

Domestic Barriers for Exporting Handicrafts from Bangladesh: An Investigation

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ABSTRACT

Purpose: The goal of the study is to investigate and demonstrate the major domestic barriers that are adversely affecting our handicraft products to compete in the international market.

Methodology: A self-administered questionnaire has been prepared to collect data from eight organizations who directly involved with exporting handicrafts from Bangladesh. Principal Component Analysis (PCA) has been used to identify the major domestic barriers. Also, face-to-face interview with the secretary of Banglacraft have been performed to gain detailed idea.

Findings: The study has found three main domestic barriers which includes lack of skill, absence of creativity and lack of dedication. They have significant influence on the exporting process of handicraft items of Bangladesh.

Practical Implications: Recently, handicraft articles have growing demand because of their environment-friendly type. Even in the covid-19 pandemic, customers use these green products in their daily doings. Thus, this study might help the authority to realize the situation and take necessary actions to expand the market.

Originality/Value: Previously, a number of studies have been conducted on the overall obstacles of manufacturing, selling and exporting handicrafts. This study has specified a profound understanding on the local barriers for exporting handicrafts from Bangladesh.

Limitations: Some limitations of the study are shortage of budget, time constrain and perceptual differences of the respondents. Also, use of mean value, small sample size might have an impact on the output of the analysis.

1. Introduction

Handicrafts are mostly labeled as items made by hand often with the use of easy tools and are generally imaginative and traditional in nature. According to the encyclopedia Britannica, "Handicraft is the occupation of making usable products by hands graced with visual appeal." It includes such activities as needle work, weaving, lace-making, printed textile decoration, pottery, basketry, metal working, ornamental, jewelry, leather and wood working and crafts as glass blowing and the manufacture of stain-glass that requires multifaceted facilities. Handicrafts items reflects the proficiency of an artisan which increases its value not in terms of money but in terms of effort, love,

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mental strength and touch of hands given by him/her on it. The beauty of handicrafts is mostly dependent on the person who turns the raw materials into final products with little or no help from a tool. It is a unique expression of a particular culture or community by artisans through natural materials such as cane, wood, bamboo, clay etc. These products are traditional, aesthetic, artistic, culturally attached, utilitarian, decorative, religiously and socially symbolic in nature.

Our handicraft sector represents cultural heritage of Bangladesh; rooted deeply in the long heritage of the land, which grew gradually over centuries representing the rich, unique tradition of the soil, its people and their distinctive culture. It has been protecting our culture since many years. That is why, it is necessary to revitalize and preserve this sector in a way so that it will remain alive in many more generations to come. According to Anwar and Ferhat (1988), in the medieval times, the most important industries consisted of handicrafts and cottage industries. Among them, textile, metal works, jewelry particularly silver, wood works, cane and bamboo and pottery and clay were quite well-known. Later, jute and leather were the major available raw materials to produce handicrafts; especially in the production of toys. Now-a-days, some famous handicraft products that are representing the cultural heritage of Bangladesh are nakshikantha, pottery and terracotta, muslin, tant, bamboo craft, silk, jamdani, cane products, such as shitalpati, jute, lungi, etc.

History witnessed that Bangladesh was affluent in handicraft sector due to locally available unique raw materials, cheap and creative labor force and unique design and variety of products. Once upon a time, this sector earned huge amount of foreign currency that had great impact on the economy. According to the Bangladesh Handicraft Manufacturers and Exporters Association, from 1980 to 1996, export earnings from handicraft sector grew by more than thousand times. In the year of 1980-1981, export earnings from handicraft sector was \$709.85 million and it was \$3882.42 million in 1995-96. Moreover, 1991-92 is considered to be the 'Golden Year' for Bangladesh, because the export earnings from this sector stood at US \$8.72 million which was the highest amount ever since the export of handicraft was introduced. Unfortunately, Bangladesh has been witnessing a significant fall in export in handicraft sector after 2000. In 2006-2007, the foreign earning was \$8.16 million and it was only \$4.78 million in the year of 2011-2012. Moreover, it has drastically fallen into the amount of US \$3.79 million in the year of 2009-10. From the year of 2010-11 to 2016-17, this sector has shown a slight improvement; but the growth rate observed below 5% which is very insignificant to compete in the global market.

In the fiscal year 2018-19 and 2019-20, Bangladesh earned US \$19.95 million and US \$20.52 million respectively (Ara, 2021). The scenario is looking respectable as there were a big challenge of covid-19 pandemic (Ara, 2021). Still, there are lots of potentiality to swell this sector by taking several actions. Thus, the study tries to scrutinize which domestic barriers are influencing our handicraft sector to export in the overseas markets.

2. Literature Review

Export is one of the oldest types of economic transfer which occur on a large volume between countries (Segal, 2009). According to him, exports expand international trade and stimulate local economic activity by creating job, production, and incomes. They are needed to market equalities because they deliver people and trades a connection to a bigger market for their goods (Dahake, 2019). That is why, governments always try to encourage economic trade by inspiring exporters for the common advantage of all individuals involved (Dahake, 2019). Export can be divided into two ways: direct and indirect (Importing and Exporting, 2019). Exporting directly means there will be no person in the export chain for taking a share of profit margin, whereas indirect exporting refers to the process of selling through a channel (Direct and Indirect Exporting, 2019). All businesses export products and services to the overseas markets where they have either competitive advantage or comparative advantage (Amadeo, 2019). Countries all over the world depend on imports and exports by road, sea and air for the transportation of goods (Akram, 2022).

A number of problems could arise in exporting products and services. The export related challenges always differ because of the position of the exporters (Sharkey, Lim, & Kim, 1989). Various types of barriers influence the exporters' strategic decisions and commitment to exporting (Alonso, Bressan, O'shea, & Krajsic, 2014). Arteaga Ortiz and Fernandaz Ortiz (2010) divided the exporting barriers into four categories which are knowledge, procedure, resource and exogenous barriers. According to Leonidou (1995), Morgan (1997), export barriers can be internal, external and exporting barriers. Moreover, Safety standards and quality control are major challenges to the exporters (Keng & Juana, 1989; Kedia & Chhokar, 1986).

A large quantity of researches has been performed on the Indian handicraft sector. Sing & Fatima (2015) highlighted lack of governmental support, promotional activities and training programs as major barriers to explore their handicraft industry. On the other hand, Ghose (2012) mentioned licensing problems, rare and costly raw materials, high excise, poor infrastructure, uncertain environment, unfavorable labor regulations and insufficient internet access are the challenges facing by this sector. In addition, Kumar & Rajeev (2014) pointed out inadequate technical support and customer reluctance as the main confront of Indian handicraft industry for exploring overseas market. Moreover, globalization has changed the taste of young generation which is ultimately discouraging the exporters of handicraft items (Jena, 2008; Shah & Patel, 2017).

Besides India, a little number of studies have been executed on the handicraft industry of other countries. In Malaysia, overcrowded agricultural sector and strategic gap in rural development are eradicating the potentiality of their handicraft products (Redzaun & Aref, 2011). They also pointed out unskilled labor, backdated production method, unavailability of raw materials and inadequate credit facilities for hampering Malaysian handicraft industry to explore in the foreign market. The problems of Pakistan are slightly different from Malaysia. Yang et al. (2018) found lack of data, unwillingness of young generation to continue this profession, disinterest in innovation are responsible for not flourishing their handicraft sector. On the other hand, severe competition, high shipping cost, lengthy export procedures, communication gap, cultural barrier, patent laws are affecting the trade of handicraft items in Kenya (Mukami, 2012).

Along with other countries, several researches have been directed on the handicraft industry of Bangladesh. Every year, Bangladesh earns around US\$ 20 million by exporting handicraft products (Ara, 2021). Around one lakh people are employed in handicraft industry across Bangladesh (m.theindependentbd.com). According to manufacturers, Bangladesh exports handicraft products to over 50 countries like USA, German, France, Holland, Belgium, Spain, Japan, etc (Ara, 2021). Rahman (2013) highlighted shortage of financial capacity, inadequate technology, costly raw materials, low capacity, unfavorable policy, knowledge gap are major barriers that directly hit the production and sales in Pabna. Moreover, Rahman & Kumar (2018) mentioned low return from production, reduce customer demand, huge competition, lack of social recognition are hampering the handicraft industry of Khulna division. On the other hand, modern world is very competitive where our labor can't compete because of inefficiency (Tasneem & Biswas, 2014). Liton et al. (2016) said that communal violence is the main reason for extinction of our handicraft industry.

Thus, few studies have been conducted on the handicraft sector in Bangladesh and other countries such as India, Pakistan, and Kenya and so on. In Bangladesh, most of those studies mentioned the problems faced by the artisans in any specific division or village of Bangladesh. Moreover, they have pointed out the overall barriers in producing, promoting and selling our handicraft items in local market. Unfortunately, export related issues had been overlooked in those studies. So, the study has tried to explore the domestic hindrances create negative influences on exporting handicraft products from Bangladesh.

3. Objectives

The major objective of the study is to investigate the domestic barriers for exporting handicraft products from Bangladesh. Apart from this major objective, there are several specific objectives which are given below:

1. To identify which domestic obstacles have greater impact on hampering the export of handicrafts from Bangladesh.
2. To investigate these obstacles' way of creating barriers for exporting handicraft items of Bangladesh.

4. Methodology

A self-administered questionnaire including both open-ended and closed-ended questions have been used for gathering data. Purposive sampling technique has been used for collecting information from eight organizations that are directly involved with the export of handicraft objects. They are:

1. *Hathay Bunano*
2. *Prakritee*
3. *Bibi Production*
4. *Play Craft*
5. *Folk International*
6. *San Trade*
7. *Hand Touch*
8. *Sohojogita*

From every organization, one (1) respondent from managerial position was chosen who could respond to the questionnaire properly.

Ten prominent barriers have been selected from a study conducted by Organization of Economic Cooperation & Development (OECD) in 2009. They are: lack of government support, communication gap, weak infrastructure, poor skill, absence of R & D facilities, lack of creative idea, backdated machine, no collaboration, less dedication and inadequate policy. Respondents weighted the barriers on a 1 to 5-point scale. Higher the value, the more the respondents agree with the statement. Principal Component Analysis (PCA) of IBM SPSS Version 22 was used in order to find out the major barriers for exporting handicrafts. PCA is a process through which a large data set is transformed into a small data set which also preserves important information (Sharma, 2022). As small data set is relatively easy to analyze, PCA has been used in the study for simplicity (Sharma, 2022).

After identifying three major barriers, their way of creating barrier has been described by observing the respondents' answers given in the questionnaire. Moreover, a special interview has been conducted with the secretary of Banglacraft (Bangladesh Handicraft Manufacturers and Exporters Association) after collecting the data from the selected exporting organizations. The purpose of this interview was to know his opinion about the selected restrictions for exporting handicraft products. For other information such as trend of export earnings from handicraft sector, growth rate of handicraft industry had been collected from the documents provided by him.

5. Results and Discussion

Table 1.

Descriptive Statistics

Factors	Mean	Std. Deviation	Analysis N
Insufficient support from government	3.38	1.408	8
Communication gap	2.13	.835	8
Weak infrastructure	3.13	.707	8
Poor skill	4.25	1.246	8
Absence of R&D facilities	2.88	1.246	8

Absence of creativity	4.25	1.458	8
Backdated craft machinery	2.25	1.581	8
No collaborative handicraft village	2.88	.886	8
Less dedication	4.13	1.753	8
Inadequate policy	3.25	.835	8

Source: Authors Created.

Table-1 shows Descriptive Statistics that includes mean and standard deviation of all the barriers. N shows the number of sample that has been selected to survey for the study. Here, the table expresses that poor skill, absence of creativity and less dedication have comparatively higher mean value. On the other hand, less dedication, backdated craft machinery and insufficient support from government have greater standard deviation.

Table 2.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.839
Bartlett's Test of Sphericity	Approx. Chi-Square	34.069
	Df	21
	Sig.	.003

Source: Authors Calculation

Table- 2 describes KMO and Bartlett's Test where Sampling Adequacy shows .839, which is better as .6 has been considered minimum. Moreover, level of significant in Bartlett's Test of Sphericity is .003 ($>.05$), which rejects the null hypothesis that this is an identity matrix. So, Principal Component Analysis could be considered as an appropriate method.

Table 3.

Component Matrix

	Component
	1
Absence of R&D facilities	-.861
Absence of creativity	.858
Inadequate policy	.830
Backdated craft machinery	.810
Communication gap	-.695
Weak infrastructure	.695
No collaborative handicraft village	.412
Insufficient support from government	-.348
Poor skill	.871
Less dedication	.845

Extraction Method: Principal Component Analysis.

a. 1 component extracted

Source: Authors Calculation

Component Matrix (Table-3) contains component loading which expresses the correlations between the variable and the component. Here, possible outcomes range from -1 to +1 as these are correlations. From the component matrix, we can observe that poor skill, absence of creativity and less dedication of artisans create major barriers in exporting handicrafts.

Table 4.*Total Variance Explained*

Component	Total	Extraction Sums of Squared Loadings	
		% of Variance	Cumulative %
1	4.094	40.938	40.938

Extraction Method: Principal Component Analysis.

Source: Authors Calculation

Table-4 shows the Extraction Sums of Squared Loadings where 1 component has been extracted. Here, the % of variance is 40.938 and cumulative % is 40.938.

From the analysis, we could select three barriers that are hindering the export of our handicraft items. These barriers are: lack of skill, absence of creativity and less dedication. They have scored comparatively higher mean values which are discussed in the following:

5.1 Lack of Skill

In the era of globalization, everything is changing rapidly. Thus, we need skilled artisans who would make craft items efficiently to adapt with the changing global world. Moreover, utilization of hands is vital instead of craft machines in creating sophisticated handicraft items. Besides Bangladesh; China, India, Thailand and Vietnam are the major countries for exporting handicraft items and we are lag behind to our competitors in skill (m.theindependentbd.com). According to one of the respondents, India has "Export Promotion Council for Handicraft (HPCH)" for providing support to remain competitive in the global market. Whereas we don't have such organization to develop our manufacturing standard. However, a number of training programs are held by EPB, BSCIC and some NGOs, but they are not sufficient enough to establish standard artisans.

5.2 Absence of Creativity

The taste of customers is changing day by day, which can't be avoided in this competitive world. As a result, more designs, more uniqueness are needed to increase value in the handicraft items. Moreover, respondents also pointed out that the artisans of Thailand, India, Vietnam, China are highly capable to show their creativity in manufacturing handicraft products, which is comparatively low in our workers. One of the major issues is that our artisans have a tendency to work with traditional design and manufacturing process because they feel comfortable with it.

6. Lack of Dedication

Most of the artisans in our handicraft industry are seasonal workers, agreed by the survey respondents. Our male artisans prefer doing agricultural activities rather than involving in this sector. They usually prefer engaging themselves in manufacturing handicraft products when they get leisure time. Moreover, female artisans are comparatively more efficient than male artisans; still they can't focus on producing handicraft items because of being engaged in household activities. As a result, lack of professionalism creates constraint in expanding this sector- opined by him.

7. Limitations

The study was based on information collected from those involved in exporting handicrafts and the secretary of Banglacraft. So, their knowledge, perceptions and unwillingness to respond might affect the interpretation of the study. Also, mean value had been used which is sensitive to extreme value. Moreover, the sample size of the study was very small which could have an impact on the outcome of the study.

8. Conclusion

China and Vietnam generate a huge currency from their handicraft items, where Vietnam earns US\$900 million a year from handicraft export (Ara, 2021). Unfortunately, lack of skill, creativity and sincerity of the artisans in Bangladesh are greatly hampering the export situation. These three domestic barriers should be given weight by the concerned authority and take obligatory movements to spread the export market. If so, then Bangladesh would be capable to generate more revenue from this sector.

Declaration: This paper is a modified version of a paper presented in a conference held in the University of Nottingham Malaysia.

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