

# Supplier-Maker Networks Structure and Capability Improvement of Suppliers in Newly Emerging Vietnam's Motorcycle Industry

Pham Truong Hoang

Graduate School of Environment and Information Sciences, Yokohama National University, e-mail: [d04td902@ynu.ac.jp](mailto:d04td902@ynu.ac.jp)

(Draft for VDF-Tokyo monthly workshop – 17 Dec 2005)

(Comments Welcome)

## *Abstract*

This paper explores the differences in patterns and processes of capability improvement of suppliers exploiting different kinds of supplier-maker networks structure (*arm-length* or *embedded* networks) in newly emerging Vietnam's motorcycle industry. Based on production process of suppliers, the paper proposes four suppliers' functional capabilities of *structure design*, *process design*, *process setup*, *process maintenance* and *delivery control*. Five in-depth case studies of suppliers in newly emerging Vietnam's motorcycle industry, where *arm-length* and *embedded* networks coexist, were provided. The study finds the correlation between suppliers' functional capabilities and network structure they participate. While suppliers in *arm-length* networks need more upstream capabilities (structure design, process design, process setup, process maintenance), suppliers in *embedded* networks need more downstream capabilities (process setup, process maintenance and delivery control). The paper explores two different capability improvement patterns. In the *one-pole* pattern, suppliers belong to production networks with only one kind of structure either *arm-length* or *embedded*. These suppliers improve different functional capabilities asymmetrically that obstructs the suppliers to meet requirements of new buyers in the other kind of network. In the *double-pole* pattern, the suppliers rapidly diversified their capabilities to join networks of the both structures improve capabilities symmetrically. Dynamic switch between the two patterns allows suppliers improve capabilities entirely.

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