

An Investigation into Determining the Hurdles of Developing Iran's Handicrafts Industries Export

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Abstract: *Handicrafts used to be a thoroughly beneficial industry in the past when there was no complicated machines and devices. In fact, at the time when technological devices were not widespread as they are now, handicrafts was the supporter of all human's creations and his creative talent. Careful examination of discovered tools and also the expert perspectives of associated researchers have revealed that Iran has been the homeland of many industries and arts such as rug sweing, ceramic, clay, etc. Handicrafts has long been among export commodities and has some thousands years history. Although, handicrafts has successfully undergone different fluctuations, it has lost its original status that used to have as its export has not increased adequately and has largely failed to compete with other countries' handicrafts. While studying and examining non-oil exports including handicrafts, many problems are mentioned by officials, policy makers, exporters, etc. that hinder the process of export. As a result, recognizing the impact of different factors playing a role in handicrafts export process would help importers, exporters, and also the country policy makers to make more efficient plans and strategies to export this highly beneficial industry. The present study aimed to cast light of this issue.*

Keywords: Iran's handicrafts; Export hurdles

1. Introduction

While studying and examining non-oil exports such as handicrafts exports, many problems are mentioned by related authorities, exporters, etc. and each of these problems create some hurdles against handicrafts exports. These problems can be divided into two main parts: First, problems associated with infrastructures of the country; Second, problems related to on-oil exports

The first type of problems (such as transportation, the roads network, dearth of efficient work force, ports, water, electricity, and energy installations) are among factors that the affect the whole economic system of the country. Therefore, it is often observed that in the country development programs, the government authorities has put serious efforts to deal with these problems as solving these problems can greatly improve the non-oil export process of the country especially the economic conditions. However, despite these attempts, there are still some basic problems with regard to non-oil exports especially handicrafts export. In fact, this industry has either grown trivially or even reduced over the last years. To support this claim, the statistics related to the country handicrafts industry (except for carpet) might be looked into according to which, the index of Iran's handicrafts export has not exceeded 15 million dollars (in 1993) and it has decreased by about 40 percent in years 1995 and 1996. These figures are in contrast with the predictions and purposes determined in the second program of cultural, economic, and social development that predicted an average 5/5 billion dollars of non-oil exports annually and also 40 percent exports of carpet and handicrafts.

In general, now that issues such as developing national industries, increasing non-oil exports, creating job opportunities in unprivileged areas, encouraging villagers to work in agriculture sector, and preventing villagers from immigration to cities are among the priorities of the government, paying special attention to handicrafts in Iran and examining the rate and trend of exports along with its internal and external recession as well as looking into the impact of internal and external factors on it can help to

prepare a more effective plan to achieve the above-mentioned objectives. No need to say that recognizing the degree of effectiveness of factors influential in developing handicrafts exports will help producers, exporters, and also the country authorities to plan more effective programs and take better strategies to expand this industry. Hence, the general purpose of the present study was to determine the hurdles of handicrafts in Iran.

The Research Hypotheses of Study

The present study was based on the following three research hypotheses. The study tries to examin these research hypotheses based on the data obtained from appropriate research instruments (questionnaire) and suitable statistical tests.

Research Hypothesis 1: The existence of numerous decision making centers and also redundant office beucracy in handicrafts export are among hurdles of Iran handicrafts export.

Research Hypothesis 2: internal exporters' lack of update knowledge and awareness as to foreigners' tastes and interests and laso their needs are also among the hurdles of handicrafts export.

Research Hypothesis 3: the geographical spread of producers in the country is another hurdle of Iran handicrafts export.

2. Literature Review

Generally, handicrafts is construed as art, also referred to as applied art, compared with pure art. It is a combination of industry, innovation, art, and creativity which has been created from perspectives, beliefs, and national and ethnic traditions. Handicrafts industry refers to a kind of economic activity in which human's hand plays an important role in its production. This concept includes rural handicrafts, artistic handicrafts, etc. Handicrafts, especially rural handicrafts, in all the countries that have this type of art-industry and its related work force and primary materials is usually taken as a kind of economic activity that leads to production and

creation of new commodities. Among its distinct features are its noticeable combination with and dependence on perspectives, beliefs, and traditions which make it distinct from factories' productions as unlike the factories' productions that are usually produced in large quantities and in a similar form, handicrafts are distinct in terms of color, form, design, and size and often represent the culture of its producers.

Handicrafts has both artistic and consumptive features. Its considerable dependence on the creator's traditions, beliefs, and perspectives and also the remarkable effect of geography on this industry has made handicrafts distinct from other productions especially factories' ones. Handicrafts are among the few national and non-dependent industries that do not need any foreign experts and specialists and also its primary materials are among cheap materials that are often available for the craftsmen free. The product of the hand of a craftsman carries some sense of culture and art and as a result, these products can easily be distinguished from other industries. The real culture of every area might be ascertained in its handicrafts. It is merely handicrafts that can reflect the history of a civilization precisely. One of the most important features of handicrafts is limitation of handicrafts for its production. To clarify the topic, it suffices to make a comparison between the rate of investment to employment in two machine and manual industries.

Exports

As it is clear, the process of exiting goods from the Customs is called exports. One of the features of developing countries is their dependence on uni-product economy and relying on one or limited number of export goods. Additionally, these countries often export raw materials such as oil, coffee, cotton, etc. Unfortunately, experiences of international commerce has shown that as the global value of these materials decreases trivially, the payment rate of the countries that are dependent on these materials suffer such drastic imbalance that sometimes their economy might even destroy. On the other hand, the basis of these countries economy is in such a way that they need foreign exchange to do their economic and social development programs and this provision of foreign exchange is dependent on exporting the primary materials and their related products. Thus, the economic system of these countries are, in essence, totally dependent on exporting raw materials, half-made goods, and also handicrafts to earn their needed foreign currency.

One of the studies conducted is about the role of government in Iran's carpet export. This study first depicts the materials needed to produce carpet, categorizations of carpet, preparing carpet to export, and the required documents to export carpet. It then describes the Customs and also foreign currency-related steps to be taken. It finally, deals with the role of carpet in the country economic and social issues such as creation of job, prevention of villagers from immigrating to cities, etc. It also touches upon other issues including the role of governments before and after the Islamic revolution in this regard, the reasons of recession in Iran's carpet export, and the status of the country carpet in comparison with its foreign competitors in terms of export and import. The study finally maintained that the exporters encounter

many problems and difficulties in exporting their products. Some of these difficulties are: the high finished price of carpet in the country, lack of stability in government's decisions, remarkable fluctuations in foreign currency, lack of adequate knowledge of the global market of carpet, day to day decrease in price of carpet, and level of carpet price in competitors' countries. The study finally highlighted the important role of government in carpet export and suggested the following points:

- Running a single organization about all Iran's carpet issues
- Facilitating the Customs-related affairs
- Running suitable and high-quality carpet workshops and carpet schools
- Attending international exhibitions and holding international exhibition in the country
- Developing carpet producer corporations

The other study undertaken in Iran is the relationship of tourism and handicrafts development. It first explained the interplay of different factors such as handicrafts, its nature, taxonomy, job creation, production status, exports conditions, culture, and tourism. It then described the conditions of tourism in Iran's first program. Finally, it concludes that tourism industry positively and directly affects handicrafts exports and provides the following suggestions:

- More development of tourism leads to handicrafts exports development
- Creating efficient strategies for the country tourism
- Offering a correct picture of world travelling in society
- Removing the information system weakness in tourism
- Dealing with the severe shortage of hotels and tourism reserves
- Providing and guaranteeing the ownership and support of government
- The existence of parallel organizations in tourism and doing all pertinent tasks and affairs in a single unit

The main steps to remove the problems related to carpet and handicrafts:

- a) Appearance of new competitors in the market and selling their products cheaply
- b) The high price of carpet and handicrafts compared with other countries
- c) Lack of attention to quality and lack of control
- d) Lack of having a correct marketing and advertisement program

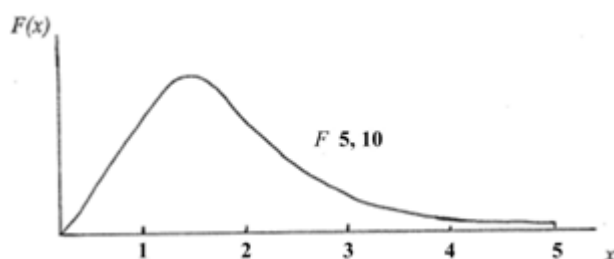
Another research topic in this regard is examining the role of planning in developing Iran's carpet export. The theoretical section of the study dealt with the role of planning, marketing, and advertisement. It rightly stated that development and continuation of carpet export requires the continuation of relationship of consumers in international markets with producers. This, in turn, requires the compatibility of Iran's carpet with consumers' needs and interests. The study then contended that Iran's carpet exports program is a combination of marketing, advertisement, and production.

3. Method

Statistical methods

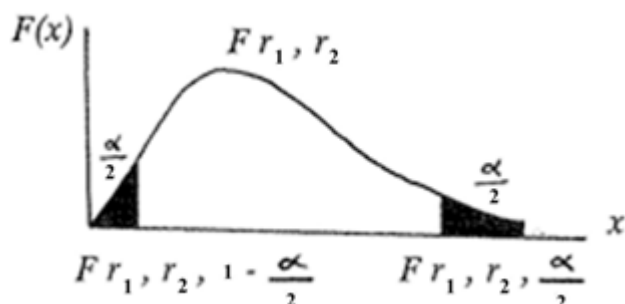
In the present study the following research methods were employed:

- 1) **Frequency distribution:** this method helps to summarize and categorize the gathered data and also determine the number of responses to each question. The frequency distribution is shown by F in the tables.
- 2) **Likert Test:** In order to answer the questions posed in the questionnaire, the likert approach was utilized. Each of the given answers are then assigned some points. Considering these points and also the absolute frequency of the questions, the researcher examined the hypothesis and their related variables. The result of this approach is shown by $x_{faor}X_i$ in the tables.
- 3) **F distribution:** one of the most important distributions often used in testing hypotheses is F distribution. Given the point that Variance analysis approach was used and F distribution is the basis of this approach, F distribution is explained here. Like Chi square, it is a family of distribution that are identified by two parameters of r_1 and r_2 . The former is degree of freedom in the numerator and the latter represents the degree of freedom in the denominator. The members of F distribution have the distribution property of X^2 . It means that they are firstly, non-negative, secondly, one index, and thirdly, have positive skewness. The following figure shows F distribution for $r_2=10$ and $r_1=5$.



Although F distribution is not symmetrical, there is a reverse symmetry by which the low limits might be specified. If there is a random variable, it is $R = \frac{1}{F}$. Then, we have:

$$F_{r_1, r_2, 1 - \frac{\alpha}{2}} = \frac{1}{F_{r_1, r_2, \frac{\alpha}{2}}}$$



- 4) **Variance Analysis:** It is the main test which is used in the present study. It helps to confirm or reject the study hypotheses. The following formulas are used in this statistical test:

$$SST = \sum_{i=1}^k \sum_{j=1}^n X_{ij}^2 - \frac{1}{Kn} T^2$$

$$SSr = \frac{1}{n} \sum_{i=1}^k T_i^2 - \frac{1}{Kn} T^2$$

$$SSE = SST - SSr$$

These formulas are used for each of the hypotheses separately. In these formulas:

n is number of data

K is the number of sample (number of questions)

The multiplying result of answer to each case in each of the questions with its point is the answer which is done by Likert approach- X_{ij} .

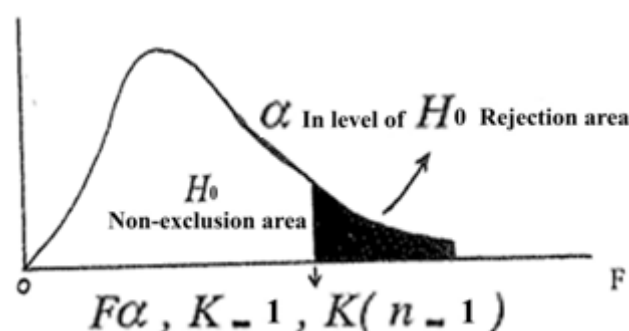
T_i is the sum of observations

$T = (\sum T_i)$ is the sum of all data

Table 3.1

Distribution	df	Sum of Squares	Square Mean	F
Trend	$K-1$	SSr	$MSr = \frac{SSr}{K-1}$	$\frac{MSr}{MSE}$
Error	$K(n-1)$	SSE	$MSE = \frac{SSE}{K(n-1)}$	
Total	$Kn-1$	SST		

The second column of the above table includes degree of freedom (number of variations from Mean that are independent). The fourth column is the Mean of squares MSr and MSE . The last one is F



The information obtained from each of the questionnaire items is summarized in a table like the following one and then a related diagram is also provided.

Table 3.2

Response	(Point) X	F	Frequency percentage	Xf (X_{ij})	X^2ij
Very much	5				
Much	4				
Middle	3				
Little	2				
Very little	1				
Total			100%	T_i	

- 5) **Prioritizing the hypotheses via Likert approach:**

In this method, Likert method is used to prioritize the hypotheses based on the following relation:

$$\frac{\sum_{i=1}^k T_i}{K}$$

Using this relation, each hypothesis that has more degree of freedom, would have higher priority.

The Questionnaire

The questionnaire consists of two parts each following a specific purpose. The first part is pertinent to general questions and it consists of four items aiming to become familiar with the participants in terms of education level, type of framework, years of experience, and activity and type of export goods. As with the second part of the questionnaire, it is related to specific questions and contains three sub-parts: the first part includes 10 items (from 1 to 10) that are related to the first research hypothesis of the study. The second part involved 7 items (from 11 to 17) that are related to the second research hypothesis of the study; and finally, the third part also includes 7 items (from 18 to 24) that are related to the third hypothesis of the study. The questionnaire contains 28 questions altogether. It was distributed among 45 participants from which 40 ones were determined to be usable.

4. Results

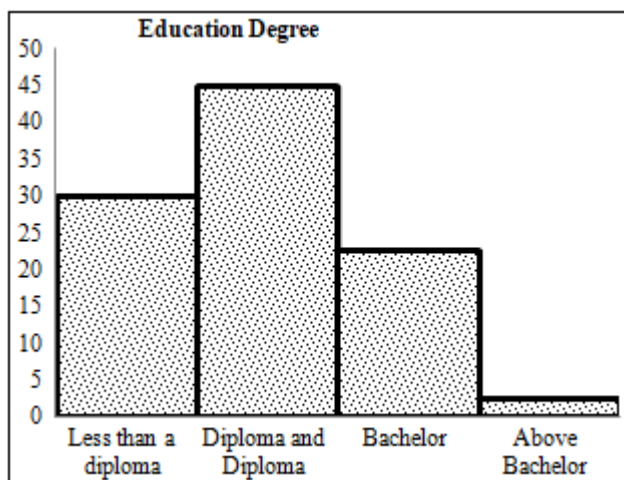
Having describe the detailed conditions and procedures of data collection and analysis, the present section of the study touches upon the results of the study.

Part one: General Questions

Question one: What is your formal education degree?

Cumulative Percentage	Frequency Percentage	Frequency	Education Degree
30	30	12	Lower than Diploma
75	45	18	Diploma & Associate
97.5	22.5	9	Bachelor
100	2.5	1	Higher than Bachelor
	100	40	Total

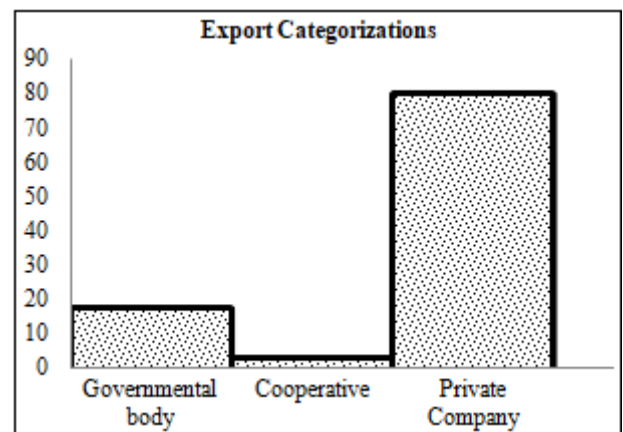
The above table shows that in terms of education degree, 30% of the handicrafts exporters were lower than diploma, 45% had diploma and associate degrees, 22.5 % had bachelor degree, and 2.5 % had degrees higher than bachelor degree. These results are also observable in the next graph.



Question two: Under which of the following frameworks do you export?

Cumulative Percentage	Frequency Percentage	Frequency	Company Type
17.5	17.5	7	Governmental
20	2.5	1	Corporation
100	80	32	Private & Individual
	100	40	Total

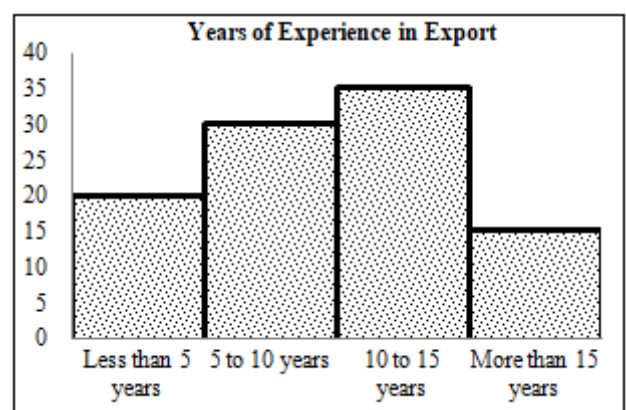
Given the export framework categorization, the table indicates that 17.5% of the exporters were doing their export activities under governmental organs, 2.5 % under corporations organs, and 80 % in the form of private and individual. Thus, it is understood that most of the exporters export their goods individually. The following diagram represents the same information more vividly.



Question three: How many years of experience do you have in export?

Cumulative Percentage	Frequency Percentage	Frequency	Years of Experience
20	20	8	Less than 5 years
50	30	12	5 to 10 years
85	35	14	10 to 15 years
100	15	6	More than 15 years
	100	40	Total

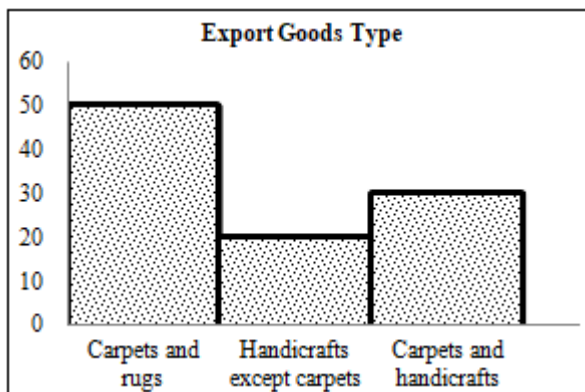
This table reveals that 20.5 of the exporters had less than 5 years of experience in export, 30 % had between 5 to 10 years of experience, 35 % of them had 10 to 15 years of experience, and finally, 15 % had more than 15 years of experience in exporting handicrafts. The following diagram shows the same information.



Question four: Which group of goods do you typically export?

Cumulative Percentage	Frequency Percentage	Frequency	Type of Goods
50	50	20	Carpet & Rug
70	20	8	Handicrafts except carpet
100	30	12	Carpet & handicrafts
	100	40	Total

The obtained results of this question show that 50 % of the handicrafts industry export consists of carpet and rug. Also, 20 % of the handicrafts industry export is handicrafts except carpet, and 30 % is carpet and handicrafts. This indicates that half of the export is related to carpet and rug and only 20 % is related to other handicrafts. The following graph shows the same information.



Part Two: Specific Questions

Explanations	Very Little	Little	Middle	Much	Very Much	Question/Choice
	-	-	3	21	16	1
	-	-	2	15	23	2
	-	-	4	30	6	3
	-	-	15	17	8	4
	-	-	1	15	24	5
	-	-	12	21	7	6
	-	-	6	18	16	8
	-	-	2	7	31	9
	-	-	13	25	2	10
	7	2	2	-	-	11
	3	21	16	-	-	12
	21	16	3	-	-	13
	23	12	5	-	-	14
	17	12	11	-	-	15
	4	26	10	-	-	16
	-	-	7	17	16	17
	-	-	11	26	3	18
	-	-	11	18	1	19
	-	-	4	31	5	20
	-	-	2	22	16	21
	-	-	7	30	3	22
	-	-	4	21	15	23
	-	-	2	13	25	24

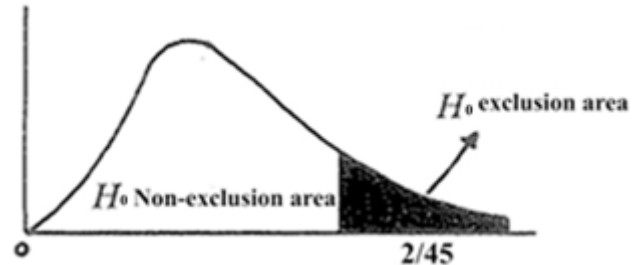
Hypothesis One and its Analysis

The first hypothesis was: the existence of numerous decision making centers and also redundant office beucracy in handicrafts export are among hurdles of Iran handicrafts export. This hypothesis consisted of ten questions of the questionnaire from 1 to 10.

The first hypothesis statistics

Measure of Variability	df	Sum of Squares	Squares Mean	F
Trend	9	1327/52	147/5	0/07
Error	40	84008/96	2100/224	
Total	49	85336/48		

The value of F for α -%5 and 9 degree of freedom for numerator and 40 degree of freedom for denominator is 2/12.



Since the calculated quantity of F statistic in the above table is 0/07 and it is less than 2/12, the H^0 hypothesis is accepted at 0/05.

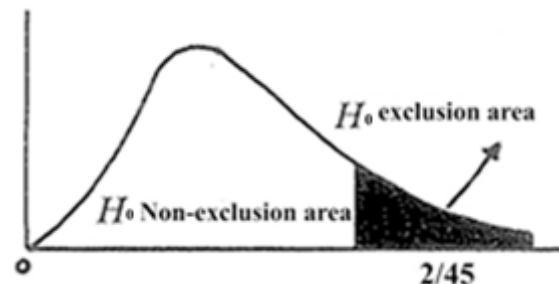
Hypothesis Two and its Analysis

This hypothesis stated that internal exporters' lack of update knowledge and awareness as to foreigners' tastes and interests and laso their needs are also among the hurdles of handicrafts export. This hypothesis contained 7 questions (from 11 to 17).

The second hypothesis statistics

Measure of Variability	df	Sum of Squares	Squares Mean	F
Trend	6	1039/69	172/28	0/32
Error	28	15242	544/35	
Total	34	16281/69		

The value of F for α -%5 and 6 degree of freedom for numerator and 28 degree of freedom for denominator is 2/45.



Since the calculated quantity of F statistic in the above table is 0/32 and it is less than 2/45, the H^0 hypothesis is accepted at 0/05.

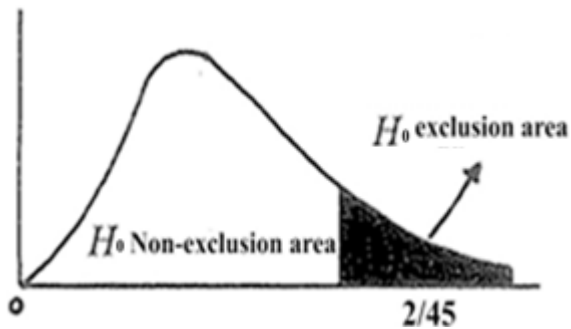
Hypothesis Three and its Analysis

The third hypothesis of the study was: that the geographical spread of producers in the country is another hurdle of Iran handicrafts export. This hypothesis consisted of 7 questions of the questionnaire (from 18 to 24).

The third hypothesis statistics

Measure of Variability	df	Sum of Squares	Squares Mean	F
Trend	6	962/42	160/4	0/071
Error	28	62670/76	2238/24	
Total	34	63633/18		

The value of F for $\alpha=5\%$ and 6 degree of freedom for numerator and 28 degree of freedom for denominator is $2/45$.



Since the calculated quantity of F statistic in the above table is 0/071 and it is less than $2/45$, the H^0 hypothesis is accepted at 0/05.

5. Conclusion

The first hypothesis of the study was: the existence of numerous decision making centers and also redundant office beucracy in handicrafts export are among hurdles of Iran handicrafts export. According to the data obtained from the questionnaires and their statistical analyses, this hypothesis was confirmed. In other words, handicrafts exporters admitted that there are numerous decision making centers and as a result of this, lack of stability in export-related laws and regulations and also the existence of useless office buracracy to do related affairs such as the Customs-related office works are among the factors that debilitate handicrafts export.

As with the second hypothesis, it states that internal exporters' lack of update knowledge and awareness as to foreigners' tastes and interests and laso their needs are also among the hurdles of handicrafts export. This hypothesis, like the preceding one, was also confirmed. Thus, it might be stated that the handicrafts exporters, who are also handicrafts producers, admitted that they had not undertaken sufficient and adequate research studies concerning foreigners' interests and tastes.

The third hypothesis of the study stated that the geographical spread of producers in the country is another hurdle of Iran handicrafts export. The obtained findings of the study confirmed this hypothesis as the handicrafts exporters accepted this point that the acitivity of handicrafts producers in different workshops all over the country and also the activity of craftsmen individually are among hurdles of handicrafts export.

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