

The OVOP as a Tool to Develop Small and Medium-Sized Enterprises: Insights from OVOP Entrepreneurial Experience in Senegal

NDIONE Joseph Segal¹ & SUZUKI Kanichiro²

Abstract

In Senegal, small and medium-sized business enterprises emerge as key players of economic growth. They stand as a main driving force for poverty alleviation, income generating activities and jobs creation. However, SMEs face managerial hurdles both at internal and external aspects that significantly impact on their growth. From 2011 to 2014, the Senegalese government implemented the Japanese oriented rural development model, One Village One Product (OVOP), with the aim at increasing local small scale entrepreneurs to generate income through the promotion of local resources under the OVOP Program. After reviewing and evaluating OVOP implementation projects held in Japan and other countries including Senegal, we will propose a new framework of OVOP concept suitable for Senegal OVOP Entrepreneurs and related stakeholders.

Keywords: One Village One Product (OVOP), Critical success factors, Small and Medium-Sized Enterprises, Senegal

1. Introduction

Drawing a successful development model from OVOP in Oita/Japan, some countries took initiatives to replicate the same concept in order to boost rural entrepreneurs' income and thus facilitate the growth of SMEs. In a developing country such as Senegal, the "Plan Senegal Emergent" (Emerging Senegal Plan) by 2025 and the "Document de Stratégie par Pays" (Country Reference Paper) 2005-2015 emphasize on 4 main pillars: (1) "Wealth creation", (2) "Access to social basic services", (3) "Protection and risk management to which vulnerable population are exposed" and (4) "Good governance". With regard to "Wealth creation", the emphasis is laid on the improvement of SMEs business environment and the promotion to sustainable access to funding supports especially in rural areas.

The OVOP movement was originated in Oita in the 1970s under the leadership of then-Oita Governor, Mr. Morihiko Hiramatsu. The concept aimed at revitalizing rural communities through small-scale production and sales of unique local products. The original OVOP concept relied on 3 basic principles that are: (1) Local Yet Global (Creating globally accepted products that reflect pride in the locale culture), (2) Self-reliance and Creativity (Realization of OVOP through independent actions utilizing the potential of the region) and (3) Human Resource Development (Fostering of People with a challenging and creative spirit) (Claymone, 2011)

Over three decades after its successful introduction in Japan, the OVOP concept has been widely adopted by various countries particularly in developing countries because of its potential to reverse local decay and decline. The Japan International Cooperation Agency (JICA) supported the OVOP movement in Africa as an effective tool to change the awareness of community members in Africa, promoted empowerment, and reduced poverty through the improvement of income and economic growth in rural areas (JICA, 2007).

The OVOP Project in Senegal was implemented from March 2011 to April 2014 in 2 target areas (Fatick and Kaolack regions) out of the 14 areas in Senegal. The implementing body was the Directorate of Craft Industry supported by JICA. The objective of the Project was to increase local producers' income through the promotion and the value addition of local resources under the OVOP Program.

Though the OVOP movement recorded successful results in Japan, the expected achievements seemed to be less than expected in other countries where the model had been advocated due to different development approaches, country background, stakeholders' involvement and understanding of the concept. In Senegal, through the Project's implementation, producers and Chambers of Craft Industry of other regions expressed their strong wish to benefit from the OVOP Project because of the conclusive results achieved by the Project in the

¹ Student, Graduate School of Management, Ritsumeikan Asia Pacific University, Beppu, Oita, Japan.

² Professor, College of International Management, Ritsumeikan Asia Pacific University, Beppu, Oita, Japan.

targeted areas. However, the OVOP Program ended more than 3 years ago and still so far no expansion has been conducted to cover the other Senegal's areas or sustain the OVOP achievements in targeted areas mainly due to lack of budget from the Senegalese government and donors to support the program.

This study therefore intends to review and determine learned lessons from OVOP implementations from various countries including Senegal, identify critical factors of OVOP Projects, and develop a new OVOP concept framework for future OVOP Entrepreneurs in Senegal.

2. One Village One Product (Un Village Un Produit) Program in Senegal

Located in the Western most part of the Sahel region of Africa, Senegal has a national territory that covers 196,722 km². Its population as of 2016 is estimated at 15.3 million. According to the latest population census conducted in 2013, 23% of the population lives in the greater Dakar region (0.3% of the territory), and 40% lives in other urban zones. Over the course of 2015, Senegal's macroeconomic performance has been strong with a growth rate of 6.5%, a rate that hasn't been achieved since 2003, making Senegal the second fastest growing economy in West Africa, behind Côte d'Ivoire. Growth remained strong in 2016, with a rate of 6.4% during the first quarter. The primary sector is the fastest growing sector boosted by extractives, fishing, and agriculture. In agriculture, good rainfall and strong outcomes from sectors targeted by government programs (including groundnuts, rice, and horticulture) explain this outcome (World Bank, 2017).

The institutional framework of OVOP Project in Senegal included the OVOP Secretariat and the National OVOP Committee established at the central level and the Regional Committees at regional level. These organizations implemented the OVOP Project in collaboration with the Japanese international consulting firm Nippon Koei Co., Ltd commissioned by JICA.

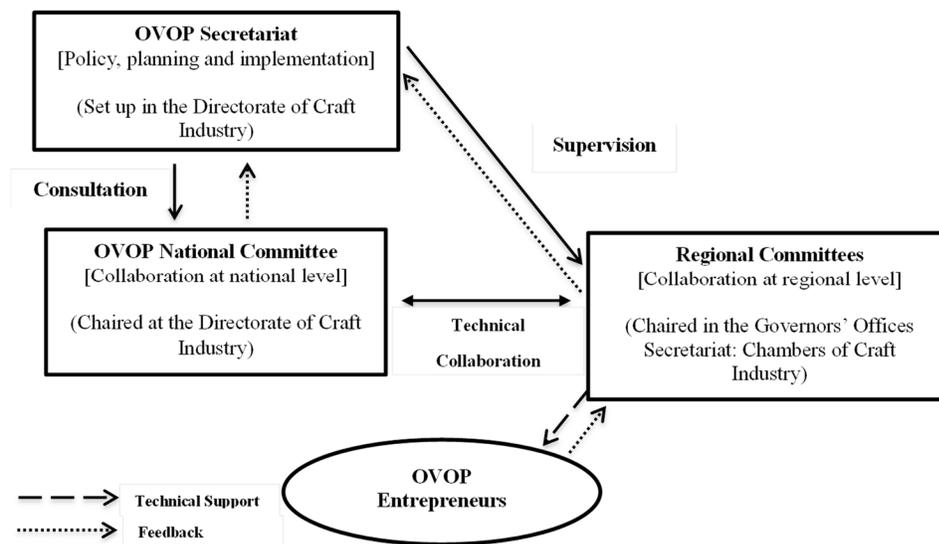


Figure 1: Institutional Framework of OVOP Project
Source (JICA, Rapport de Fin de Projet OVOP, 2014)

As aforementioned, the OVOP Project targeted the regions of Fatick and Kaolack. The set criteria to select both regions were determined by: (1) the presence of Chambers of Craft Industry in each region, (2) the good access to Dakar (Senegalese capital city) which is a potential market for local craft products, (3) the vicinity of the two regions for knowledge sharing and tight collaboration, and (4) the abundance of specific local products likely to be OVOP products.



Figure 2: Location Map of OVOP Project Target Areas

The eligibility criteria of OVOP Project are presented as follow:

- (1) **Product** (which belongs to the following product categories: foods and drinks (processed), aromas / soaps and other cosmetic products, fabrics/clothes, and craft products (wood, metal...) and limited to a single product per producer),
- (2) **Localization** (the production unit/site is located within the Project target areas), and
- (3) **Producers** (Senegalese citizenship, EIG (Economic Interest Group) / Micro enterprise with sales revenues less than CFA Francs 50 million (~\$ 81,531), Consisting of more than 5 members/employees)

The selection purpose was to identify promising local products and their producers. The identification of OVOP products was conducted through 4 stages of the selection. The OVOP Producers' beneficiaries were ranked under the selection procedures as OVOP Candidate, OVOP and Excellent OVOP. After the first three stages of the selection, a discussion session was organized between the members of the selection panel comprised of the Directorate of Craft Industry (OVOP Secretariat) and the Chambers of Craft Industry of the targeted regions.

A package of support was provided to each producers' group beneficiaries depending on their categories. Supporting activities included: capacity building (workshops in business plan, action plan, monitoring, feedback session), provision of processing equipment, marketing opportunities (participation to regional fair and Dakar International Fair, marketing workshop, sales outlet in Dakar at OVOP Shop, acquisition of the Authorization of Manufacturing and Marketing Processed Foods Products known as "FRA Certification") and public relations activities (presentation of OVOP producers and products in "Stories" leaflets).

3. Literature Review

Contemporary strategies for rural development are based upon endogenous development, self-reliant, and bottom-up, community-based initiatives which are said to 'empowering community' the individual from the enforcing structures of government intervention (Amatasawtdee, 2012). The OVOP movement aims to encourage rural development through community-oriented activities by employing local resources and knowledge. This development therefore could be viewed as having 'endogenous' rather than 'exogenous' elements as its key features (Natsuda, 2011). The endogenous development theorists take the view that local economic development can be determined not by capacity of the region to attract foreign firms, but the capacity of the region to generate the conditions of transformation of its own productive structure (Dinis, 2006).

The key point of this success is that the OVOP policy emphasizes on self-reliance and endogenous development of the communities. To be sustainable, community development must be carried out by community members themselves rather than depending on supports from outsiders (Amatasawtdee, 2012). Emphasis has been

placed on using resources within the community for the community benefit, so that there is a direct link between product development and community development (Claymore, 2011). OVOP, an endogenous development model, is a strategic movement for local people to identify local products of which they are proud and develop them into competitive products which will be accepted in the domestic market as well as the global market, which will also greatly contribute to reinvigorate the local economy (Issa, 2014).

Determinants of business success are also diverse in nature. Internal and external factors are determinants of business success (Rogoff, 2004). The former refers to the characteristics of the owner or entrepreneur and business; whilst the latter deals with factors beyond the control of the owner. Among other internal factors are size and years in business, the ability to attract outside capital investment, management, financing, planning, experiences, and skills to implement any identified projects. The external or environmental factors are sales tax rates, infrastructure expenditure, university research, corporate debt, credit market condition, business opportunity, availability of resources, economic conditions, competition, and government regulation. The success of small firms was attributed to entrepreneurial, managerial, or other personal attributes of owner-managers (Wijewardena, 1999). Entrepreneur characteristics, such as gender, education, age, managerial skills, experiences (Masuo, 2011), as well as physical and emotional support from family members (Green, 1989), are important factors that influence business success. Business characteristics that affect business success are age, size, and location of business (Kallerberg, 1991).

The importance of government assistance to small business success is reported in a number of studies. Sarder (1997) conducted a study of 161 small enterprises in Bangladesh and found that firms receiving support services, such as marketing, management education and training, technical, extension and consultancy, information, and common facilities from the public or private agencies experienced a significant increase in sales, employment and productivity. Yusuf (1995) in his study on 220 small business entrepreneurs in the South Pacific region listed nine factors that would contribute to the success of small businesses; but the most critical factors were good management, access to financing, personal qualities and satisfactory government support.

On the contrary, some other studies found that government assistance was unimportant to small business success. Mambula (2004) in a case study on three small manufacturing firms in Nigeria found that those firms receiving credit and other forms of assistance did not perform better than those less privileged firms. Kirpalani (1980) studied 34 small and medium firms in the U.S and Canada and found that internal factors such as involvement of top management, R&D, technology, marketing mix and production function, and not government assistance that determined the firm's success in international marketing. To them, government assistance is regarded as a hygiene factor in the sense that it is an enabling condition for small firms to compete in global markets, but insufficient for their success. It is evident that the success of OVOP in Oita is also due to the concerted efforts of the prefectural government in opening and expanding distribution channels and market accessibility; ranging from local street markets, numerous "Oita Fairs" in big Japanese cities to the establishment of retail stores for OVOP products locally and overseas (Yoshimura, 2004). Similar efforts were also practiced at the national level for OTOP (One Tambon One Product: Tambon is a sort of local public administration unit like "town" in Thai) products in Thailand. An example is the OTOP City annual trade fair organized by the government which provides local producers an opportunity to showcase their products to exporters and the general public hence making it possible for them to compete in the domestic and global markets. Another innovative distribution channel created and supported by the Thai government is the ThaiTambon.com website which provides necessary data and information to facilitate the sale and distribution of OTOP products online (Radiah, 2009). It was reported that many local producers received orders from foreign customers through this website (Interior, 2004).

The policy implication here is that small rural entrepreneurs irrespective of under OVOP, OTOP or ODOI require strong and serious government support in marketing and distribution in order to achieve business success (Radiah, 2009). Besides the serious government support, the successful OTOP and OVOP entrepreneurs in Thailand and Japan were mutually supported by their local community capital (Yoshimura, 2004). This refers to human resource development (the third OVOP principle) that involves the participation of the local people in the overall community development process. This includes offering educational opportunities for people who would play future leading roles in OVOP, successors to family businesses, women groups engaged in the OVOP scheme as well as others who can contribute to life-long education, volunteer education, single-mother household support or the promotion of ICT (Radiah, 2009).

Human resource development is a vital factor of the original OVOP concept. It is expected that local people will be able to have a potentiality to alleviate poverty problem by themselves. This means they do not

depend on their government in creating and developing their products. Local government can promote by providing technical guidance, researching products, supporting for sale promotion and awarding people and groups, establishing private company for local products, and etc., (Hiramatsu, n.d.). However government should not offer them subsidies directly (Amatasawtdee, 2012). To develop human resources in accordance to the concept of OVOP development, educational trips to domestic and overseas as well as international exchange of experts with several countries such as Hawaii, China and Israel have been done over times (Stenning, 2008).

Since its inception, OVOP has achieved key successes. OVOP has created lots of awareness among people and has explored the unrealized potential of each village through continuous trials and enduring efforts while seeking higher added-value in products. OVOP has developed markets and distribution channels for various products (Adachi, 2005). People's talents have been well nurtured and developed. Importantly, OVOP created and sustained effective institutional collaboration (Issa, 2014).

The result of study was found that failure of the OVOP project of Indonesia and Thailand was caused by the three elements which are as follows: 1) the problems of not understanding the true philosophy and the approach of the OVOP project 2) the problems of the Top-Down policy, and 3) the quality of human resources (Claymone, 2011). While OVOP is based on a gradual, long-term development strategy, OTOP aims at rapid development of community entrepreneurship. Among the measures promoted to achieve this objective is periodic designation of certain individuals or groups as 'OTOP Village Champion' and assigning 'number one' or five star status to certain products based on government-set selection criteria for value addition. In its origin and intent OTOP products are aimed at national and external markets rather than local community consumption or use, which is an important distinction from Oita's OVOP. OTOP focuses primarily on producing outstanding products that can compete successfully in urban and external markets. Community participation in the production of OTOP products is not that much important, unlike in the case of OVOP. Of more significance to OTOP are those individuals and groups that can produce such products.

OVOP in Japan was not using the Government funding because OVOP in Japan was a social movement and not a Government project, the community took the initiative to try independently. All the required funds collected to financial institutions such as banks, or raised capital together from the whole community to be shared through cooperative societies. By using their own collected funds, the community became more responsible and careful in using these funds (Meirina, 20113).

The span of implementation affected the form of OVOP in each country. By years of experience in implementing OVOP, a country will form the most appropriate methods. Japan as the first country to implement OVOP took nearly 30 years to be considered as successful. Thailand has implemented OVOP for nearly 20 years and has formed a very typical method such as Star certification system (Meirina, 20113). Considering the top-down style of Indonesian OVOP Program, it needs more efforts to make OVOP be understood by people of a region and be accepted as a spirit to develop themselves. This can be achieved by looking for a central figure in a community. He / she is a man/woman whom the community members listen to with respect, and also a man/woman who is willing to cooperate with government, and understands the importance of community building around him/her. The existence of such a figure will allow the OVOP socialization process more effective so that the program will be accepted not solely as a government program but also as self-developing program (Meirina, 20113).

Studies reveal four major differences between the original OVOP policy in Japan and OTOP practices in Thailand: (1) OVOP is a locally led, bottom-up movement, while OTOP is a centrally led, top-down policy; (2) OVOP does not have a designated budget, while OTOP is allocated an annual budget; (3) OVOP focuses on community development through promoting one local product, while OTOP focuses on advancing entrepreneurship by promoting a "No. 1" through an OPC (OTOP Product Champion) program that follows specified criteria; and (4) OVOP focuses on self-sufficiency, while OTOP involves continuous government assistance (Shakya, 2011).

In conclusion, Characteristics of OTOP project is a top-down policy unlike OVOP policy that is bottom-up. Also, there is a weak point in OVOP concept that adapted to the Thai community enterprise. It's a government with power over people. This power is based on the transformation policy of the campaign of the concrete political party that initiated the OTOP. The goal of this project is to acquire the voice in the election next time. The OTOP project is counted as a populist (Claymone, 2011).

4. Research Design and Methodology

Based on above literature review, we identified several critical factors for success that will have close relations with the performance of OVOP implementation in internal and external aspects (Noor, 2012).

(A) Internal Factors:

(1) **Organizational Capabilities:** to contain entity mission, vision and direction of business, formalized structure of the organization; recognition to reward system; ability to make decision; information sharing; cooperation in the organization; business networking or alliances and empowerment.

(2) **Marketing Capabilities:** to focus on entity market determination of existing products offer, recognize the untapped customer needs and wants; product branding; promotion activities; pricing strategies associated with value and revenue and competitors evaluation, ability of entrepreneurs to make a choice of the type of product, distribution channel, positioning the product, price and promotion strategy to win customers.

(3) **Technical and Financial Capabilities:** to cover entity addressing their equipment capacity, inventory, production and raw materials management; the right technology, production capacity to cater the demand and applying stringent quality practice. This capability is normally associated with the ability to handle and make use of technology to increase business operations. Financial capabilities emphasize on the entity proper record on financial related reports; appropriate cash flow management; assets management; sources of funding and working capital and loan repayment. These include accounting records, cash flow management, asset management, credit management and payment to debtors and creditors.

(4) **Entrepreneurial Traits:** to highlight the entrepreneurs' opinions toward persistence, achievement oriented internal locus control risk takers, creativity and innovativeness.

(B) External Factors:

(5) **Government support** (Finance and Subsidies): finance is related to loan access from financial and micro financial institutions and the government involvement to support entrepreneurs to benefit from as well as facilitations of procedures, requirements and acceptable interests' rates. Subsidies are incentives provided by the government. Subsidies can be provided to motivate the best entrepreneurs to participate in exhibitions, fairs. Subsidies can cover the transportation fees, allowances or accommodations.

(6) **Information and Technology:** ability of the government to provide business and market information to entrepreneurs and external actors. Technology is the ability to support entrepreneurs in research and development through related research institutions, universities... It also includes the development of new products, packaging and website where database of entrepreneurs can be accessed.

(7) **Competitive environment:** the government ability to emphasize the growing importance of the SME's sustainable competitive advantage.

(8) **Social infrastructures:** related to the existence of roads, water supply, electricity and other services. Strong social infrastructures create strong communities that contribute to the growth of both economic capital and social justice.

The eight critical factors are illustrated in the following chart.

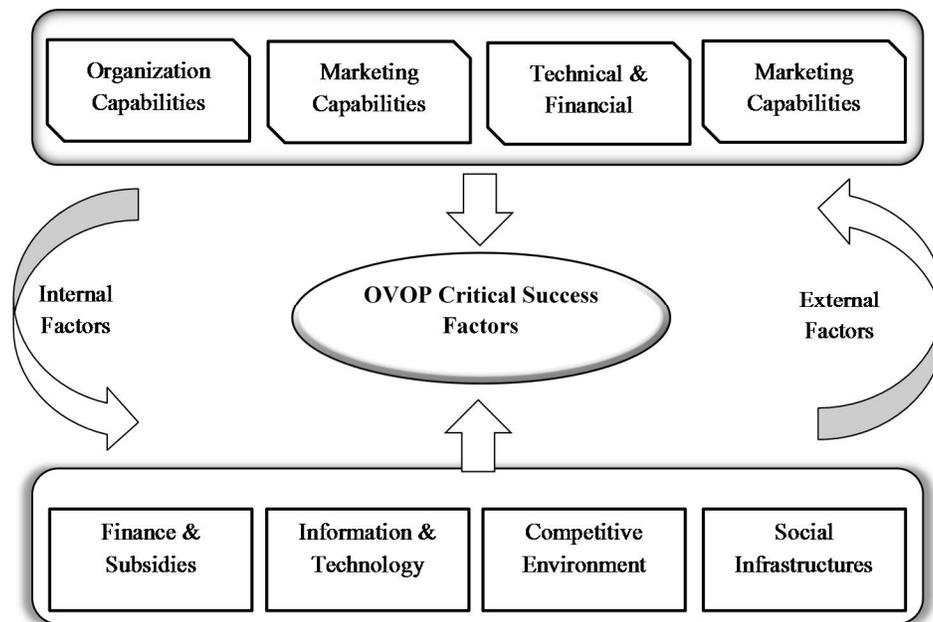


Figure 3: Hypothetical Model of Critical Success Factors

The hypothetical model with eight critical success factors is examined by actual case studies of “Excellent OVOP Entrepreneurs Business Profiles” prepared by JICA (JICA, Rapport de Fin de Projet OVOP, 2014). In total, 10 case studies (5 from Fatick and 5 from Kaolack) are presented in the JICA Report. However, in this paper we analyse 6 case studies (3 from Fatick and 3 from Kaolack). Their selection criteria relied on: (1) Performance of products’ sales at the OVOP Shop in Dakar and other business events organized by the Project, (2) Appropriation level of management trainings provided by the Project, (3) Good internal organization (existence of a responsible employee for accounting, holding of regular membership meetings, dissemination of acquired trainings...), (4) Accessibility of the production site during rainy season to conduct the survey, and (5) Availability of FRA Certification for food products. Also, a well-structured and additional questionnaire survey was developed and conducted to collect related data for this research from July, 11th to 14th 2016 at the respective selected entrepreneurs’ business unit. The questionnaire consisted of 20 questions divided into 3 categories:

(A) Face Information: investigated the kind of goods and services provided by the respondents, existence and evaluation of business plan, developed business strategies and products uniqueness, competitive advantage and funding sources.

(B) Business Development: focused on the company’s growth (both in business and management), difficulties and failures under the business activities and financial situation and trends of the company since the completion of OVOP Project.

(C) Management and Marketing: emphasized on the internal organization of the company (formalized structure, existence and application of internal rules, financial transparency...), capacity building, marketing strategies and knowledge about book-keeping.

5. OVOP Entrepreneurs Case Studies

Case studies prepared by JICA under OVOP Project focus on OVOP Entrepreneurs’ assessment from the viewpoint of their Organization and Management, Assets and Services, Raw Materials, Processing Techniques and Marketing. The table below briefly summarizes the six case studies.

Companies	Creation	Numb. of employees/members	OVOP Product	Objective	Uniqueness	Issues
Espace Beauté Yagora	1999	10	Jute bag	Value-addition of cultural heritage	Recycled and fashioned craft products	Business mainly relies on tourism
Female Communal Union of Foundiougne	1998	650	Ginger syrup	Promotion of female entrepreneurship	FRA Certification which enables high recognition of the product in domestic and international markets	Because of its hemmed-in position difficulties to reach potential markets
Farmers' Union of Ouadiour	1985	12	Hibiscus syrup	Promotion of female entrepreneurship	Self-production of raw material and Production of organic hibiscus syrup	Need of more value added features due to competitive environment
Katama	2009	6	Hibiscus tea bags	Development of local resources which commercial potentialities are still untapped	Use of organic hibiscus and innovative packaging	For products friendliness, filters need to be improved
Baboc Pressing Multi Services	2011	10	Moringa powder	Fighting against malnutrition and contribution to environmental sustainability through the development of Moringa	Moringa is a high-valued plant.	No self-owned land
Jappo Liggey	2009	19	Broken millet	Contribution to the local economy through the value-creation of cereal based products	Limited production and no owned farms	Fluctuations of raw materials prices

Table 1: Summary Table of Selected Case Studies

Two case studies are presented in details in this section. They spotlight the profiles and experiences of companies participating under OVOP Project.

5.1 Case Study 1: Company Profile of Espace Beaute Yagora

Espace Beauté Yagora is a company specializing in the manufacturing and sales of artisanal accessories particularly through dyeing and sewing. One of the company's leading products namely jute bag was selected as Excellent OVOP product in 2012.

The company has been established in 1999 under the leadership of its Chairperson Mrs. Victorine Diouf Ndiaye with the support of the Chamber of Craft industry and Directorate of Commerce of Fatick. The company has currently 10 employees consisting of weavers, designers, painters and dyers. The objective of the company through the recycling and manufacturing of the jute into artisanal accessories is job creation and value-addition of natural resources and cultural heritage. Thus, the company directly contributes to the promotion of local know how, job creation and fight against poverty as well.

The company is managed by a board consisting of three members who are assigned by the Chairperson. As an individual business entity, the Chairperson is the main decision-maker even if meetings are exceptionally held when the need arises.

Having gained an international renown thanks to its clientele mainly composed of tourists; the company's business objective is to expand its market by establishing all across Senegal additional sales outlets where its products will be exhibited. The company's products are highly appreciated by tourists who visit this resort area. In addition, beyond handicraft products the company offers other services such as beauty-care treatments (hairdressing, manicure and pedicure) and catering. Through its search for uniqueness, the company succeeded to design a product which combines several skills: drawing, recycling, dyeing, cutting, designing, weaving and commercialization).



Figure 4: Jute bag

The main raw materials are bags often used for packaging potatoes, onions and other farming products which are then recycled for making jute bags. Being mostly purchased by tourists, sales of jute bags are subject to fluctuations depending on the tourist season. The largest part of the production, about 80% is sold directly from the shop housed in the production site. To expand its market, the company has established partnerships with several hotels in the locality where their products are exhibited and sold. The Chairperson estimated that nearly 10% of the production of jute bags is sold through this channel. Finally, the remaining 10% consists in orders that the group receives from regular collectors who purchase jute bags for resale.

The company's production process has several advantages: recycling of jute bag, job creation, training on craft product manufacturing, innovation and diversification of craft products available in the market. The main difficulty is related to the high cost of the labour force which makes the product be expensive and not affordable for most Senegalese who appreciate the product but cannot afford to purchase it. Thus, the sales of jute bags rely mainly on the tourism business. This is a serious bottleneck when there is a slowdown in tourism business, products are stocked and sales are slow which negatively impact on the business development.



Figure 5: Traditional weaving process

5.2 Case Study 2: Company Profile of Female Communal Union of Foundiougne

The Union consists of 18 women groups located in the area of Foundiougne. The organization currently gathers over 650 members, all women that are actively involved in the activities of the Union.

The federation was established in 1998, following the Senegalese Government's decision to promote female entrepreneurship, particularly in rural areas. The idea of the establishment of the federation started from the premise that supports that are individually awarded to small entities such as EIGs are insignificant when one considers the many difficulties that women groups face under their business activities. Being stakeholders of the same sector, namely fruit and vegetables processing, cereal processing and breeding to a lesser extent, women entrepreneurs group of the municipality of Foundiougne have established a communal union to optimize the support intended to female entrepreneurship. The membership to the Union is strictly reserved to women groups established in the locality.

After its creation, the federation has received the support of several partners such as ActionAid and the Wellspring Program, which have greatly contributed to make it a model group in terms of internal organization that has over the years set itself up as a leader in its locality. Indeed, through those partnerships, the union has received significant support including the construction of a large production facility and adequate and sophisticated processing equipment.

The Union business management is ensured by a board elected by vote for a 5-year term. The main objective of the federation is the establishment of a global structure that will be responsible for the management and consolidation of the support received under the female entrepreneurship promotion policy. Having reached this stage, the organization now aims at improving the living conditions of women through the creation of income-generating activities.

The Union has a literacy rate of nearly 85% and holds quarterly meetings in which information is shared on the recent and upcoming activities of the organization. Although involving nearly 650 members, the Union however developed a strategy that enables all its members to participate as active one in the activities of the organization. Thus, production activities are carried out by a set group that is responsible for all activities related to the processing during a period of one month. However, a continuous management of the activities is ensured by the permanent board. It also happens that the organization receives big orderings during special ceremonies or events, on these occasions, the executive board may request groups' members to send an equal number of representatives who will participate in the different production activities.

The Union is involved in several types of activities: business services provision, fruits and vegetables processing, poultry, rental of guest rooms and micro-finance. The management of all these activities is ensured by the executive board that hires a qualified staff for those activities.

Having been selected under the OVOP Program for its Hibiscus Syrup, the federation uses for the making of this product two varieties of Hibiscus calyxes namely "ordinary" Hibiscus and Vimto Hibiscus which constitute the main ingredient. The "ordinary" Hibiscus is highly appreciated for its sour taste while Hibiscus "Vimto" which is softer gives the product a more vivid colour.



Figure 6: Drying of Hibiscus

According to the estimations from the Chairperson, approximately 150 bottles of hibiscus syrup are sold per month. The main sales channels consist of: (1) the production site where thirty 30% of the entire production is sold; (2) hotels and tourist camps in the locality 50%; (4) orders from regular collectors such as OVOP shop 10%; (5) whereas the remaining 10% are sold during ceremonies, fairs, weekly markets and other events.

This Union stands as a model in female entrepreneurship development. Women entrepreneurs in the locality can learn from their experience to achieve their goals. The Departmental Union that is the umbrella organization has a micro-finance institution whose services aim at contributing to the empowerment of its female members.

6. Analysis of Questionnaire Survey

6.1 Background of OVOP Entrepreneurs

Most of business groups or SMEs in Senegal are registered under EIG which is a grouping / association of people with non-profit economic activities. It was found that 50% (3) of OVOP Entrepreneurs under the current survey are business groups. Family Business is 33% (2) and Self-owned 17% (1). In business groups, the board is opened to all members, an internal rule is applied and the financial management is transparent while in family business the board consists of family members only and the management is mostly centralized around the Chairperson who most of the time is the head of the family.

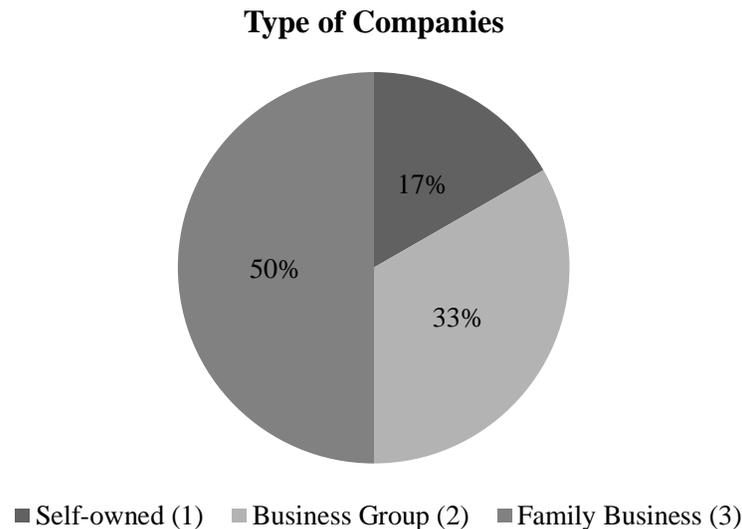


Figure 7: Background of OVOP Entrepreneurs

6.2 Type of Business Activity

83% (5) of OVOP entrepreneurs under the current survey are involved in Foods and Drinks Processing while 17% (1) makes handcraft products. Most of entrepreneurs in both regions are specialized in food processing because of the areas's farming potentialities (peanut, hibiscus, ginger, baobab and cereals). This represents a good opportunity for local citizens to develop their own geographical products but on the other hand it affects sales and products differentiation as most entrepreneurs are producing similar products individually or within their groups without any value addition to differentiate from others. Handcraft activities are well developed especially in resort areas where foreign visitors highly appreciate the Senegalese souvenirs made from traditional fabrics, leather, woods...

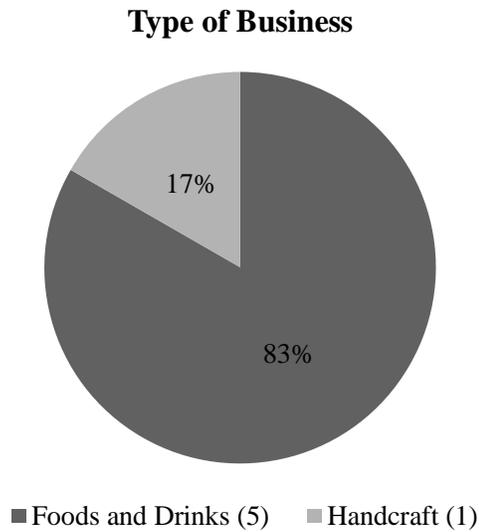


Figure 8: Distribution of Respondents by Type of Company and Business Activity

6.3 Financial Situation of Respondents

The graph below presents the financial situation of OVOP entrepreneurs from 2013 to 2015. It shows that in total 4 groups of entrepreneurs are keeping an upward trend namely Farmers’ Union of Ouadiour, BPMS, Jappo Liggey and the Female Communal Union of Foundiougne. This trend can be explained by the various supports these companies benefitted during OVOP Project to upgrade their business activities. On the other hand, EBY which was one of the best groups in terms of sales performance at OVOP Shop recorded a significant drop of sales due to some exogenous factors related to 1) Ebola virus which affected not directly Senegal but the Republic of Guinea Conakry which is a neighbouring country. However, on July 2016, the World Health Organization (WHO) officially announced the end of Ebola virus in the Republic of Guinea and Liberia. 2) World terrorism which again does not so far directly affect Senegal but some neighbouring countries such as Mali, Mauritania or the biggest terrorism hub in Western Africa namely Nigeria. 3) On top of that, tourism industry in Senegal which used to be a pioneer of this sector in Africa is declining because of lack of policies to concretely promote the sector. As for Katama, this company used also to record the best sales of OVOP Shop but one year after the OVOP Project completion, the company encountered some internal management issues which impacted on its business performance.

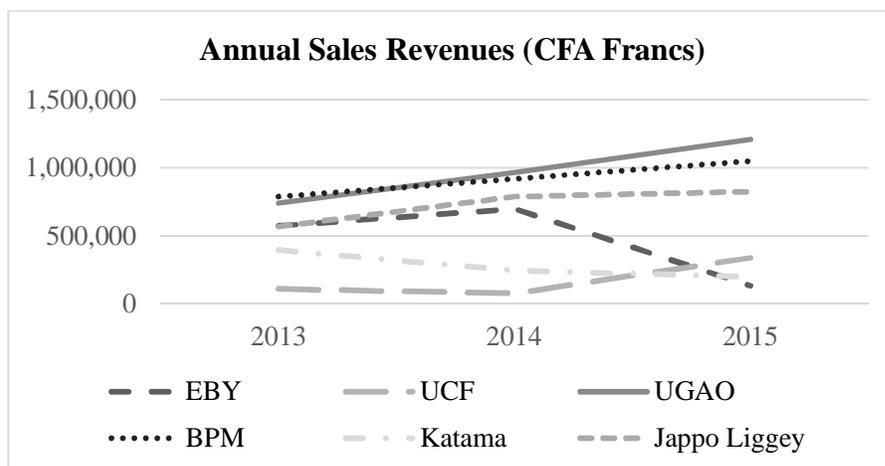


Figure 9: Financial Situation of Respondents

6.4 Business Problems Encountered

Technical problems related to production, product development, packaging, and equipment top the list of encountered problems. These difficulties can be explained with regard to entrepreneurs’ lack of technical expertise and access to appropriate equipment. Commercialization is the second listed encountered problems. Issues related to commercialization are lack of access to potential markets like Dakar, participation to regional and international fairs. Problems related to raw material availability, collection problem and employment rank third in the list of respondents having problems along this area.

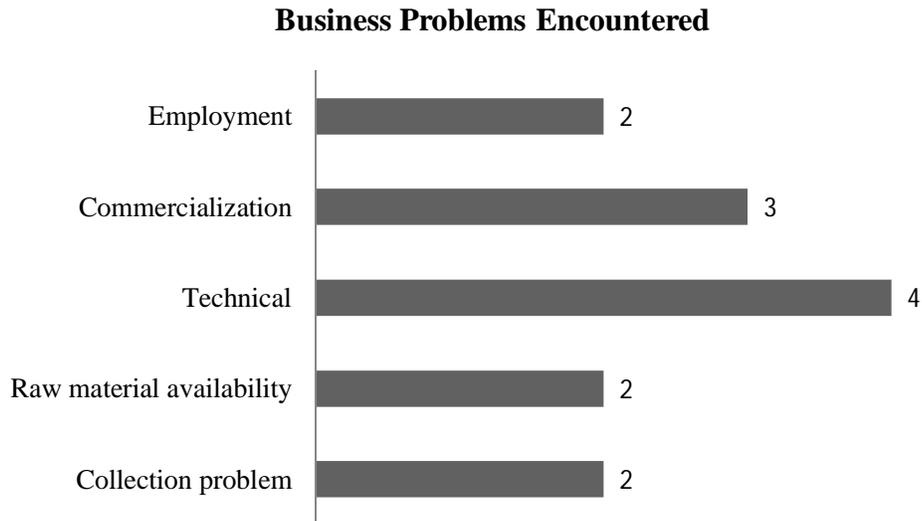


Figure 10: Business Problems Encountered (multiple choice answers)

6.5 Funding sources

With regard to funding sources, personal contribution is the main seed money. Most of surveyed entrepreneurs established their business by using their own funds. For business groups, the sources of funding originated from the membership fees. Bank loan response is very small due to the difficulty for entrepreneurs to get loan from banks or micro financial institutes. Additionally, interest rates of these institutions are judged very high. The above issues related to access to credit are the main impediment for OVOP entrepreneurs to conduct continuous business operation growth.

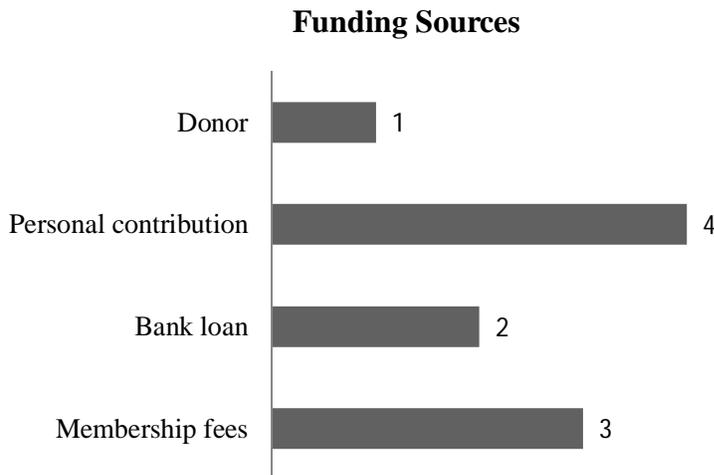


Figure 11: Funding Sources (multiple choice answers)

6.6 Promotion Strategies

Direct marketing ranks first on the list of promotion strategies with 46%. Direct marketing is conducted through mouth to mouth, this translates the entrepreneurs' lack of knowledge on promoting their products and also to include promotion strategy budget in their annual planning. The use of flyers records 27% while internet and fair are 18% and 9% respectively. Promotion strategy on internet is done through Facebook. However, most of the time the Facebook page is not frequently updated. Entrepreneurs face also difficulties to access to internet or even possessing personal computer. Thus, OVOP entrepreneurs need to be trained in information and technology communication as well as acquiring computer which can significantly help them to design and print logos and labels by themselves and also to further promote their products by using social media networks.

Promotion Strategies

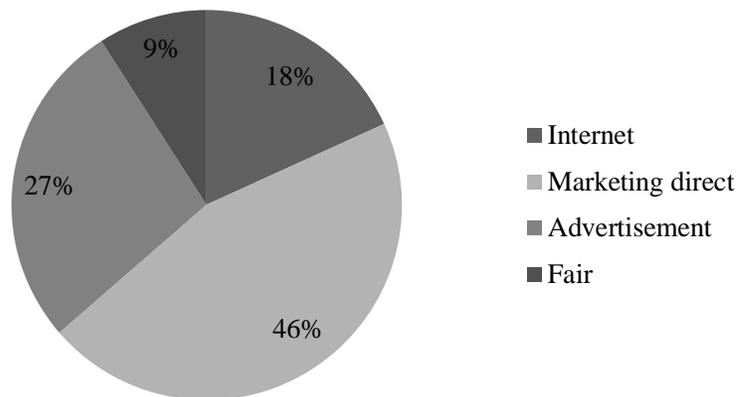


Figure 12: Promotion Strategies (multiple choice answers)

7. Research Findings and Results

Based on the analysis of OVOP Project in Senegal by Case Studies and the Questionnaire survey, we evaluated eight critical factors.

Critical Factors		Study Findings	Factor's Importance Evaluation
Internal Factors	Organizational capabilities	Findings of the analysis confirmed that OVOP entrepreneurs succeeded to implement a good organization and management within their respective companies. However, business networking and experience sharing with other OVOP companies within or outside the locality need further implementation for more efficiency of their business activities.	Average
	Marketing Capabilities	They still represent a major impediment for OVOP entrepreneurs. The study revealed that OVOP entrepreneurs need marketing training that include both theoretical and practical cases that would better help them to value and market their products and services.	High
	Technical and Financial Capabilities	Technical capabilities of OVOP entrepreneurs are still low if they plan to compete with industrial products or export their products abroad. Two major issues have been identified namely lack of means to acquire the right equipment and production and raw materials management. Financial capabilities of OVOP	High

		entrepreneurs are high. All 6 surveyed companies have updated financial related reports which include appropriate accounting records.	
	Entrepreneurial Traits	Case studies and questionnaire survey results revealed brave entrepreneurs experiences despite several hurdles and challenges there are facing. Further development of creative and innovative mindset would significantly help them to upgrade their business activities.	Average
External Factors	Government Support (Finance and Subsidies)	Majority of OVOP entrepreneurs suffer from lack of capitals and subsidies to conduct adequate business activities. Access to finance significantly contributes to the growth and prosperity for companies. Lack of access to credit is a major impediment inhibiting the growth of micro-enterprises.	High
	Information and Technology	I&T are critical paths to the improvement and sustainability of OVOP entrepreneurs' technological capabilities. Efforts to increase value addition can be done through the use of technology in every business activity, so the competitive advantage of the company can be formed by creating excellence in one or several chain business activities (Porter, 1990).	High
	Competitive Environment	Substantial efforts have been made by the Senegalese government to smooth SMEs business environment. In this respect World Bank Doing Business 2016 report on Senegal ranked the country among the world's 10 top business improvers for the second consecutive year.	Low
	Social Infrastructures	The Senegal Emerging Plan by 2035 implemented by Senegal government with the support of international donors has achieved some conclusive results in terms of infrastructures construction in urban and rural areas.	Low

Table 2: Evaluation of 8 Critical Success Factors

Subsequently to the previous analysis, we developed a revised hypothetical model consisting of six critical factors.

1. **Exploration and development of local resources** relies on the need to use the local potentialities, add value to them and promote them as the products which reflect the pride of the locality.
2. **Market Development** aims at creating a market system development to provide marketing models.
3. **Marketable and innovative products Making** aims at consolidating the expansion of existing businesses and fostering the spirit of competitiveness through the development of innovative products to upgrade the business level.
4. **Financial Supports** means access to finance which includes both public and private funds and to identify and implement programs to bridge financing needs, to involve access to financing, financial brokering, financing forum and donor forum/consultancy.
5. **Human Resources Management** emphasizes on the need to nurture OVOP entrepreneurs through various capacity building activities to work as pillars of local economy revitalization.
6. **Enhancement of Managerial Capabilities** relies on the need to upgrade the entrepreneurs' managerial capabilities through a formalized structure of the organization, recognized reward system, ability to make decision, cooperation under the organization and meet gender balance and information sharing.

These factors are summarised and illustrated in Figure 13.

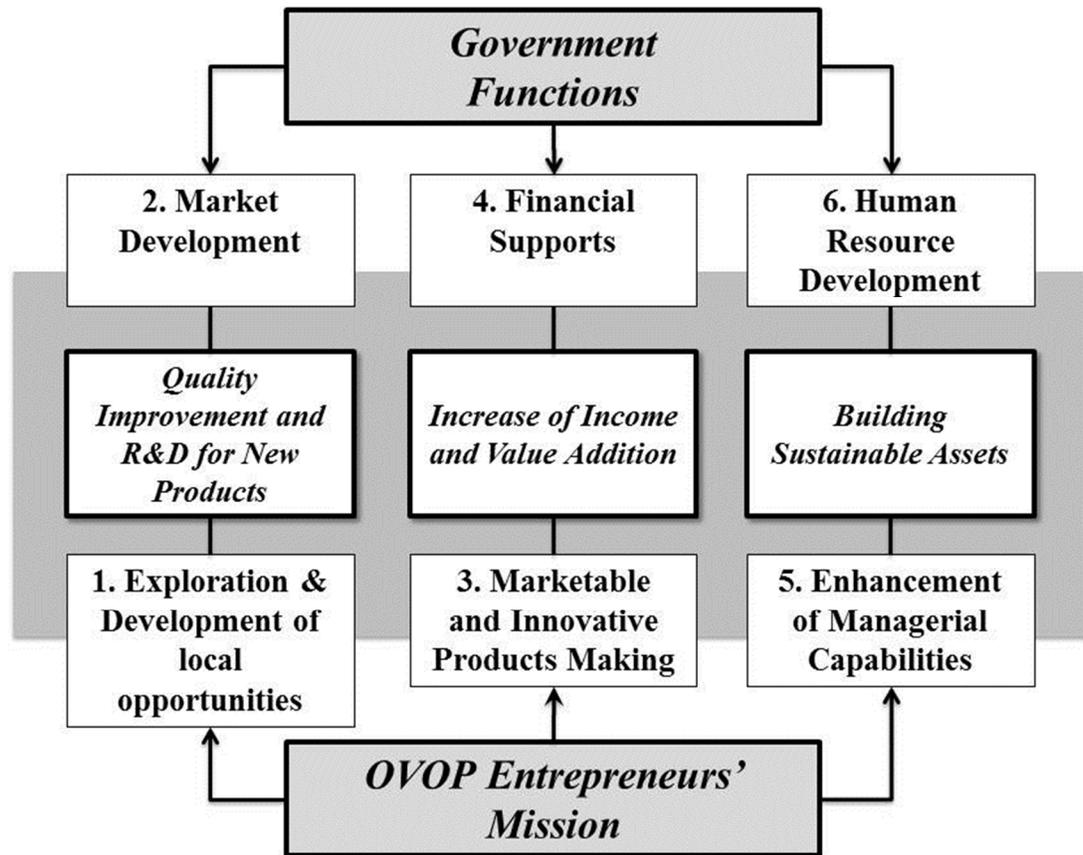


Figure 13: Revised Hypothetical Model of Critical Success Factors

8. Conclusion and Limitations

This study attempted to identify and assess the critical success factors of OVOP Projects in Japan and overseas, then determine learned lessons of OVOP concept implementations to finally develop a revised OVOP concept model for Senegal OVOP entrepreneurs. The SMEs sector stand as driving force of Senegal's economy. While these entrepreneurs face several hurdles related to marketing, product development and improvement, limited capital and lack of access to financing, capacity building training, limited access to large markets, the study has revealed that the OVOP Senegal Project provided considerable supports to selected beneficiaries for these companies to establish strong long run business and become self-reliant.

Some major limitations were experienced and presented below. First, with regard to the sample only 6 OVOP entrepreneurs (3 from each target area) were surveyed. Their selection was done based on their performance under OVOP Project and production plant accessibility which was a major constraint due to the fact that some OVOP entrepreneurs' production plants are located in remote area and the questionnaire survey timeframe overlapped with the rainy season in Senegal. And second, their distribution based on type of business activities is heavily weighted towards agro-business companies. Other business sectors namely handicraft, cosmetic products, fabrics are not well represented in the sampling.

Finally, with regard to the unique local products available in the country and the key role that SMEs play in terms of job creation, income generation and poverty reduction, there is an urgent need to develop new solutions to boost the business activities in this sector. Developing new solutions means creating change and achieving positive impacts that will improve life in developing countries and enable brighter sustainable futures. In this respect, new management studies tools such as Design Thinking approach which is a human centered design based on creative approach to problem solving could be explored to design new solutions that are tailor-made to suit OVOP entrepreneurs' needs. Its approach is helpful for small companies and social entrepreneurs such OVOP groups to find and identify important problems and create a variety of solutions based on their

empathetic observation. Businesses are embracing design thinking because it helps them be more innovative, better able to differentiate their brands, and faster to bring their products and services to market. Non-profits are beginning to use design thinking as well to develop better solutions to social problems.

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