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Teaching Political Economy through OCOP Value Chains of Traditional Cultural Products: The Case of Ngoc Thom Conical Hats in Vietnam

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Abstract

This study investigates the value chain of Ngoc Thom conical hats, a traditional handicraft from Tho Loc commune in Thanh Hoa province, Vietnam, officially recognized as a three star OCOP product in 2022. The research was conducted between January and June 2024 and involved 85 participants, including artisans, traders, and local officials. Data were collected through surveys, interviews, and field observations. The findings reveal that hat production provides 47.5 to 59.3 percent of household income, with average monthly outputs of 88.5 hats per household. Raw materials account for 41.6 percent of production costs, labor 28.9 percent, and miscellaneous expenses 29.5 percent. Sales increased after OCOP certification, but most products remain confined to local and provincial markets, with only 5.2 percent sold online. Interviews highlighted opportunities for branding but also revealed barriers to digital adoption and concerns over generational continuity. The study concludes that Ngoc Thom conical hats illustrate both the opportunities and constraints of integrating traditional crafts into modern value chains. They provide an instructive example for teaching political economy by demonstrating the interplay of culture, economy, and policy in rural development.

Keywords: Ngoc Thom conical hats; OCOP program; value chains; traditional handicrafts; cultural economy; rural development; political economy.

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Introduction

Traditional handicrafts have long played a crucial role in shaping cultural identity, supporting local livelihoods, and contributing to rural development. In Vietnam, handicraft villages preserve intangible cultural heritage and generate economic value by linking artisans to markets through tourism, trade, and cultural branding (Giang, 2015; Nhung, 2020). These crafts function as economic activities and cultural expressions, reflecting community values while adapting to new forms of production and commercialization (Sirisuk, 2023).

The concept of value chains provides an analytical framework for understanding how handicrafts move from raw materials to final products, and how cultural goods acquire economic and symbolic value (Horng, Chang, & Chen, 2015; Porter, 1985). In the context of creative industries, scholars have emphasized the interaction between artistic and economic logics, where cultural products generate meaning and financial returns simultaneously (Eikhof & Haunschild, 2007; Hartley, 2004). This duality is evident in handicrafts, where the authenticity of tradition must be balanced with market competitiveness (Cunningham, 2002; Ravasi & Rindova, 2008).

In recent years, Vietnam's One Commune One Product (OCOP) program has provided new opportunities to reposition handicrafts as branded cultural products. OCOP emphasizes value chain integration, quality certification, and local identity as mechanisms for rural economic development (Van Hoa, Le Ngoc, & Yovogan, 2025). This approach resonates with global trends in creative economy development, where cultural goods are increasingly recognized as drivers of economic innovation and community resilience (United Nations Conference on Trade and Development, 2008; Landry, 2000).

The case of Ngoc Thom conical hats in Tho Loc commune, Thanh Hoa province, offers a compelling example of this transformation. Originating as a family-based handicraft, Ngoc Thom hats were officially recognized as a three-star OCOP product in 2022. This recognition shifted from household-level production toward broader market integration, cultural branding, and potential digital transformation. Examining this case provides insights into how traditional crafts can adapt to new economic environments and serves as a valuable teaching example for political economy. The study highlights the intersections between tradition, economy, and education in the Vietnamese context by linking cultural heritage, value chain theory, and contemporary development policies.

Literature Review

The study of handicrafts has evolved from focusing on preservation to exploring their integration into cultural industries and rural economic development. In Vietnam, handicraft villages such as Phuoc Tich and Dong Ho illustrate how traditional crafts provide both cultural value and economic benefits through tourism, branding, and market linkages (Giang, 2015; Nhung, 2020). Similar findings have been reported in other Southeast Asian contexts, such as Thanh Ha pottery in Hoi An, where handicrafts serve as cultural markers that sustain communities of practice while adapting to global heritage frameworks (Sirisuk, 2023).

The theoretical lens of value chains offers critical insights into the transformation of handicrafts from artisanal practices into cultural products with market potential. Porter's (1985) framework on competitive advantage laid the foundation for examining how production, distribution, and consumption create and capture value. Applied to creative industries, the value chain concept highlights the interdependence between symbolic value and economic return (Hartley, 2004; Ravasi & Rindova, 2008). Scholars have emphasized that cultural goods embody artistic and economic logic, creating a dual imperative of authenticity and competitiveness (Cunningham, 2002; Eikhof & Haunschild, 2007). Therefore, business models in the cultural and creative industries depend on balancing heritage preservation with innovation and commercialization (Horng, Chang, & Chen, 2015).

At the global level, the creative economy has been framed as a strategic sector for sustainable development. The UN Creative Economy Report underscored the importance of cultural industries in policymaking and international trade (United Nations Conference on Trade and Development, 2008). Theories of the "creative city" (Landry, 2000) and cultural planning (Mercer, 2006) further positioned creativity as central to urban and community renewal. Creative industries have also been defined as social network markets, in which consumer choices are strongly shaped by symbolic associations and collective dynamics (Potts, Cunningham, Hartley, & Ormerod, 2008). These perspectives reinforce the idea that handicrafts, though rooted in tradition, are embedded in broader creative economies that influence their sustainability and growth.

Digital transformation represents a significant trend reshaping the handicraft sector. Studies suggest that digital tools catalyze business model innovation, enabling new forms of production, distribution, and market access (Adama & Okeke, 2024; Kraus et al., 2021). Empirical research during the COVID-19 pandemic demonstrated that digital platforms helped handicraft SMEs in Bali and other regions maintain sales and reach customers despite physical restrictions (Telagawathi, Suci, & Heryanda,

2022). In Vietnam, early applications of digital technologies in craft villages have shown potential for expanding competitiveness but remain limited by gaps in skills, infrastructure, and investment (Nguyen & Nguyen, 2021). Broader discussions on Industry 4.0 also highlight challenges and opportunities for traditional producers navigating a digitalized economy (Gadre & Deoskar, 2020; Rashiya Bekmurzaeva & Kovalev, 2023).

Beyond economics and technology, the literature stresses handicrafts' social and cultural foundations. Families and communities play a central role in transmitting knowledge, sustaining production, and reinforcing cultural identity (Bui, 2017; Duong, 2001). Studies on Vietnamese cultural identity emphasize how traditional crafts are intertwined with religious beliefs, folklore, and local customs (Chan & Do, 2014; Ngoc, 2011; Them, 2004). This perspective is echoed in international contexts, such as the Pakistani handicraft industry, where crafts embody cultural heritage and provide resilience in economic change (Yang, Shafi, Song, & Yang, 2018).

Finally, innovation and sustainability are recurring themes in contemporary handicraft research. Scholars have identified a growing trend among traditional enterprises to align with sustainability goals and adapt to evolving market demands (Shafi et al., 2022; Zbucha, 2022). Case studies from South Africa highlight the constraints posed by policy gaps and limited resources, yet demonstrate how handicrafts can drive local resilience and identity-building (Rogerson, 2010). These findings suggest that sustainable handicraft development requires institutional support and bottom-up innovation, combining traditional craftsmanship with modern strategies.

Taken together, the literature reveals three main insights for the present study. First, handicrafts operate simultaneously as cultural heritage and economic activity, requiring approaches that integrate both dimensions. Second, value chain and creative economy frameworks offer valuable tools to analyze how handicrafts generate cultural and economic value. Third, digital transformation and sustainability redefine the conditions under which handicrafts survive and thrive. The Ngoc Thom conical hats case in Thanh Hoa province represents a timely example of how local crafts intersect with global debates on heritage, economy, and innovation.

Research Methodology

Research Site and Participants

The study was conducted in Tho Loc commune, Tho Xuan district, Thanh Hoa province, the Ngoc Thom conical hat's birthplace and main production area. It is a traditional handicraft brand that originated from the artisan Pham Ngoc Thom family.

It was officially recognized as a three-star OCOP product by the Thanh Hoa Provincial People's Committee in 2022.

A total of 85 participants were involved in the research, divided into three groups:

- Twenty-five artisans and family members are directly engaged in producing Ngoc Thom conical hats.
- 30 traders and distributors, including shop owners in Tho Xuan district markets and retailers in Thanh Hoa city.
- 30 local officials and consumers, consisting of commune leaders, OCOP coordinators, and residents who regularly purchase and use the hats.

Data Collection

The fieldwork took place from January to June 2024. The research team used three complementary methods:

Structured Surveys

A survey questionnaire with 22 items was designed to collect information on production processes, raw material sources, monthly output, sales channels, and household income. A total of 50 questionnaires were distributed to households in Tho Loc commune, and 47 valid responses were returned and analyzed.

In-depth Interviews

Semi-structured interviews were conducted with 20 key stakeholders, including skilled artisans, the family of artisan Pham Ngoc Thom, representatives of the OCOP program at the commune and district levels, and local traders. The interviews explored the cultural value of the Ngoc Thom hat, the impact of OCOP certification on livelihoods, and opportunities for branding and digital transformation.

Field Observations

The research team conducted direct observations at 15 production households. Each stage of the process was carefully documented, from the selection of mature palm leaves, the splitting and shaping of bamboo, the assembly of hat frames, the stitching of leaves, the oil coating, to the final drying in sunlight. Detailed notes and

photographs were taken to capture techniques, working conditions, and quality control practices.

Data Analysis

All quantitative data from surveys were processed using descriptive statistics.

Interview transcripts and observation notes were coded thematically. Three main themes emerged: (1) generational continuity in preserving the craft, (2) branding opportunities following OCOP certification, and (3) challenges in accessing broader markets through digital platforms.

Research Findings

Participant Characteristics

The research covered 85 participants across three groups: artisans, traders/distributors, and officials/consumers.

Table 1. Participants by Group

Group	Number	Percentage (%)
Artisans & Families	25	29.4
Traders/Distributors	30	35.3
Officials/Consumers	30	35.3
Total	85	100

Within the artisans group (25 people), 17 were women (68.0%) and 8 were men (32.0%). The average age was 46.2 years, ranging from 29 to 67. Educational levels were low: 18 people (72.0%) had completed lower secondary school, 5 (20.0%) had finished high school, and 2 (8.0%) had vocational training. Most artisans (19 out of 25, or 76.0%) had more than 20 years of experience, underlining the generational continuity of the craft.

Among traders/distributors (30 people), 21 (70.0%) operated in Tho Xuan markets, while 9 (30.0%) supplied Thanh Hoa city retailers. Their average business experience was 11.8 years, ranging from 5 to 28.

Officials/consumers included six commune leaders and OCOP coordinators (20.0%) and 24 regular users of Ngoc Thom hats (80.0%). Consumers reported using the hats for an average of 14.6 years, reflecting long-term trust in the product.

Production Practices and Techniques

Field observations at 15 production households confirmed that production is entirely manual and labor-intensive:

- Palm leaf selection: Only 63.2% of collected leaves were suitable; the rest were rejected for defects.
- Leaf processing: Flattening and ironing a batch of 50 leaves required 2.1 hours.
- Bamboo processing: Each hat required 13–15 frames, prepared over 1.4 hours.
- Stitching and assembly: The longest stage, averaging 4.3 hours per hat.
- Finishing: Coating with cashew oil and sun drying for 2–3 hours.

The complete cycle per hat took 2.2 days, but artisans typically worked in batches, producing 3–4 hats/day.

Output and Quality

Survey data from 47 valid households provided detailed production insights.

Table 2. Output and Quality Distribution

Category	Value	Unit	Percentage (%)
Average monthly output	88.5	hats	–
Peak months output	112.3	hats	–
Low months output	67.4	hats	–
High-quality hats	62.0	hats	70.2
Medium/Low quality hats	26.0	hats	29.8

On average, each household produced 88.5 hats/month. Output rose to 112.3 hats/month in April–July and fell to 67.4 hats/month in October–December. 70.2% of hats (≈ 62 hats/month) were high quality, priced at $\geq 100,000$ VND, while 29.8% (≈ 26 hats/month) were sold at 52,000–80,000 VND.

Household Income

Hat-making contributed significantly to family livelihoods.

Table 3. Household Income from Hat-Making

Indicator	Value (VND)
Average monthly income	5.2 million
Minimum	3.8 million
Maximum	6.7 million
Share of household income	47.5–59.3%

Income from hat-making was comparable to local agriculture but more stable year-round.

Cost Structure

Cost analysis revealed three main components.

Table 4. Cost Breakdown per Hat

Category	Percentage (%)
Raw materials	41.6
Labor time	28.9
Miscellaneous	29.5
Total	100

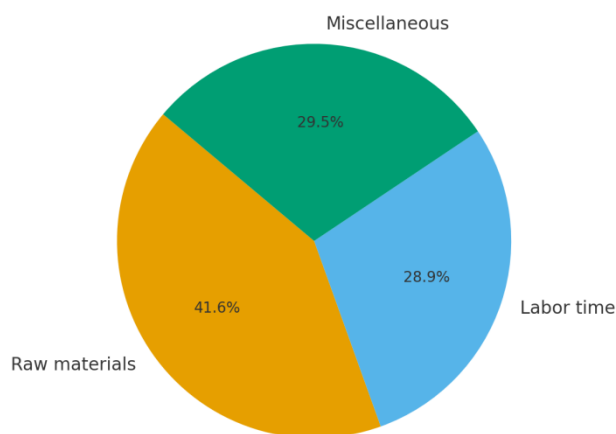


Figure 1. Cost Structure Pie Chart

Raw materials accounted for the largest share (41.6%). Among 25 households, 14 (56.0%) purchased palm leaves from outside districts, which raised costs by an average of 17.3% compared to local sourcing.

Marketing and Distribution

Ngoc Thom hats were mainly distributed through traditional channels.

Table 5. Distribution Channels

Channel	Number of Hats	Percentage (%)
Tho Xuan markets	50	56.8
Thanh Hoa city retailers	20	22.4
Neighboring provinces	14	15.6
Online sales	4	5.2
Total	88	100

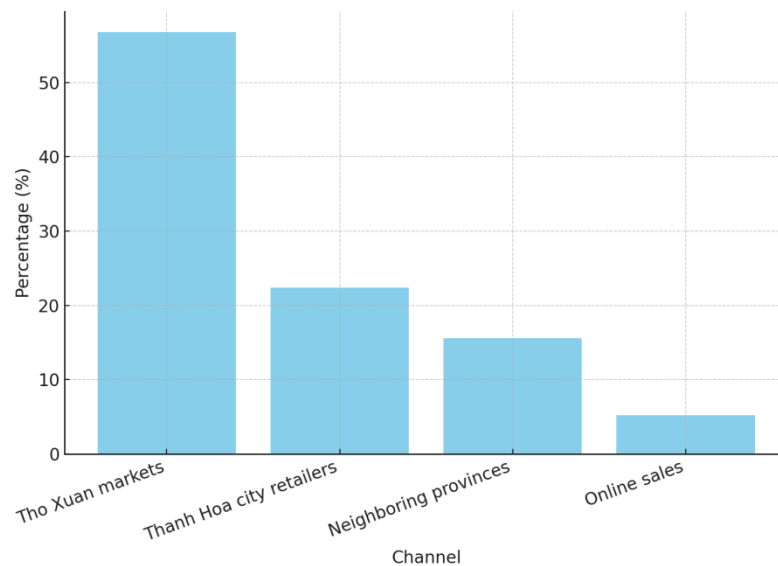


Figure 2. Distribution Channels Bar Chart

Sales increased after the OCOP certification in 2022. 19 of 30 traders (63.3%) reported 12–18% sales growth, especially during festivals and tourism events. However, only four artisans (16.0%) used online channels actively.

Perceptions from Interviews

From 20 interviews, three themes were clear:

- Generational continuity: 14 of 25 artisans (56.0%) were confident the craft would continue in their families, while 11 (44.0%) worried younger generations were less interested due to lower income potential.
- Branding opportunities: 15 of 20 interviewees (75.0%) considered OCOP certification a turning point, boosting reputation and opening access to exhibitions and trade fairs.
- Digital challenges: 16 of 20 participants (80.0%) cited difficulties using online platforms due to a lack of skills, limited investment, and poor internet.
- 4.8. Observational Insights
- Direct observations highlighted that production occurred in modest household courtyards, with basic tools but high craftsmanship standards.
- Quality control was systematic:
 - ≈70% of hats were graded high quality for premium pricing.
 - ≈30% classified as medium/low quality and sold at lower prices.

This grading system has preserved consumer trust in the Ngoc Thom brand and strengthened its OCOP-certified reputation.

Discussion

The findings of this study confirm that the production of Ngoc Thom conical hats remains deeply rooted in Tho Loc commune's cultural and social life. Most artisans have been engaged in the craft for decades, with more than three-quarters having over twenty years of experience. It demonstrates the strong intergenerational continuity that sustains the craft. However, concerns expressed by nearly half of the artisans reveal that younger generations are less motivated to continue this work, preferring employment in factories or services that offer more stable income. If this tendency persists, the long-term preservation of the craft will be at risk, and the cultural identity associated with Ngoc Thom conical hats could be weakened.

From an economic perspective, the research highlights that hat-making accounts for nearly half or more household income. In contrast with seasonal agricultural activities, this craft provides consistent yearly earnings. Women and elderly members, who may not have access to formal employment, can participate effectively in hat production. It reinforces the importance of handicrafts as a source of livelihood and as a stabilizing factor for household economies. The production process, from carefully selecting palm leaves to grading finished hats, also shows that value is added at every stage, making Ngoc Thom conical hats both an economic product and a cultural artifact.

Recognizing the product as a three-star OCOP brand in 2022 created a new opportunity for growth. Traders reported increases in sales following certification, especially during festivals and cultural events, and the official label strengthened consumer trust. Nevertheless, the market for Ngoc Thom hats remains heavily dependent on local and provincial customers, with Tho Xuan district and Thanh Hoa city accounting for most sales. Only a small proportion reaches neighboring provinces, and online sales remain minimal. It indicates that while branding has enhanced visibility, the potential for expansion into broader domestic and international markets is still underdeveloped.

Another important issue revealed by the study is the challenge of digital transformation. Although artisans know the potential of online sales, only a few have actively engaged with digital platforms. Limited digital literacy, lack of financial resources for marketing, and unstable internet connectivity were the most frequently mentioned barriers. These constraints hinder the ability of artisans to reach urban and younger consumers, who increasingly prefer to purchase products online. Without

targeted support in training and infrastructure, the potential of digital tools will not be fully realized, and the growth of the craft will remain restricted.

Sustainability also emerges as a critical concern. The cost analysis showed that raw materials represent the most significant portion of expenses, and more than half of the households now depend on palm leaves imported from other provinces, which increases costs significantly. This situation highlights the importance of policies to secure local raw material supplies through replanting programs and better resource management. At the same time, policies should focus on preserving the heritage value of Ngoc Thom conical hats and promoting innovation in design, marketing, and product diversification. By combining traditional skills with branding strategies and digital applications, the Ngoc Thom hat can continue to thrive as a cultural heritage product and a competitive item in contemporary markets.

Conclusions

The study of Ngoc Thom conical hats in Tho Loc commune confirms that traditional handicrafts remain essential to cultural heritage and rural livelihoods. The findings show that artisans dedicate their skills to maintaining quality production while ensuring intergenerational knowledge transfer. Hat-making contributes nearly half of household income and provides women and older people with stable work opportunities. Despite recognizing Ngoc Thom hats as a three-star OCOP product in 2022, the market is still dominated by local and provincial channels, with limited access to national and online markets.

The research also highlights critical challenges. Younger generations show declining interest in continuing the craft due to lower income potential. Raw material supply increasingly depends on outside sources, raising production costs and affecting sustainability. Digital transformation has yet to be effectively adopted, with only a small proportion of artisans using online platforms to expand sales. These constraints emphasize the need for policies that support digital training, local raw material cultivation, and opportunities for market expansion.

At the same time, the OCOP certification has created a foundation for branding and cultural promotion. If combined with design, marketing, and digital distribution innovation, Ngoc Thom conical hats can serve as both an economic product and a cultural symbol. More broadly, this case study demonstrates how handicrafts can be integrated into value chains that generate cultural and economic value, offering valuable insights for teaching political economy and understanding the intersection of tradition, development, and modern market dynamics.

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