

SUPPLY CHAIN TRIBE

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CELERITY SUPPLY CHAIN TRIBE AWARDS 2022 SPECIAL

Unveiling the Super Stars & Super Achievers

Presenting a few winning entries
of Under-30 Super Stars, Under-40
Super Achievers, and Exemplary
Supply Chains Awards 2022.
They have been the champions of
resilience and change.

Solving the supply chain maze of HANDICRAFTS INDUSTRY IN SRI LANKA

The culture, history, and traditions of Sri Lanka is rich. It is one of the world's leading producers of handicrafts. Prior to the development of the industrial sector in Sri Lanka, the handicraft industry was considered a potential economic advantage for the country. This industry continues to play an important role in the development of the national economy; however, lack of visibility is hampering the potential opportunities that this industry holds. Concerted efforts on enhancing supply chain efficiency can greatly impact its future for the overall economic growth and employment uptick of Sri Lanka.



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CULTURAL and financial values have increased the importance of handicrafts in recent years. Both developed and developing countries can benefit from the small-scale industries including handicrafts. Sri Lankan handicrafts are as high in quality and volume as merchandised products and are a major source of freight earnings. To strengthen the

country's economy, handicrafts are being developed. Several types of Sri Lankan arts and crafts are renowned worldwide, in which the creation of handicrafts has a great impact on the domestic economy. Sri Lankan handicraft production has evolved from being a cultural tradition to a profitable enterprise, which has gained recognition both regionally and internationally. Handicrafts produced in

Sri Lanka include pottery, wood carvings, brassware and cutworks, lacquer works, batik, handloom textiles, mat weaving, reed and rush wares, and wooden masks. Pottery is one of the oldest handicrafts in Sri Lanka. The most popular and widely used items in Sri Lanka are kitchen utensils, pots & pans, terracotta figures, and pottery carved vases.

People have faced immense hardships

due to the onset of the pandemic. Handicrafts and all workers involved in the situation were also affected. Therefore, this industry required strong promotional vehicles, such as indexing. The handicraft index will provide a positive competition and will enhance the skill of artisans. Weavers need state-of-the-art facility centres at block level where they can access all the facilities such as wool processing and design development training. The promotion of handicrafts in targeted markets should be precise. Exchange fair involvement is frequently used to promote handicrafts, but this often results in pint-size retailers purchasing from regional dealers.

It is common for major importers, large retailers, and chain stores to visit the exporting country's producers' facilities prior to placing a sizable order; they sometimes order samples that they can show to their clients, which serves as a way for them to assess the prospective exporter's skills when handling an export shipment. Positioning the products in the market is crucial to successful handicraft marketing. Whenever possible, exporters, their intermediaries, and trade promotion officials should work to market the country's quality products to the upper end of the market (i.e. the high quality and price ranges).

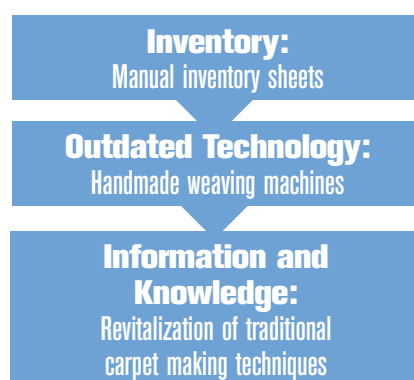
Crafts from Sri Lanka are highly associated with the country's heritage and carry ethnic value. In the international market, Sri Lankan craftsmanship exports are relatively low because Sri Lankan artisans cannot compete on methods, equipment, and innovation with their competitors. To produce handicrafts, Sri Lankan handymen use decades-old infrastructure, which takes more time and is inefficient. When it comes to distribution and promotion, the woollen handicraft industry in rural areas has been able to open up new doors as a result of the increasing purchasing power of consumers, the growing number of households with two incomes, the introduction of new retail formats such as supermarkets, hybrid markets, and shopping malls, and the growing awareness of consumers of social and environmental issues, both domestically and internationally. Consequently, there is an immediate need to develop new markets beyond the limited local market.

To provide greater access to markets outside of the state, new distribution channels should be developed.

REVISITING SUPPLY CHAIN PERFORMANCE DRIVERS OF HANDICRAFT SECTOR

A supply chain is the network of individuals, organizations, resources, activities, and technology involved in the creation and sale of a product. From delivery of source materials from the supplier to the manufacturer, to its eventual delivery to the end user, a supply chain encompasses everything.

SUPPLY CHAIN PERFORMANCE DRIVERS OF HANDICRAFT SECTOR



Inventory: An essential element of the supply chain is inventory management, which involves tracking inventory from manufacturers to warehouses and from these facilities to retail outlets. Many artisans come from poor backgrounds and faces the issues related insufficient resources they need to meet working capital and other requirements. For example, the maintenance of a manual inventory sheet is not a practice in several households.

Outdated technology: Many artisans from rural villages purchase low-quality raw materials, which reduces the quality of their products. As a result, they receive uncertain returns from the consumers. A craftsman's earnings are less when compared to the amount of time and labour he or she invests. Despite the market's growing need for modern and contemporary designs, artisans still follow age-old traditional designs with the outdated technology, for example, handmade weaving machines.

Information and knowledge: A lack of market research, training, and skill development programs has forced artisans to continue weaving traditional designs. A lack of requisite quality raw materials further forces artisans to use whatever is available, regardless of quality. As a result, their production, quality, and costs are negatively affected which is an ultimate result of lack of information or knowledge. In the process of adapting new designs, technology is subjected to severe limitations due to knowledge-related constraints. There is a need for extension services when there is a lack of awareness of modern designs, technological advancements, etc. By revitalizing traditional carpet making techniques, weavers and their families should benefit from the extension strategy. Development of jobs for indigenous communities through training programs, creation, and marketing of products with new design applications, cultural outreach programs by developing collaborative exhibitions and publications, and preserving natural resources for handmade carpet production should be the highest priority. As part of the distribution process, NGOs, cooperatives, and other organizations working in the field of rural development and sustainable development should be included.

CURRENT RESEARCH GAPS IN DIFFERENT STAGES OF SUPPLY CHAIN WITHIN THE HANDICRAFT SECTOR IN SRI LANKA

Brand building difficulties within the consumer value chain: It is recommended that a set of cooperation strategies is necessary to maintain and strengthen handicrafts, as well as providing a structure that makes management and market improvement strategies more effective to make handicrafts sustainable and competitive. Brand Building difficulties may be very helpful in preserving this important activity for humanity since artisans preserve culture and reveal the past characteristics of any locality. In addition to generating income and improving quality of life for the population, the maintenance of this profession has been



a key factor in maintaining traditions and preserving them for future generations.

The critical success factors can play a significant role in generating performance and competitiveness in sustainable contexts and human resources. Knowledge in the areas of design and product development, technical knowledge, and market knowledge are necessary for the Handicrafts Industry to remain competitive in the global trade of Handicrafts. In contrast, the Sri Lankan Handicrafts Industry lacks market knowledge due to the lack of market research conducted in this field. Most of the handicraft organisations are not involved in marketing activities, nor do they pay much attention to research and development activities. The low level of education and decentralisation of handicraft weavers in rural areas result in a mismatch between production and market demand. Therefore, following strategies are recommended:

▲▼ **Trade fairs and exhibitions:** To bridge the gap between artisans and customers, both in terms of distance as well as perception, it is imperative to expand the scope of the market beyond the existing one, i.e. the local market. It can be beneficial to organise fairs and exhibitions in different cities and set up a website to bring artisans and customers together. For example, BMICH trade fairs and exhibitions in Colombo. Direct marketing as well as fairs and exhibitions are the main methods of disposal for the artisans' finished products, such as woollen handicrafts. While some artisans sell directly to consumers, others sell through intermediate

sellers and at local fairs and exhibitions.

▲▼ **Global handicraft index:** In general, handicrafts are sustainable products produced by hand or with simple tools that are self-made by hand in the whole process by an artisan who uses natural resources. To improve the skill level of artisans and create positive competition, export, promote sustainability among populations and provide local jobs for artisans in rural and tribal communities of global levels, it has been necessary to conduct research to develop a global handicraft index that can enhance the skill level of artisans and generate positive competition and export opportunities.

▲▼ **National level export strategy through women empowerment:** Implementing specific work practices, such as a high-performance work system, can improve an organisation's performance. In the same way, high performance work systems facilitate an organisational climate in which employees are contented and willing to go the extra mile to achieve the organisation's goals. Most of the handicraft workers in our country and around the world are women. In order for the handicraft sector to flourish, women must be empowered. There is always a saying that women are responsible for all the good in the world. The same applies to handicrafts as well. Handicrafts and handlooms have been dominated by women for centuries. The backend is handled by them. With an expected 300 million artists worldwide, home-based artists are usually marginalised and one of the biggest associations of workers in this handicraft quarter. In Sri Lanka, the government has paid special attention to enhancing the social and economic status of war widows. As part of a genuine measure of government reconciliation, the civil administration should be fully transferred to civil structures.

Research has examined the impact of microcredit on women empowerment in Pakistan, Bangladesh, and India. However, similar research has rarely been conducted in Sri Lanka regarding women empowerment and microfinance. As one of the major tools for economic development, microcredit plays a significant role in enhancing the living conditions of poor people, especially women in the country, thereby empowering their handicraft products for export.

When Sri Lankan handicrafts attempt to enter the global market, it is important to deal with global forces cautiously. A modern firm must not only develop effective strategies to position itself in the market, but also lay the groundwork for implementing these strategies in a volatile corporate climate. A better understanding of global competition and adversary behaviour is critical to Sri Lanka's handicraft export strategy. Considering the importance of women's development to the country's development, the suggestions for women empowerment through microcredit will be helpful to policymakers and other institutions involved in the development of the country and contribute to a sound economic development.

IN SUMMARY

The handicraft production does not alone serve the customer's purpose; therefore, there is a need to understand 'who is the customer', 'where he wants the product', and 'how much he will pay'. Consequently, to sustain in the fiercely competitive business environment, the industry needs to conduct a proper market survey periodically to gain a thorough understanding of the nature and extent of these aspects and practices. Moreover, current research gaps in different stages of the supply chain within the Handicraft Sector in Sri Lanka lack more attention to brand building within the consumer value chain with an emphasis on areas including, lack of trade fairs and exhibitions, development of a global handicraft index and national level export strategies through the empowerment of women.

Replacing the traditional supply chain practices

Applying blockchain in the supply chain

New social and Organizational arrangements

rise, and it's time to break the trend. Digitization is at the forefront of every CEO's mind across all industries, from consumer goods to health care, manufacturing to finance. Supply chains must connect diverse systems, give end-to-end visibility, and gather and analyze enormous amounts of data to fulfill their full digital potential. Managing the supply chain is no longer business as usual as novel technological solutions continue to shake up logistics. Historically, the supply chain has changed dramatically during the previous 30 years. Historically, the role of a logistics department reporting to sales or manufacturing and focused on ensuring the supply of production lines and customer deliveries has evolved into an autonomous supply chain management function. Integrated sales and operations planning or analytical demand planning have become established business processes in many companies, whereas operational logistics is frequently outsourced to third-party logistics providers.

ROLE 1: REPLACING THE TRADITIONAL SUPPLY CHAIN PRACTICES

Disruptive technologies are characterized by distinctly superior characteristics to the systems or habits they replace. E-commerce, online news sites, ride-sharing apps, and GPS systems are examples of disruptive technologies.

ROLE 2: APPLYING BLOCKCHAIN IN THE SUPPLY CHAIN

Blockchain technology stands out as a programmable, distributed, secure, and immutable database that is helping to redefine how and what a business transaction should look like. A blockchain supply chain may be used to solve a variety of challenges. Its use in financial

transactions has the potential to help supply chain management operations function more smoothly. The technology provides this strict transparency, also known as Distributed Ledger Technology (DLT), which records data in blocks, duplicates them, and then distributes them throughout a network of computer systems on the blockchain.

ROLE 3: NEW SOCIAL AND ORGANIZATIONAL ARRANGEMENTS

Disruptive technologies, such as the Internet, are rarely good or bad but rather create and shape social dynamics. To understand the role of new phenomena such as the Internet, social media, big data, and now blockchain in organisational transformation, business scholars tend to research these areas. As with the Internet, blockchain is set to be the basis for new forms of business and social interaction. It already alters these through its decentralized architecture, trustless and permissionless systems, smart contracts, and data, privacy, and information management. Blockchain is viewed by its proponents as a classic example of a "disruptive innovation."

CONCLUSION

New scientific breakthroughs, commercial motives, or a mix of both cause technological upheaval. According to the "science-driven" innovation concept, individuals' interests are constrained by the existing knowledge or scientific frontier. Scientific advances are one of the most powerful accelerators for innovation, but they aren't the only ones. Breakthroughs are rare and very surprising. Some instances are as follows: Antibiotics, electricity, computers, the internet, and other technologies are examples. Businesses, and in some cases entire industries, have been built on

the simple principle of trust between multiple parties.

Among the major advantages and impacts of Blockchain are the trust in transactions and the ability to share assets. Due to the presence of ledgers, all transactions are secure and trustworthy. Nevertheless, this trust business is about to be disrupted and transformed with the emergence of blockchain technology.

Finally, our article summarized the main aspects of the decentralized supply chain as operations dispersed throughout a network of nodes and then the flow of the decentralized supply chain, including the flow of goods and information. A decentralized supply network promotes cooperation over rivalry among supply chain participants. Decentralization increases overall customer satisfaction and results in stronger long-term connections with consumers by placing a greater focus on creating a relationship with them. We propose an authentic framework for the role of disruptive technology in a decentralized supply chain based on the triple perspectives of replacing the traditional supply chain practices, applying blockchain in the supply chain, and creating new social and organizational arrangements.