access to capital, and 60.32% maintained good relationships with suppliers, both of which are considered strengths in sustaining production activities and mitigating supply chain risks.

Table 3. Strengths and Weaknesses of OCOP Entities

Code	Criteria	Frequency	Agreement Rate (%)
S1	Products have good quality and safety	229	90.87
S2	Labor force is diligent and highly skilled	226	89.68
S3	Entities have a clear understanding of products and production processes	217	86.11
S4	Products are more trusted by customers compared to similar local products	171	67.86
S5	Units are proactive in securing production and business capital	154	61.11
S6	Entities maintain good relationships with suppliers	152	60.32
W1	Production and processing technology remains limited	154	61.11
W2	Production scale is small and fragmented, with high production costs	121	48.02
W3	Difficulties in promoting product consumption	114	45.24
W4	Limited understanding of the value chain	108	42.86
W5	Products lack strong branding	94	37.30
W6	Labor force lacks specialization	60	23.81
W7	Weak relationships with suppliers	49	19.44

Source: Survey results by the authors

Alongside the aforementioned strengths, several weaknesses remain evident. Limitations in production and processing technology were acknowledged by 61.11% of respondents as a major constraint affecting productivity and product quality. This is considered the most significant weakness among OCOP entities in Thanh Hoa. Additionally, 48.02% of respondents identified small-scale production and high production costs as significant barriers that hinder achieving economies of scale. Furthermore, 45.42% reported difficulties in product consumption, reflecting challenges in marketing and distribution, which directly impact business sustainability. Another notable weakness is the lack of understanding of the value chain, with 42.86% of respondents agreeing, indicating that entities face difficulties in optimizing production, distribution, and enhancing product

Application of SWOT Analysis in Building and Developing the Value Chain of OCOP Entities in Thanh Hoa, Viet Nam

value. Moreover, weak product branding, cited by 37.30% of respondents, impedes competitiveness in larger markets, while insufficient workforce specialization (23.81%) and weak supplier relationships (19.44%) continue to pose challenges for OCOP entities.

3.3 Analysis of Opportunities and Threats

Regarding opportunities, 71.43% of respondents agreed that the availability of skilled local labor presents an opportunity to stabilize production and reduce recruitment and training costs. Additionally, 69.05% of entities considered the availability of local raw materials as a significant opportunity to minimize input costs and ensure stability and autonomy in production. Furthermore, 43.65% of entities perceived positive signals from the output market, noting increasing consumer trust in OCOP products. This opens up potential for market expansion, especially as consumers show growing interest in products with transparent origins and high quality. Support from training programs, preferential capital policies, and trade promotion initiatives were also regarded as notable opportunities, with agreement rates ranging from 30% to 33%. Although these percentages are not very high, they reflect a positive indication of the increasing role of local authorities in supporting OCOP enterprises. Finally, technological advancement (agreed upon by 20.24% of respondents) also represents an opportunity if entities can leverage the strong trends in digital transformation and technological innovation; however, this percentage remains relatively low (see Table 4).

Table 4. Opportunities and Threats for OCOP Entities

Code	Criteria	Frequency	Agreement Rate (%)
O1	Local labor is readily available and skilled	180	71.43
O2	Raw materials are readily available locally	174	69.05
O3	Better market outlets	114	45.24
O4	Customer trust in products	110	43.65
O5	Access to training support (personnel, production processes, etc.)	85	33.73
O6	Multiple supportive policies (capital, supplier relations, intermediaries)	78	30.95
O7	Improvement in technological level	51	20.24
T1	Difficulty connecting with customers for product consumption	113	44.84
T2	Many strong competitors	99	39.29
T3	Difficulty accessing support from authorities	97	38.49
T4	Difficulty accessing capital	93	36.90
T5	Products dependent on seasonal cycles	37	14.68
T6	Limited availability of local raw materials	23	9.13
	Total respondents	252	100.00

Source: Survey results by the authors

In addition to the aforementioned opportunities, OCOP entities are also facing various challenges. The greatest challenge currently identified is the difficulty in connecting with customers for product consumption, confirmed by 44.84% of respondents. Competition is also a significant concern, with 39.29% of entities noting an increase in strong competitors, thereby reducing opportunities for market expansion. Moreover, accessing support from governmental agencies (38.49% agreement) and capital resources (36.90%) remain challenging for these entities. These results indicate limitations in accessing public support programs or preferential credit, despite these being critical drivers for innovation and scaling up operations. Other challenges include product seasonality, acknowledged by 14.68% of respondents, and limited availability of local raw materials, noted by 9.13%. These factors contribute to instability in production and business activities, especially amid increasing market risks.

3.4 SWOT Matrix (TOWS) - Determining strategies for OCOP subjects

From the above analysis, we can form the SWOT-TOWS matrix in Table 5.

Table 5. SWOT-TOWS Matrix

	Opportunities (O)	Threats (T)
Strengths (S)	SO Strategies (Use strengths to seize opportunities) - Expand production based on skilled labor and availability of local raw materials - Strengthen communication and marketing to leverage customer trust - Access support programs for capital, workforce training, and technological innovation	ST Strategies (Use strengths to overcome threats) - Utilize skilled workforce and standardized production processes to create a competitive advantage over similar products on the market - Rely on customer trust and product quality to secure market share amid increasing competition - Proactively manage capital and maintain good relationships with suppliers
Weaknesses (W)	WO Strategies (Overcome weaknesses to take advantage of opportunities) - Invest in upgrading technology through available support policies - Expand production scale by participating in value chain linkage programs - Utilize training programs to improve professional skills and management capacity	WT Strategies (Minimize weaknesses to avoid risks) - Improve marketing capacity and brand building to reduce risks related to product sales - Build linkage chains to connect with customers and authorities to address difficulties in sales and access to support - Reduce dependency on seasonal production by diversifying products and improving preservation methods

Source: Authors' compilation

4. CONCLUSION AND RECOMMENDATIONS

The survey results and SWOT analysis indicate that OCOP entities in Thanh Hoa possess several distinct competitive advantages: high product quality, a skilled workforce, and a deep understanding of production processes. These factors have contributed to building consumer trust and enhancing the market position of OCOP products domestically. However, alongside these strengths, various internal weaknesses hinder the development of these entities, particularly limitations in technological capacity, small-scale production, and a lack of capability in value chain integration and brand development. The imbalance in the labor structure—with the majority having only secondary education—raises an urgent need for training, management capacity building, and a shift in production mindset.

Meanwhile, market opportunities remain significant due to the availability of local raw materials, labor resources, consumer trust, and supportive government policies. Nevertheless, OCOP entities face numerous challenges such as intensifying competition, difficulties in accessing capital, weak connections with customers and authorities, and risks arising from product seasonality.

Based on these findings, the application of SWOT analysis has facilitated a clear identification of influencing factors and the orientation of appropriate development strategies through the SWOT-TOWS matrix. Accordingly, the study proposes solutions to enhance competitive capacity, leverage policy and market opportunities, and promote sustainable and effective OCOP development in the future. To enable OCOP entities to build and develop more sustainable value chains, the authors present several recommendations for relevant authorities:

First, establish a clear and specific legal framework to guide and support the development of OCOP, including credit support, access to capital, and land allocation (particularly for large-scale projects requiring space for production investment).

Second, encourage entities to build and participate in production and consumption linkage chains.

Application of SWOT Analysis in Building and Developing the Value Chain of OCOP Entities in Thanh Hoa, Viet Nam

Third, regularly develop and organize practical training programs that combine theoretical knowledge with hands-on experience.

Fourth, assist entities in connecting with modern consumption systems, such as e-commerce platforms and supermarket chains.

Fifth, support entities in applying information technology in production, business, and product consumption, as well as in creating a synchronized and modern information infrastructure that provides a foundation for technological adoption.

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