

Barriers and factors of slowdown in exports of handicrafts in Iran

Mohammad Omid *

Ph.D student of entrepreneurial management in Shakhes Pazhoh Institute, Isfahan, University

Abstract: Handicraft is an industry in which human's skill; talent and vision play an important role. Generally, crafts reflect the history and civilization of peoples and nations and they have a significant role in introducing the culture of different regions. Craft in Iran, as an independent and indigenous industry, is regarded as one of the most prominent Iranian applied art and Iran is one of the three top countries of the world in crafts, meanwhile, it benefits from deep and stable roots in the rich and prolific culture of Iran. Therefore, the role of handicrafts in Iran economy is to contribute to economic development, employment, low investment and high profit. Today, economic growth and realization of its' different objectives are an epigraph for agenda and activities of many governments, particularly in developing countries. These governments in their economic development agenda, attempt to realize main purposes in various economic, social and political sectors. In economy sector, the main purposes of the government intend to increase production and national income (economic growth), achieve full employment and reduce unemployment, create lower inflation and price stability in order to maintain the purchasing power of the national currency, develop the exports and increase foreign exchange earnings to meet the needs of foreign exchange, facilitate the implementation of development programs and finally distribute income properly and fairly to make economic justice in society. This study aimed to introduce barriers and factors of slowdown in exports of handicrafts in Iran in order to overcome obstacles and implement appropriate strategies to develop and export this artistic-industrial issue.

Key words: *Barriers; Exports; Handicrafts*

1. Introduction

Craft is one of the oldest human activities that benefits from a long history. Archaeological excavations reflect that from the beginning of human life on the earth, utensils and some other consuming devices were made in the world, including; spear and dagger as hunting devices or means of defense which have been made from stone, iron, copper, and also animals' skin, wool and fluff as well as plant fibers. The first human communities, regarding their way of living were formed based on hunting and gathering food. Evidences showed that the oldest crafts back to 12,000 years ago. Some changes occurred in the industry at the end of the first period of human social and economic life.

The evolution of human societies and the change of human living in respect of agriculture, when it is compared with past, have considerably improved life and made a significant growth in the farming tools. Regarding the historical trends and technical developments and changes in production methods, the advent of the Industrial Revolution in Europe is considered as the largest historic event. Since, once industries and manual professions faced a huge transformation, many of these craft industries declined in countries which were the focus of industrial revolution.

Iran, China and India are the three top countries in the world in respect of crafts, while Iran has the most varieties in producing crafts in comparison with those two other countries. In Iran about 152 kinds of crafts have been identified, however, regarding their subfields, the number reaches to 253. Some of these crafts have been still producing, but some of them are outdated and today only some examples of them are available.

Most developing countries in implementation of their respective programs face with many problems such as population growth, unemployment, underemployment and some types of hidden, seasonal and other forms of unemployment and thus, low levels of income and livelihood of a large group of people, shrinking in formation of domestic capital, and loss of sufficient financial resources to implement economic development programs and construction and development of available infrastructural facilities in order to provide optimal utilization of human and natural resources. Hence, some experts due to the ease of development of small industries have urged and insisted on boosting, developing and expanding these industries in the economic development of developing countries.

Crafts category which was almost forgotten after the Industrial Revolution, was raised once more in newly independent countries such as Indonesia, India, Pakistan, Sri Lanka and China after the Second World War. However, the handicrafts were discussed

* Corresponding Author.

as the main part of these countries' national economy. They supported handicraft as a complementary loop in their economy, and afterward, some e desired results were achieved. In Iran, handicrafts have been taken into account since 1960 as complementary activities along with rural jobs. So that, today in Iran, the foreign currency earnings of craft is about ten percent. Besides, the volume of crafts commerce is annually between 14 and 14.5 billion dollars, while four billion is allocated to the carpet. According to official statistics, about ten million Iranians are working on crafts; particularly carpet weaving and at least six million people make a living from this industry.

Crafts development as an integral component of the rural economy is related to the tourism industry and it makes a promising prospect for social development, economic growth and increasing employment opportunities for the country planners and executives. Therefore, it is essential to do planned exploration and study the role and significance of crafts, to identify and create new employment opportunities, to modify macro-economic indicators, to promote the income level and to improve the livelihoods and well-being of thousands of homemaker living in rural and urban communities.

2. Factors affecting on the export of handicrafts

Despite of all artistic, cultural and economic values of handicrafts, they have lost their "exporting" characteristic or perhaps at least in the current situation, they are not used for this purpose. However, despite the slogans that have been chanted in this regard, no main activity and planning have been taken for development of handicrafts.

It is important to be noted that the rate of export of handicrafts, (except hand-woven carpet) is not consistent with the large facilities of handicraft production in Iran. Several reasons have been mentioned for this problem which is as follow;

2.1. Instability in laws and regulations and plenty of decision making centers in handicraft

Investment, production, proper selling, creating a transportation network and etc. all need consistency in policies and regulations. Basically unsustainable policies and objectives make people and investors distrustful to future. One of the recent problems and bottlenecks in Iran is permanent changes in policies, circulars and instructions that even call our presence in international markets into question. In order to have a permanent presence in international markets, certainly, a logical consistency in economic policies and regulations is necessary and lack of any consistency can certainly bring an irreparable blow to the growth of our exports (Najafabadi).

Knowledge, integrity and stability of export laws and regulations are determinants in exporting handicrafts. Knowing global market and being familiar with it's' structure is a very important issue

in exports of handicrafts. Thus, we must recognize the global markets carefully and become thoroughly familiar with their structure.

Understanding the philosophy and concepts of international commerce, and the regulations, customs, practices and principles that govern the world export markets are also really important.

Stability in the currency and trade policies is the most basic and earliest requirement for continuity and implementation of export programs. "Consolidating the commerce and currency laws and regulations and preventing their temporal changes can guarantee a good implementation of commercial contracts and maintain and expand the markets which have been created with continuous and tireless efforts and high cost."

Rapid change in the export rules is one of the most important reasons of instability. For example, export of goods in the world market requires 4 to 5 years marketing and obviously permanent changes in the rules which can interfere with all programs of Iranian exporters. Signing long-term and medium-term export contracts which are regarded as an assuring infrastructure is possible when the buyer is sure about the stability of laws and regulations in the seller country as well as fair and immediate practice and procedure to proposed claims adjudication of someone who has lost his right.

The truth is that if the cross-sectional programs (including the regulations change) have an adverse effect on long-term programs, no continuous and assured progress will be achieved.

2.2. No attention to customers' preferences

In order to succeed in increasing handicrafts export, customer needs and preferences should not be ignored and they should be consistent with their attitudes as much as possible, and in order to meet the customers' demands, the manual production should be modified in respect of design, pattern, form, and dimensions.

In some countries, creativity and innovation are related to manual products and have attempted to design thousands of beautiful handicraft products. In fact, it should not be limited to the production and export of a few handicrafts items whose patterns have not been changed for many centuries and hence, it cannot be expected to sell a lot (Export message).

Here it might be noted that over the years, our handicrafts have not structurally changed. Basically, innovation and creativity have been less considered in handicraft production in Iran, while the success of some handicraft exporting countries is related to innovation and creativity in the field of handicrafts. However, it should be noted that innovations in handicrafts and carpets to general and specific market don't mean to deny maintenance of the present original designs, but it means to penetrate into markets that have tastes and preferences different with original designs and patterns of Iranian crafts.

In the field of marketing and using business strategy, it is pointed out that no center or specific organizations have taken responsibility to investigate the different needs of the consumer markets and to study different nations taste in case of the features of their favorite handicraft and also methods of decorating workplace or living room. Basically, in this regard, there is no direct relationship between producers (exporters) and consumers and producers assume that whatever is made or is woven with every feature, can be sold in every market

Marketing is one of the main aspects of commerce, and especially it is important in export of handicrafts and traditional things which are probably unknown for other countries.

Marketing of handicrafts, from one side introduces these products to the foreign markets, and on the other side, recognizes the trends and conditions of international handicrafts market. Not being familiar with export markets, foreign consumers' tastes and attitudes and weaknesses of Iran handicraft in abroad are mainly due to lack of a detailed planning for the marketing and development of handicrafts export through being familiar with foreign markets and also active participation in international exhibitions as well as administrative problems of these activities.

2.3. The geographical distribution of Manufacturers

Handicraft producers have been distributed across the country. Therefore, it is hard to guide them scientifically and technically and also give them some financial assistance and facilities. In addition, the distribution has caused difficulties in accessing the producers to markets and has forced them to sell their products at low prices to intermediaries and thus, it has made them uninterested to continue production due to their low income.

Lack of craftsmen activity in centralized workshops leads to losses, while the most important loss is that the demands of consumers cannot be transferred to producers to get aware of the consumers' desired features. Thus, the individual craftsmen work on the basis of their own tastes and preferences or the instructions of workshop owner. However, if the manual products can be easily produced in a centralized workshop, a large importer can order his favorite samples to a centralized workshop and deliver them in a short time.

Quality control in large workshops is easily possible during the work, while such monitoring cannot be easily applied in individual cases.

2.4. Marketing

In the new literature of commerce, marketing refers to all the activities of a commercial and producing institution. This means any action which is done in commerce and producing firm, is ranged in

marketing activities. Therefore, the marketing range is actions and operations of an organization, an institution or a center that started from the investigation about requirements, types of goods with potential sale and also it may include all stages of product design, production, transport, warehousing, packaging, insurance, distribution, clearance, export and after-sales service (Bolourian).

American Marketing Association defines marketing as follows:

"Marketing is a planning process and realization of an idea, pricing, promotion and distribution of goods, services or opinions and ideas in a way that creates exchanges which realize the organizational and individual goals."

Generally, marketing encompasses the following:

- Determining potential customers and identifying their needs and desires
- Designing and manufacturing or providing goods and services to satisfy their needs and wants
- Determining an appropriate price
- Distributing goods and services at a time and place that is convenient for the customer
- Making relationship with customers and giving necessary information
- Dealing with customers and providing after sales services
- Achieving organizational objectives (profit, etc.) (Esmailpour)

Chartered Institute of Marketing (CIM) defines marketing as follows:

Marketing is a management process that is responsible to identify, anticipate and satisfy customer needs profitably (Chartered institute of marketing).

Identification of customer needs is a major task for marketing activities. All data collection activities are designed to find out customer requirements.

2.4.1. International Marketing

The basic framework of the International Marketing is different with domestic marketing, but international marketing in the simplest aspect is to implement one or more of the marketing activities across the national borders of a country, and in the most complex aspect, it is the planning and implementation of all marketing activities in many countries.

A major challenge in International Marketing lies in the need to understand the different environments where a company is going to work. Understanding cultural, economic and political and legal differences are necessary for a firm success. Therefore, the major part in International Marketing is devoted to know different external environments. Hence, the task of international marketing management, the same as domestic marketing is to change controllable factors consistent with the environment and to adjust with uncontrollable factors (Jeannet and Hemeseel).

2.4.2. Export marketing

Export Marketing is one of the subsets of International Marketing and it includes all activities that a company would be involved with, when exporting products to a foreign country. This is a physical activity of transferring products from one country to another. Although the main importance of this type of marketing is internal marketing operation, the main challenges of export marketing include; selection of appropriate markets and countries through market research, decision making about the necessary changes in the goods so that the products are suitable for foreign markets, and choosing the appropriate channels of export.

2.4.3 Supply and demand of handicrafts

If it is supposed to do marketing researches about handicraft as it has been done on industrial groups, before raising complicated discussions of marketing, first, two concepts (supply and demand) have been identified, because the one who is responsible to take care of the marketing operation should be able to coordinate these two processes.

Supply and demand in different economic conditions have different forms, while in each of them; a specific policy needs to be used. These forms are as follows:

A) Lack of demand: Lack of demand is a situation in which many potential consumers are indifferent or have no motivation to purchase goods or use of particular services, for example; demand for ceramic plate and bowl in situations when their uses are outdated.

B) Negative demand: Negative or elusive demand is when in spite of supply, the potential consumers are not willing to purchase and use of certain goods and they avoid it, for example; employment in industries such as manual and political industries for urban people and return to rural areas for specialists or demand for imported frozen meat. In such cases, the reason of consumer resistance must be detected.

Beliefs, values, emotions, and costs should be reviewed and a policy should be applied to change a negative demand into a positive one.

C) Slowed or decreased demand: It refers to a situation when goods or services are gradually losing their customers. For instance, the demand for ceramic and porcelain dining utensil when porcelain, melamine and stainless steel are available in the market. Another example is; the demand for hand-woven carpets, while the machinery woven carpets with great appearance and very cheap price are in the market. In such circumstances, the marketing manager has to do some researches and necessary analysis to select new consuming markets (market development strategy) or in the same market creates and inspires new demands (the strategies of influence in the market).

D) Balanced demand: The balance of supply and demand is a favorable condition in which supply and demand in terms of volume and value and time are consistent. This condition generally doesn't happen and it is the marketing manager duty to necessarily

care about maintaining balance through deliberate changes in price, quality, sales force, discount to the agent, discount to the buyer, improving packaging and delivery methods and etc.

Changes that cause the imbalance between supply and demand are due to two main factors. First is competition, and second are the preferences and needs. For example, the demand for Iranian hand-woven exporting carpets that have been affected in competition with Chinese, Indian, Pakistani carpets and gradually it has lost its export market (Bolourian).

3. Packaging

Packaging means to consider a protective to maintain the safety of a good from producing to consuming stage. The packaging aimed to maintain the safety of a good against various factors such as climate change, vulnerability, and the pressurizing the good and to make a motif in customers. (Fateh)

3.1. Types of packaging

Packages are divided into two types based on their tasks.

A) Transport packages

These packages are used to transport goods over long distances. Thus, it should have sufficient strength in the face of various factors affecting the transport, such as; pressure from the accumulation of goods, shaking in transportation, as well as any stroke in case of movement of goods.

B) Consumer packages

In these packages, in addition to preserving and protecting the goods, information, design, color, and other factors have been considered to attract customers. This type of packaging should have the following characteristics:

- 1) Raw materials used in making the package especially food packaging must be hygienic.
- 2) The package must contain the proper amount of goods.
- 3) Opening the package should be done simply.
- 4) Information about the date of manufacture and expiry time, license, formulas, constituent materials, , address and phone of manufacturers as well as production instructions have to be offered to the buyer.
- 5) Transportation of package should be simple.
- 6) Recycling of the package after use should be easy.

3.2. The role of packing in export

One of the most important factors to succeed in export is proper packaging for export goods in order to survive in global markets where there are many suppliers who supply the same goods, and if a producer doesn't pay attention to this matter, he will go out of completion. It is important to enter the developed countries' markets where generally the

families are rich and they care about the package quality, shape and pattern (Bolourian).

"One of the problems of Iranian handicrafts is lack of a strong and safe packaging (in terms of product protection) and stylish form (in terms of informing, stimulating demand and visual effects). Handicrafts packaging is essential. Unfortunately, this necessity is not considered. Packaging is not just a protective, but the factor of giving information, stimulating demand and increasing in sales "(ibid).

4. Conclusion

Generally, handicrafts are neither a rival for the new machinery industry, nor an obstacle to the proper use of technology, but only complement in the economy and social issues in different countries.

In Iran, due to the abundance of cheap raw material resources, and the long history of producing crafts, handmade varieties, and other countries welcomes to craftsmen products, make handicrafts industry able to attract a group of men and create opportunities for employment. Currently, based on the statistics, over 10 million people have enjoyed continuous or non-continuous craft production across the countries to develop and produce a variety of handmade products employment, and at least a portion of their income and livelihood of their families is with this industry. Since handicraft industries don't need abundance of raw materials, tools and expertise, thus employment is solely related to the labor and only with limited capital, it can give good return in short-term.

Handicrafts in Iran have changed structurally over the years. Basically, innovation in production of handicrafts has not been sufficiently taken into account; however, the success of a number of exporting countries in the field of handicrafts is due to their innovation and creativity.

Mainly, in respect of Iranian handicrafts, there is not any direct link between producers (exporters) and consumers, while producers assume that whatever they make in any market with any feature can be supplied, while it is not practically possible.

In recent years, the emergence of individual workshops has prevented people to create large workshops. The numbers of people who have decentralized and scattered participation in producing handicrafts are hundreds of time more than centralized workshops. Therefore, tax problems, insurance, minimum wages or other limiting conditions may be classified among the important factors prevent people from making large workshops and just the individual workshops have been used for years.

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