

Analysis on Competitiveness of the Handicrafts Industry: A Case of Sri Lanka

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Abstract

Sri Lanka is a country with rich culture, history and traditions background. It is one of the major producers of handicrafts in the world. Before the industrial development, the Handicrafts Industry in Sri Lanka was deemed as a potential economic advantage of the country (Everyculture 2012). And yet, this industry is still playing a major contributor to the development of national economy. Hence, this study strives to assess the competitiveness of Sri Lankan's Handicrafts Industry, using Porter's Diamond Analysis Model. Indeed, the factors conditions demand conditions, related and supporting activities, as well as firm's strategy, structure and rivalry were assessed and discussed critically. Apart of that, recommendations have also been provided and discussed in order to enhance the performance of the industry, in particular recommendations for the Indian government as well as to the handicrafts exporters.

Keywords: Sri Lanka, Handicrafts Industry, Porter's Diamond Analysis Model, Recommendations, Competitiveness

Introduction

In recent years, the importance of handicrafts has been surged due to their cultural and financial values. The small scale industries - including handicrafts can play a major role in the development of the economy of both developed and the developing countries equally (India-Crafts 2018). In countries such as Sri Lanka, handicrafts are as high as the merchandised products in quality and volume, and are a major source of their freight earnings (Dissanayake, 2018). The country is focusing on the development of handicraft industry, in order to strengthen the economy (Bano, 2016).

The Sri Lankan's Handicrafts Industry is highly labor intensive, cottage based and decentralised industry. Though the Handicraft Industry in Sri Lanka is considered a cottage industry, but it has evolved as one of the major revenue generator over the years (Aruna, 2018). There has been consistent growth of 15% over few years and the industry has evolved

as one of the major contributor for export and foreign revenue generation (Bang, 2018). The industry is spread all over the country mainly in rural and urban areas (Shah, 2018). Most of the manufacturing units are located in rural and small towns, and there is huge market potential in all Sri Lankan cities and abroad. Handicraft industry is a major source of income for rural communities employing over six million artisans including a large number of women and people belonging to the weaker sections of the society (Bhat & Yadav, 2016).

Numerous kind of Sri Lankan arts and crafts are famous worldwide (Timeout Editors, 2014), in which the creating of handicrafts in Sri Lanka create huge benefaction to the domestic economy (Pye, 1988). Over the time, the production of handicrafts in Sri Lanka has experienced conversion from being a cultural habit to profit-making project, which has immediately obtained acknowledgement as a practicable segment both regionally and globally (Chintana, 2010). This study aims to analyse the competitiveness of Sri Lankan Handicraft Industry, using Porters Diamond Analysis Model. Apart of that, recommendations will also be provided in order to enhance the performance of the industry.

Background of Study

Sri Lanka handicrafts are of a history of thousand years back (Sri Lanka China Business Council, 2018). However the making the handicrafts in Sri Lanka is basically just a cottage industry, whereby all items were made utilising the olden days technique and also unrefined raw components (Cateyestours, 2016). With its purity, the classical abilities have been maintained; resulting will be in the continuation trademark of Sri Lanka's Handicrafts (Sheriffdeen, 2013). Sri Lanka's antiquated social framework has been to a great extent instrumental in conserving the traditional abilities with trademark identity, in which those handicrafts symbolizing the identity of social groups (Shantha & Ali, 2014).

They key products and varieties of handicraft industry in Sri Lanka comprise of pottery, wood carving, brassware and cutworks, lacquerworks, batik, handloom textiles, mat weaving and reed and rush wares, as well as wooden masks. One of the oldest handicrafts in Sri Lanka is actually the pottery (Growlanka, 2018). Kitchen utensils, pots and pans, terracotta figures and carved vases which are made out of pottery are the most popular and widely use in Sri Lanka (Lanka 2018). Sri Lanka pottery is turned out by means of a small wheel being turned by the potter while shaping the lump of clay with hands and then oven-hardened in a traditional kiln built of brick (Srilankaheritages.net 2011). The major quantity of the products is plain utensils devoid of decoration. With the demand for decorated pottery being on the rise, dying the wet clay in patterns and glazing are now introduced (News.Lk, 2014).

Besides, handicraft of woodcarving in Sri Lanka has a long history (Timeout Editors, 2014). According to Pathirana (2013), the tradition of woodcarving in Sri Lanka is manifested in Kandy, at Lankatilaka and Embekke Devale Sanctuaries. At these sanctuaries, tiny duplicate of the low-alleviation wood engraving done by the woodcarvers, can be purchased at reasonable costs. The three geometric carvings of Buddha, coal black elephants are the most famous in Sri Lanka (Sheriffdeen, 2013). Wood-engraving beautifying boards are utilised broadly in Sri Lanka in the exchange of the internal enhancement too (Sawhney, 2016).

Whilst, brassware is delivered in two primary procedures: wrought and cast. Dishes, platters, and exquisite products are created in wrought method, in which coconut coated lights, buckets, dishes, jars, plagues, knickknack boxes and other family utensils are made with cast method (Davey 2013). Brass Castings are also finished by using the "lost wax" technique: the model is etched in wax, secured with mud, and then heated so that the wax is dissolved out

leaving the mold. Then the mud old is poured with the molten brass (Honecksculptures, 2018). The casting method delivers fine Brassware of elephants, Buddha pictures, dishes, lights and candles.

In terms of brass cutwork, this technique is embraced basically in constructing of brasswork, for example, plate and plagues. Repousse metalwork appears to be the most trademark kind of Sri Lankan metalwork, in which this method is applied on brass, copper, silver, or every one of the three together to make an assortment of traditional outline (Lankalibrary, 2005). Next, lacquerwork include strolling stocks, ornaments, wooden handles and so forth (Lanka, 2018). Lac is a certain gum taken out from the crust of tress where the tree has been beset by lac beetles. The gum is scratched from the crust, dissolves and strained, and after that colouring is added in to generate the desired colour and put aside to be dried when the lac is still delicate (Madehow, 2019). Batik handicrafts items are of particular patterns in dynamics colours (Lanka, 2018). Afterwards all wax will be scratched out and after that bubbled. The fabric is made to retain shades of the colours by utilising Hydrochloric Acid. Evaporating under the sun lightens up the dyes. The quantity of colours in Batik is the exact sign of the quantity of times it was dipped into the dye shower, application and deportation of wax. Initially a cottage industry, today production of Batik items is manufacture at laboratory level in the central zone and south-western coastal area of Sri Lanka (Fibre2fashion, 2015).

Handloom textiles are created in Sri Lanka inside the limit of a small industry that product work to country ladies. The handloom spun cotton and silk materials of colourful colours have been famous amid the locals and in addition the travellers. The mix of customary patterns mixed with the present day drifts in current material woven in the new handling system already made export features therefore Sri Lanka Handlooms get to focused on global market (Lanka, 2018).

In the olden days, mat weaving was utilised to be reversed by country ladies at home, whilst their spouses will be away at work in paddy farmland or Chena development in Sri Lanka. Nowadays, mat weaving is a famous cabin industry with well-established businesses over Sri Lanka. The contemporary mat weaving artisan in Sri Lanka, to sustain with modern perquisites, have presented developments in creating pad covers, satchels, shopping packs and so on (Craftrevival, 2018). For quite a long time, manufacturing of mats with extraordinary patterns and shading has been very well-known in Kandy district, Dumbara Valley (Ishara, 2015).

Reed and rush ware items are created with materials like palmyrah leaves and coconut, bamboo and cane, thalami and talipot. Amid the handicrafts items are place settings, stick furnitures, satchels, containers and light shades (Lanka, 2018). For wooden masks, the production of wooden masks is centered in the South Western especially in Ambalangoda waterfront belt of Sri Lanka. Wooden Masks in an extensive assortment of sizes in colourful shades are created with the log the trees known as 'Kaduru' (*strychnos nux vomica*) (Lanka, 2018). The fundamental state of the mask is formed by bits of etches and hammers out of the cuts bits of the timber appropriately to the dimension given in antiques recorded guidelines (Dhananjani, 2016).

Materials and Methods

During this period of globalisation and open economy, national intensity has turned a principle worry for both grown and growing nations (Porter, 1990). The Organisation for Economic Cooperation and Development (OECD) defines aggressiveness as how much a

country can deliver merchandise and ventures that meet the principle of global markers supported by unrestrained and honest market circumstances (OECD, 1996). With respect to World Economic Forum (WEF), aggressiveness implies a nation's capacity to develop financially (WEF, 2003).

Global aggressiveness of nations is a regularly developing worry for authorities, association and scholastic researches (Smit, 2010). In this manner, numerous pointers have been made to quantify a country's intensity. Among all pointers, Porter's diamond is one of the pointers that have been generally used to think about the intensity of nations and additionally businesses inside a nation (Hodgetts, 1993; Chung, 2016). As indicated by Porter (1990), competitive advantage of a given industry is the mix of the capacity to advance, to enhance procedures and items and in addition to go up against in contest with the nation (Dogl & Holtbrugge, 2010).

Porter also suggested that the attributes of a nation's domain impact the competitive advantage of a nation and he distinguished four fundamental components which influence the aggressive performance of companies (Mann et al., 2010). These incorporated factor condition, demand condition, firm strategy, structure and rivalry, as well as related and supporting industries. One of the primary commitments of Porter's diamond is that the intensity of a country relies upon the cooperation among these four elements (Grant, 1991). In this way, aggressiveness of a country ought not to be assessed as an independent farce but rather as a conclusion of all four variables (Sardy & Fetscherin, 2009).

Factor Condition

Factor conditions are characterised as a nation's situation in variables of production, for example, infrastructure or gifted workers which are important keeping in mind the end goal is to contend in a given industry (Porter, 1990). Factor condition is sorted into two classes in particular the fundamental factors and the progressive factors. Fundamental elements incorporate the national assets, geographical area and socioeconomics while the progressive factors incorporate correspondence infrastructure, well taught work force and research offices (Grant, 1991; Dogl, 2010).

Fundamentals factors give introductory benefits and it can be expanded and fortified thought progressive factors and adverse fundamental conditions. For example, absence of workers can construct burden to created progressive factors, hence expanding the business' intensity (Kharub & Sharma, 2017). Then again, progressive factors are made through ventures by people, organisations or authorities and it acts as an important part in improving a nation's competitive advantage. So, one might say that a nation achieve competitive advantages from factors which are made or concentrated for the particular prerequisites of an industry (Porter, 1990; Fainshmidt et al., 2016).

Demand Condition

As indicated by Porter (1990), demand condition is the idea of home demand for the business's items or administration. For this situation, there are three ascribes that are crucial to analyse client's request (Mann & Byun, 2010). This incorporates the structure, the capacity and sequence of development and the internalisation of local request (Dai & Juan, 2010). Configuration of home request is vital as it manages the reaction of an organisation towards clients' demands. Countries can expand its comparative advantage when home request is high (Herciu, 2013).

Furthermore, nations can continually motivate organisations to enhance and boost to oblige the expanding requests. While practical home request empowers organisations toward giving excellent items and administrations, distinctive levels of practical in purchaser request prompts market division (Liu & Hsu, 2009). Furthermore Porter weights on the significance of internalisation of local request due to if local clients have wants that reflect those in another countries, it provides a competitive advantage to the country's organisations (Bosh & Prooijen, 1992).

Firm Strategy, Structure & Rivalry

This segment is characterised as the circumstances in a country which administer how organisations are being made, sorted out, overseen and it additionally inspected the idea of local competition. Techniques and arrangement of an organisation rely upon vigorously on the nation's condition (Porter, 1990; Smith, 2010). The application of appropriate administration routine and firm models particular to one nation assist in making intensity (Ketels, 2006). Porter recognised competition as the most essential drive of competitive advantage of a nation's organisations, in which competition acts as an indispensable part in expanding competitive advantage by constraining firms to diminish cost and enhance the quality of items and administration (Herciu, 2013). Competitors additionally make weight for the organisations to advance; keeping in mind the end goal is to build their aggressiveness (Lee & Mueller, 2017).

Related and Supporting Industries

Related and supporting industries are ventures in which organisations can share their endeavour with in the value chain, such as marketing, supply chain and logistics, as well as research and innovation (Dogl, 2010). It incorporates organisations that straightforwardly and obliquely influence a specific industry (Porter 1990). Competitive advantages can be made through vertical connections and in additional horizontal connections. Vertical connections assists to provide proficient and immediately financially savvy inputs while horizontal connections enable organisations to organise and share endeavour (Huttasin et al., 2015). Moreover, related and supporting industries can likewise to be the existence or absenteeism of provider or related enterprises that are globally aggressive in the country (Porter 1990; Krishna et al. 2017). As per Porter, it is the outer economies of related and supporting industries groups that turn into the genuine wellspring of competitive advantage due to the group demonstrates a domain in which learning, advancement can thrive (Porter, 2000).

This research paper was based on secondary data to obtain the information of Handicrafts Industry in Sri Lanka. In this research, Porter's diamond will be used to analyse Sri Lanka's competitiveness. Porter's diamond will look into Sri Lanka's factor conditions, demand condition, firm strategy, structure and rivalry as well as related and supporting industries. In this case, the two external factors of Porter's diamond namely government and chance will not be looked into as it is analysed in the PEST analysis. By conducting Porter's diamond analysis, it will help to determine the country competitiveness for the Handicrafts Industry in Sri Lanka.

Results & Discussion

Factor Conditions

The factor conditions with respect to the Sri Lankan's Handicrafts Industry can be discussed under the five different headings according to the Porter's diamond model.

Human Resources

It is evident that cheap labor for production, which was the main advantage for Sri Lanka, is no longer being crucial in achieving competitive advantage. Apart from the rising labour wages, the average productivity of the Sri Lankan worker is also lower compared with other competitive nations such as China. The rising cost of labour will act as a negative factor for Sri Lankan's Handicrafts Industry (Mataraarachchi & Heenkenda, 2006).

The skill level of Sri Lankan workers is seen as a positive factor when considering the Handicrafts Industry. Sri Lanka has a highly trainable work force in the Asian region that has much higher literacy rate which is similar to the developed countries (Dissanayake, 2010). Considering the motivation level of the workers, to work in the Handicrafts Industry at the operator level, it should be noted that having Handicrafts Industry is the major employment provider for Sri Lankan economy there is a motivation in joining of female workers, to the industry. But due to the poor social attitude, the motivation level of continuing their jobs decreased (Padmani, 2004).

Physical Resources

Considering the factor, land it should be noted that government provides Export Processing Zones (EPZ) in order to develop the factories in Sri Lanka. Today there are 12 new EPZs (Jenkins 2006). All the zones are generally located in industrially developed districts. Special efforts are made to promote zones outside Colombo, and certain complimentary incentives are offered to the investors there. These include additional tax holidays, concessionary turnover tax and lower ground rent. Raw materials base is a major weakness for Sri Lankan's Handicrafts Industry since large amounts of raw materials needed for the Handicrafts Industry is imported (Aradhna et al., 2007). Over 80 % of fabric requirements and 70 % of other accessories needed for Sri Lankan's Handicrafts Industry is imported in 2001. However in 2004, the import of fabrics has been 57 % of the total requirements which have come down slightly with the expansion of the domestic capacity in textile and accessory. This makes a positive factor, since it gives evidence about the growth of local raw materials base needed for Sri Lankan apparel industry (Mataraarachchi & Heenkenda, 2006).

Knowledge Factors

The knowledge required for Handicrafts Industry to remain competitive in the global trade of Handicrafts can be classified as knowledge in design and product development, technical knowledge and market knowledge. In a given country, knowledge resources exist in universities, government research institutes, private institutions or private research facilities (Mataraarachchi & Heenkenda 2006).

Sri Lankan government universities are currently providing the knowledge workers in the areas of technical and design knowledge required for the Handicrafts Industry. Knowledge workers in the area of marketing are also provided by the private institutions. These can be taken as positive factors when considering the Sri Lankan's Handicrafts Industry. On the other hand industry today lacks with market knowledge as not much market researches are carried out related to Sri Lankan's Handicrafts Industry. Industry is also not much concern

about the research and development activities as well most of the Handicrafts organisations are not involved in marketing activities (Mataraarachchi & Heenkenda, 2006).

Infrastructure

Sri Lanka is having much advantage on the infrastructure conditions against other Handicraft countries in South Asia mainly due to its strategic location. Present expansion in Bandaranaike airport at Katunayake and also newly suggested port at Hambanthota area will provide positive initiatives towards the transportation infrastructure as input/output port for Handicrafts exporters (Mataraarachchi & Heenkenda, 2006).

The cost of infrastructure facilities such as electricity and water remains higher in Sri Lanka providing negative factor conditions to the Sri Lankan's Handicrafts Industry. Zero import tariffs for raw materials, equipments and machinery, which is imported for the use of Sri Lankan's Handicrafts Industry, will remain as positive factor. Also zero V A T structure introduced by the Sri Lankan government for the export industry is another positive consideration (Jayawardena, 1984).

Capital

Considering the investment policies in Sri Lanka it was evident that Sri Lanka provides positive facilities towards foreign investments. These investments provide the capital requirements needed for Handicrafts industries as well as raw material industries (Mataraarachchi & Heenkenda, 2006). Also there are banks and other financial organisations which provide special loans schemes and financial benefits for the Handicrafts industrialists. However according to the discussion had with the SME sector representatives, finance remains as a negative factor in upgrading their technology needs (Desai, 1997).

Demand Conditions

Considering Sri Lankan local Handicrafts Industry the demand conditions are not up to the level required to be competitive in the Handicrafts Industry. Sri Lanka does not have much fashion conscious or brand conscious consumers when compared with its export markets such as EU or USA. Therefore it is difficult for the Handicrafts Industry to do proper forecasting on upcoming fashion trends as well as to find directions in making innovative products by observing the local demand conditions. The standards or the quality level is not very high when compared with the foreign consumer in US and EU (Mataraarachchi & Heenkenda, 2006).

On the other hand local consumer desires are not very anticipatory with foreign consumer desires due to the heavy difference of the culture and the economy level. According to one representative from reputed Handicrafts organisation who participated in the discussion survey, pointed out that due to this industry loses a valuable input which normally helps to develop and fine-tune the products. Local demand condition makes very low level of input to market information about the consumer requirements in new product development (Fornäs et al., 2011).

Firm's Strategy, Structure, And Rivalry

When considering the Sri Lankan's Handicrafts Industry from the very beginning the Sri Lanka's comparative advantage remained at the low cost. As mentioned under literature survey the reason for moving the industry in to developing countries is also under the given reason of low labor cost. This makes the sense that Sri Lankan's Handicrafts Industry has

adopted the cost leadership strategy which is not sustainable in long term (Mataraarachchi & Heenkenda, 2006).

Since the industry was under quotas for about 30 years most of the Sri Lankan manufacturing organizations have not taken steps in building own competitive advantage in order to differentiate themselves from the competition. Since they were secured their market place under the quota system they did not want to take steps forward to remain competitive (Spinanger, 1999). However when looking at the present scenario with the removal of quotas Sri Lankan Handyman should adopt differentiation strategy where they should focus on delivering a product which is differ from other similar category products catered by other competitors. In order to do that they should concentrate themselves in different differentiation factor which they are capable enough in providing such as ethical factors, quick response and innovative designs (Herath & De Silva, 2011).

Related and Supporting Industries

Considering the Handicrafts Industry the related and supporting industries comes under categories of product and service suppliers. When it comes to the product suppliers, raw material suppliers such as fabric, accessory suppliers and machinery or equipment suppliers need to be considered. Even though the amount of local raw material suppliers consider as a weakness for the Handicrafts Industry, the growth of local raw material suppliers as well as equipment suppliers in recent years due to foreign direct investments can be given as a positive initiative (Mataraarachchi & Heenkenda, 2006).

The service suppliers for the Handicrafts Industry can be given as IT solution providers such as saber technologies, CAD/CAM solution providers such as DMS technologies are of importance. Washing, finishing and various other service providers who support in enhancing value addition of the final product is also act as strength for the Sri Lankan's Handicrafts Industry. Various buying offices available in Sri Lanka to support the handyman in coordination with the buyers, logistics companies such as cargo and courier operators such as DHL and evergreen in delivering sample packages in sample handicraft process act as other supportive industries for Handicrafts organisations (Mataraarachchi & Heenkenda, 2006).

Since most of the Handicrafts organizations are lack in their capabilities in designing, development and marketing, there is a much demand for a centralized design and product development centers, which supports SMEs. Therefore, centralized design and development agencies may have an important role as supporting service for handyman in Sri Lanka, who are not capable of having their own design and development centers (Premaratna et al., 2014).

On the other hand, since most of the Sri Lankan manufacturers have lack of knowledge in foreign markets as well as data on fashion forecasting, there is an emerging demand for a supporting service in the area of marketing research and fashion forecasting agencies (Asimakopoulos & Dix, 2013). For the promotional purposes, it is better to have promoting or advertising agencies to promote the Sri Lankan's Handicrafts Industry.

Recommendations

Recommendations for Indian Government

Organising marketing positioning, promotions and campaigns in Target Markets

Organising market development campaign for the Sri Lankan Handicrafts sector can be a very effective way to make the country's handicrafts to be well-known in targeted markets.

The producers and exporters that are in cooperation with the Indian Trade Promotion Organisation (ITPO) and Export Promotion Council for Handicrafts (EPCH) should be the ones planning and staging the campaign (Ghouse, 2012). It will be even better if the campaign is getting supports from the ministry of tourism, national airlines, banking institutions and shipping agencies, hotel and restaurant associations in the exporting country. The objectives for the campaigns are to aim foreign merchants, marketing groups and purchasing operators, and also more specific people in the exchange, for example, inside planners, decorators, exhibition shops and elected of mail- order firms (Jeanete, 1973).

Handicrafts in targeted markets should be resolved precisely through promotional activities. For example, exchange fair involvement is frequently utilised to promote handicrafts, however this will have tendency to draw in pint-size retailers who often purchase from regional dealers (Bhargava, Pandey & Bansal, 2012). Although in almost all cases major importers, large retailers and chain stores require a visit to the producers' facilities in the exporting country before placing a sizable order; they do sometimes order samples that can be shown to their clients, using the order as a means of judging the prospective exporter's business skills in handling an export shipment (Ghouse, 2012).

An important aspect of successful handicraft marketing is the positioning of the products in the marketplace. Exporters, their intermediaries and trade promotion officials should strive to promote the country's quality products to the upper end of the market (i.e. the high price and quality range) if possible (Judd, 2000). Indian crafts bear the ethnic value and are highly associated with the heritage of the country. Some initiatives like The Craftmark initiative is an effort by the All India Artisans and Craft workers Welfare Association (AIACA) to help in denoting genuine Indian handicrafts, developing sector-wide minimum standards and norms for labeling a product as a handicrafts product, and increase consumer awareness of distinct handicraft traditions (Krishnamurty, 1987). Under this initiative, AIACA will license the Craftmark logo for use by Craft-based businesses, cooperatives and NGOs for use on product tickets and labels which will help in positioning of the Indian handicrafts in the international market. Similar initiatives should be highly promoted by the state run agencies among all the Indian craft manufacturers and exporters (Ghouse, 2012).

Inform Foreign Buyers

One key to drawing in remote purchasers is to give important data to enable them to audit the fare offers of workmanship suppliers viably and effectively. The EPCH and the ITPO can set up a foundation paper for this reason containing essential, financial and business information on the nation and on craftsmanship yield specifically (Ghouse, 2012). For workmanship products that have been traded effectively previously, deals figures can be given. The quantity of talented and semi-gifted handyman by region and generation zone can likewise be given for each sort of item. Data, other than passing on to the purchasers ought to likewise be gathered from them in regards to the most recent patterns and happenings in the market with the goal that Indian crafters can likewise refresh their R&D to bring out most recent winning items in the worldwide market (Ted & Marina 2006).

Adequate Infrastructure

The examination underpins the announcement that the present Sri Lankan infrastructure isn't satisfactory when contrasted with other handiwork sending out countries and is one of the significant reasons of Sri Lankan's low offer in the global market (Jodie & Willem, 2008). The main problem experienced by the exporters is the power problem which has insufficient

supply and highly priced as compared to the Chinese counterparts. The power is one of the major reasons the prices of Indian crafts go high in comparison to other competing countries, especially China (Shen, 2008). The government should try to make the companies/exporters in the same product line collaborate with other companies as this would help them in synergizing their efforts with each other and thus getting benefited mutually. The brand Indian handicrafts will be promoted in a big fashion this way (Ghouse, 2012).

Sufficient Raw Materials at Reasonable Prices

The increasing expenses of the crude materials are an issue of serious worry as the costs of the Sri Lankan specialties are ascending which is risky to the workmanship trades from Sri Lanka. The government needs to have the initiatives to develop and maintain sufficient raw material supplies at steady price for handicrafts can be taken at the national level through policies and regulations or at the local level through the establishment of supply cooperatives or buying groups. Solving the problem locally means that solutions can be tailored to a community's specific needs. The latter approach can eventually lead to the creation of a formal production entity that can sometimes tap financial and technical resources not usually available to individual artisans (Noïlla, 2007).

Updated Technology

One essential reason because of which Sri Lankan craftsmanship exports are relatively low in the worldwide market is that Sri Lankan crafters are not ready to coordinate their rivals in terms of methods, equipment and innovation. The Sri Lankan handymen are utilising decades' old infrastructure in producing the handicrafts which takes up more time and also additionally not completed in comparative terms. The administration ought to acquire new innovation for the handicrafts makers and give them coaching to deal with the advance infrastructure (Vincent & Ann, 1982).

Training Centers and Programs for Artisans

Our discoveries demonstrates that the lack of talented skilled workers very impact the export arrangement, so keeping in mind the end goal to handle this issue, the legislature ought to orchestrate particular training projects to the manufacturing craftsmans. There are either no or not very many expert training establishments to the specialties individuals because of which there is lack of talented people. The method of coaching among the craftsmans is either the inherited one or through amateurish individual means. Proficient training establishments out to be created at each real bunch of the handicrafts so that talented craftsmans ought to be delivered on general premises (Vincent & Ann, 1982).

Improved Export Guarantee Corporation

The exporter ought to be given shield if there should be an occurrence of extortion while working with another purchaser. The Sri Lankan government has a plan such as Export Credit Guarantee Corporation (ECGC) however it is not mainstream among the craftsmanship exporters. The authorities should attempt to advance its ECGC plots in an all the more better way with the goal that every one of the exporters know about the plan and feel more secure in the event of instability (Government of India, 2018)

Revival of dying Arts and Artisans for the Growth of the Industry

Formerly the middlemen exploited the artisans leaving them underpaid. In some sectors, the Government intervened to give the artisans their due and to activate certain dying handicrafts. However, it is believed that the artisan is still an exploited lot, earlier it was the middlemen now it is the Government who takes away the cream. If artisans are given monetary incentives and the price of their 'art', they will be motivated to produce better quality and more innovative goods (Ghouse, 2012).

Support during the economic slowdown/recession

The Sri Lankan handicraft was highly affected during the economic slowdown/recession due to which there was a decrease of 22% handicraft trade with the US alone while the overall Indian handicraft trade contracted by 10% with rest of the world. The negative impact was felt by almost every exporter but the maximum impact was observed by the small and emerging exporters, leading on the verge of closure of several small sized exporters and diversification in areas like real estate, equity trading and other new sources of investment (Ghouse, 2012).

As the recession affected each and every exporting nation, the performance of Indian handicraft competitors like China was not highly affected as the Chinese handicraft exporters were supported by the government to continue exports. As the similar recession is once again knocking the door in the western economies once again the Indian government should devise schemes in order to support the Indian handicraft exporters (Ramesh et al., 2010).

Recommendations to the Handicraft Exporters

Product Customization

The enterprise should keep the customer preference on top priority before manufacturing a product. Today, the market is driven by customer's choice rather than the seller's. The customer is very clear about the requirements and indulges into a purchase very consciously and wants the product to be dual purpose, thus it becomes imperative for the export organization to focus on the customer's need and choices before manufacturing the product (Ghouse, 2012). The handicrafts exporters should focus on dual purpose handicrafts having utility value so that the customer is benefited by purchasing a product serving two purposes (UNESCO, 2007).

Global Style Products

Develop more products that embrace the concept of global style in order to access the growing demand of contemporary design and remain distinctive in the market. Opportunities for handicrafts exist in all market segments, but are most abundant for products that fit comfortably into people's homes and bring an authentic indigenous element into their lives (Ghouse, 2012).

Engagement of Services of Professionals

The exporters should hire the services of the professionals in the areas like product design & development, packaging, merchandising, electroplating instead of available and low priced manpower so as to meet the expectations of the target customers (Ghouse, 2012). Tastes and fashions change at such a rapid pace that it becomes difficult to keep pace with it. So, in order to offer the customer something unique, various professionals should be

engaged by the handicrafts exporters in order to get benefited by their skills and at the same time reap the benefits of attracting customer's attention") (Marketing Crafts & Visual Arts, 2003).

Use of ICT in the supply chain

As the e-commerce is on the increasing trend and the heavy reliance of the importers on the Information and Communication Technology (ICT) in the supply chain, the situation demands the adoption of the technology into the working of the exporters therefore similar initiatives should be taken by the handicraft exporters to implement the ICT in the process of handicraft exports (양재훈 & LeeChoongBae, 2007).

ICT can act as a replacement tool for the traditional sampling process of Indian exporters. Presently the handicraft exporters develop a number of new products as samples which require investment and are also not certain of getting the order, thereby a loss on the part of exporter. With the help of ICT, a handicrafts exporter can produce as many designs which can be customized as per the buyers' requirements, thereby getting an order without any initial investment, a method presently adopted by the Chinese in the handicraft business (Ghouse, 2012).

Packaging

Packaging should be as per the buyers' requirements meeting all criteria required for shipment export like transit, and climatic conditions (Herczeg, 2012). Thus, the exporters should lay emphasis on choosing a suitable package for the product so that the last elements of the supply chain are not affected by improper and inconvenient packaging (Ghouse, 2012).

Active Participation in International Fairs

It is necessary for any exporter to participate in International fairs and keep him updated on the happenings abroad so that he can sense the tastes and requirements of people abroad. International fair participation is a source of international business development and a source of new buyers, mainly for the handicraft exporters involved into direct exports (Ghouse, 2012).

Explore small and mid-sized new markets

Instead of focusing on the heavily affected advanced countries only, the Indian exporters should also explore the top and medium developing countries which are not highly affected by developing the product marketing mix according to the requirements there (Ghouse, 2012)

Branding of Handicrafts

It is necessary in today's competitive world to create an image of the product in the minds of the customer which requires that what you are offering should be different from your competitor's offering which can be done by branding the product (Vats, 2014). Indian handicrafts need to be branded at least country wise as Indian crafts have ethnic and traditional value and true hand based crafts in nature as compared to other machine made East Asian crafts. The western customers give value to the hand made products and the Indian crafts can be branded in this way (Dasgupta & Chandra, 2016).

Employing the Indian Student Community Abroad for Business Development

Sri Lanka has a large number of students taking higher education from the major handicraft importing countries like the USA, UK, Germany, France, the Netherlands, Australia, etc. This can be availed as an opportunity for the small and medium sized handicraft exporters who cannot afford to visit these countries on a frequent and regular basis. They can liaise with the trying-to-be-self-dependent Indian students abroad by offering them work in form of business development in their host country, and helping the students monetarily to meet out their tuition and living expenses (Ghouse, 2012).

The exporters can target the students, especially the business management students who are good in communication and presentation skills and can nominate them as their business executives to the importers/buyers and pay them accordingly (Tianyun, 2018). This can act as a part of social responsibility on the behalf of Indian handicraft exporters for the student community living abroad, while at the same time, the students can bring in the business for the handicraft exporters from that particular country. The well performing students can be future entrepreneurs in the Handicrafts Industry seeing the potential of the foreign market or they can be the prospective full time employees of the exporters (Manika, 2015).

Conclusion & Further Work

Handicrafts Industry is a fast growing industry in Sri Lanka and the handicrafts kept changing from traditional patterns into modern handicrafts. Since Sri Lankan handicrafts sector contributes most of the GDP and employment rate to the Sri Lankan economy, any news regarding to Sri Lankan's Handicrafts Industry always being concerned by the people. Porter's Diamond Model has been employed to analyse the competitiveness of Sri Lankan's Handicrafts Industry for future development. When the Porter's diamond model was applied to the Sri Lankan's Handicrafts Industry it was noted that the industry's competitive advantage lies more in specialised factors such as service related skills, demanding related and supportive industries, and differentiation strategies such as innovative designing, ethical and eco perspective. Sri Lanka should thus need to place greater emphasis on education and training of service related skills such as Material sourcing, Quality control, inbound and outbound logistics, marketing and design as well as to encourage the establishment of centralised center where domestic Handicrafts manufacturers can share market knowledge and offer more integrated solutions to prospective Handyman.

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