SCOTLAND'S CRAFT INDUSTRY: QUALITY NOT QUANTITY

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> "In the 1950s families toured the Highlands in Morris Oxfords and complained about Japanese knick-knacks. In the 1970s they could buy quality pottery and handweaves to take home in their Datsuns."
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> (Christopher Harvie: No Gods and Precious Few Heroes: Scotland 1914-1980. Edward Arnold (Publishers) Ltd, 1981, page 60.)

Throughout Scotland there are a large number of small craft enterprises such as potters, weavers, jewellers and the like. The success of these ventures has given an added boost to the tourist industry in Scotland, as suggested by Harvie, and is a good example of indigenous skills replacing foreign imports. Indeed the proliferation of craft enterprises is itself an indication of their success. However tourism, whilst important, cannot fully explain the rejuvenation of crafts over the recent past in Scotland. Harvie, for example, implies that not only has the potential for import substitution been recognised but also that consumption patterns themselves have changed. Society appears to have a different set of values and aspirations. The aim of this Brief is to describe the current structure of the crafts industry in Scotland emphasising the historical associations which have provided a sound springboard from which to promote and market a wide range of modern craft products. Finally it is intended to discuss some issues relating to the future of the craft manufacturing units, bearing in mind that not only are they vulnerable to changes in consumer tastes but also to the economic pressures which determine the ability of all firms to survive in a commercial and competitive market place.

The Early Days

The tourist view of the crafts is continually directed towards the traditional skills of rural Scotland from the days prior to the industrial revolution. In those times communities were largely self supporting with most households able to fashion their own tools and equipment for use around the home or the farm. Despite this, and in even the poorest areas, there was still a demand for certain specialist skills, such as metal working and weaving. Generally these were provided by local people skilled in these trades, but payment would be in kind rather than money. In addition there were also itinerants, such as tinkers and tailors, who would remain in an area only for the time it took to complete all their commissions. These travellers were especially popular because they brought with them a good

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The views expressed are those of the author and not necessarily those of the Fraser of Allander Institute store of news (and gossip) from other villages - an important function in times of poor communications and restricted travel.

With the coming of the industrial revolution many of the traditional skills and values began to disappear. This was especially marked in the lowland areas of Scotland where industrialisation, in the form of factories, foundries and coal mines, was quickly established. In the Highlands and Islands emigration to the new industrial centres adversely affected the supply of and the demand for many skills. Again many were dying out. Of course the factory products themselves were replacing the traditional hand-made items used in the home, allowing households more time to devote to leisure or income generating activities. Not surprisingly the new factory products were welcomed and greatly valued over the cruder hand-made artefacts of earlier days.

The textile mills on the mainland provided both job opportunities for people prepared to move to the industrial areas, as well as the possibility of new markets for hand-woven cloth. Thus many Highland weavers and spinners became suppliers of materials to the mills allowing them to work from their own homes and to continue working the family crofts. But rates of pay were low. Towards the end of the 19th century the Scottish Home Industries Association was formed to overcome the low wages offered by mill agents. A shop in London was opened as an alternative market for hand-woven material.

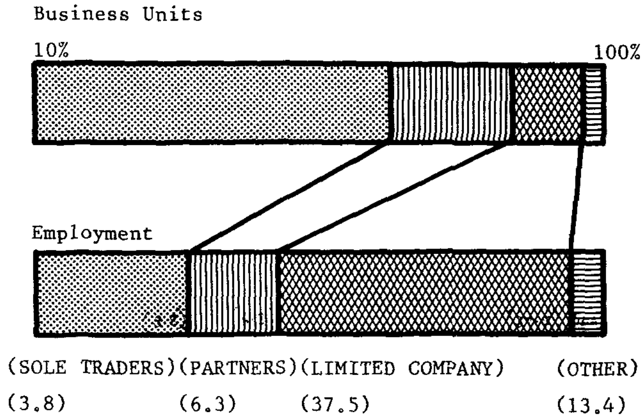
The success of the Scottish Home Industries Association led to other similar organisations being formed. Whilst most groups concentrated on improving the sales and the quality of hand-woven materials, there were similar groups promoting pottery, wrought ironwork and woodwork. Most groups have continued to function up to the present day, but their influence on the market has steadily declined. Rather than promoting the interests of the craft producers some of the groups were generating unintended (and undesirable) competition with little attempt to co-ordinate the marketing effort. Crafts, however, were regarded as a fairly marginal activity throughout the first half of this century. Consequently there was little, if any, pressure to provide any official assistance. Nevertheless it was clear that a substantial market existed outwith Scotland for well made, well designed products. Meanwhile other regions were beginning to identify the potential for craft products from their own areas.

In recent years Scotland was one of the first to introduce a range of services aimed at encouraging craft developments and promoting Scottish crafts both nationally and internationally. The Small Industries Council for Rural Areas of Scotland (SICRAS) established a range of craft services in the southern parts of Scotland and the Highlands and Islands Development Board (HIDB) provided similar services throughout their region. Later, SICRAS was subsumed into the Small Business Division of the Scottish Development Agency (SDA). Recently the HIDB, in conjunction with the SDA, have established Highland Craftpoint at Beauly in Inverness to provide not only the existing range of services to crafts firms in the Highland areas but also a wide range of professional services, including marketing, technical, information and training requirements, for firms throughout Scotland.

The Structure of the Craft Industry

A recent survey[1] of the craft sector has estimated that there are approximately 1,280 craft units operating in Scotland, providing employment for around 10,500 people and generating total sales of approximately £31 million. A high proportion of craft firms operate on a part-time basis with production geared to making a financial return on the time and investment involved. In addition there are many individuals who participate in craft activities as a leisure pursuit and are prepared to subsidise their hobby. Occasionally products will be sold through the various market outlets but in general these individuals would not expect to be classified as a crafts firm. This often means that full-time craftsmen will have to compete on price and quality with products whose price does not reflect the full production costs.

FIGURE 1 TYPE OF CRAFT BUSINESS OWNNERSHIP



N.B. The figures in brackets represent average employment per business unit.

Source: PEIDA (1981)

Approximately 62.4% of firms operate as sole traders with a further 21.4% on a partnership basis. In other words the typical craft firm is a very small manufacturing unit. Just over half of the employment (52%) is concentrated in the relatively small number of firms trading as limited companies. This latter group are dominated by textile and clothing related firms.

The motivation of craft workers appears to be quite different from entrepreneurs in other sectors of industry. The typical craft enterprise is not only small but employs outdated manufacturing technology with a

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[1] All of the statistics quoted in this Students Brief are taken from a report prepared by PEIDA on the Scottish Crafts Industry for the Scottish Development Agency, June 1981.

Table 1 below illustrates the range of craft activities and records the number of firms included in the SDA survey as well as the employment and average unit size.

TABLE 1

	No of Firms	Emp.	Average Employment per Business
Ceramics	129	636	4.9
Crochet/Embroidery/Macrame/Doll Making	37	183	4.9
Jewellery/Silversmithing/Enamelling	100	391	3.9
Furniture/Musical Instrument Making	50	110	2.2
Glass (making, engraving and stained)	37	288	7.8
Knitting	95	2,969	31.3
Leatherwork	31	119	3.8
Printing/Calligraphy	25	93*	3.7*
Textiles (Printed & Woven)/Clothing/Tapestry	102	1,673*	16.4*
Woodturning/Wooden Toys/Other Woodwork	68	248*	3.7*
Wrought Ironwork	13	31	2.4
Other	145	-	-
TOTALS	832	7,364	8.9

*estimated

Source: PEIDA, (1981)

strong emphasis of manual and design skills from a location often extremely isolated from major markets and suppliers of raw materials. The craftworker will typically base his initial location decision on a number of factors, giving a relatively high priority to the quality of life and the surrounding environment, and a relatively lower rating to profitability, access to markets and potential for growth. In some respects the craftworker is implicitly striving for the ideals expressed by Schumacher in his influential book 'Small is Beautiful', and in particular his interpretation of Buddhist thought in relation to work and leisure.

> "The Buddhist point of view takes the function of work to be at least threefold; to give a man a chance to utilise and develop his faculties; to enable him to overcome his egocentredness by joining with other people in a common task, and to bring forth the goods and services needed for a becoming existence. Again, the consequences that flow from this view are endless. To organise work in such a manner that it becomes meaningless, boring, stultifying or nerve-racking for the worker would be little short of criminal; it would indicate a greater concern with goods than with people, an evil lack of compassion and a soul-destroying degree of attachment to the most primitive side of this worldly existence. Equally, to strive for leisure as an alternative to work

would be considered a complete misunderstanding of one of the basic truths of human existence, namely that work and leisure are complementary parts of the same living process and cannot be separated without destroying the joy of work and the bliss of leisure".

Not surprisingly therefore the largest number of craft firms are located in predominantly rural areas as indicated in Table 2 where the regions with the highest population densities tend to have the lowest concentrations of craft employment. Indeed the conurbations of Edinburgh, Aberdeen and Dundee account for only 7% of craft employment compared with 20% of all employees in employment. The industry, in addition to the diversity of skills, is also highly dispersed throughout Scotland. This can make it difficult for craftsmen to organise their own co-operative marketing and purchasing arrangements or indeed to keep informed about general trends and influences on their market.

TABLE 2 REGIONAL DISTRIBUTION OF CRAFT EMPLOYMENT

	1 **Craft Employment**	2 **Population Density**
Strathclyde	1,040	1.64
Dumfries & Galloway	767	0.22
Borders	625	0.21
Lothian	627	4.3
Central	353	1.03
Fife	343	2.6
Tayside	244	0.53
Grampian	373	0.54
Highland	1,320	0.08
W. Isles	796	0.1
Orkney & Shetland	893	0.17
	7,381	0.67

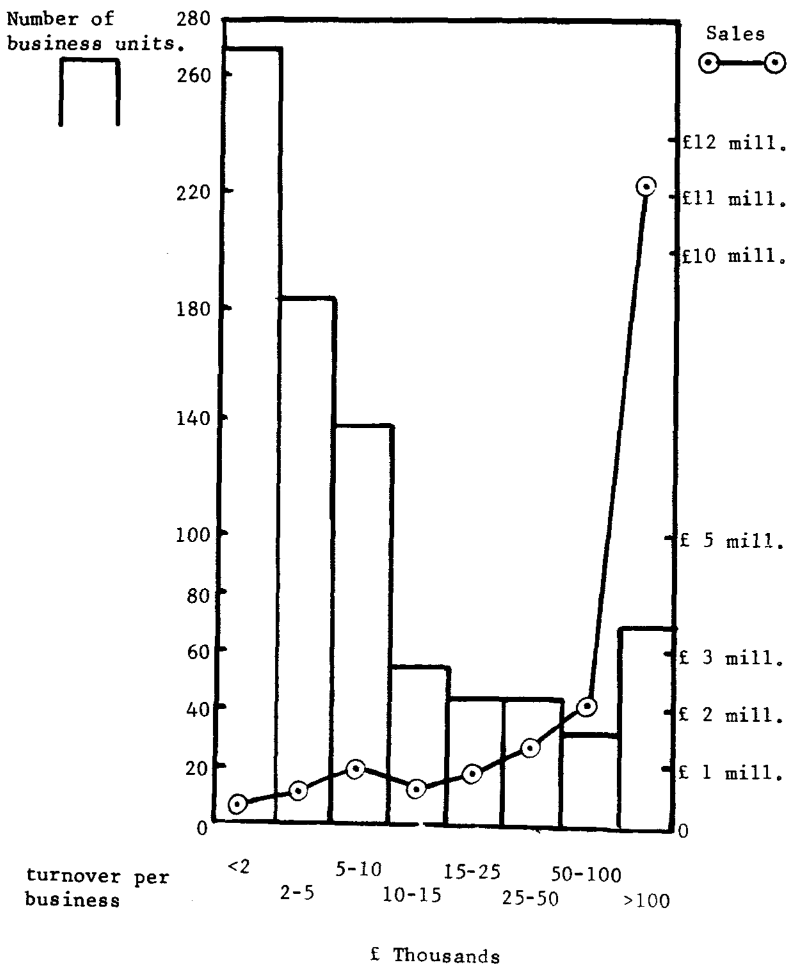
Source: PEIDA (1981)

Rural solitude may initially have attracted some craftworkers but, once established in business, the pressures to conform to familiar business practices quickly arise. Irrespective of the original intention every craftbusiness is essentially a manufacturing unit subject to the same set of economic constraints as any other business unit. For the full-time craftworker sales revenue must cover production costs or the firm cannot survive. There is no other pressure quite like this to concentrate the mind!

Whilst most other forms of manufacturing firm may be in a position to rationalise their production activities or to reduce the labour force the typically self-employed craftworker may not be able to deflect increasing costs. Of course the economist's theory of the firm suggests that unit costs may be lowered if increased production will lead to economies of scale for the firm. This may create a dilemma for the craftworker since increasing production might adversely affect the quality and the nature of the product itself. The only remaining option in a competitive market, where it may be difficult to raise prices to customers, is to accept a lower proportion of sales revenue as personal income.

Figure 2 shows that 71% of craft firms had an annual turnover of less than £10,000 in 1980. From an estimated total sales of around £17.7 million for craft products made in Scotland, this group contributed only 9.6%, or £1.7 million. The lion's share, approximately 63%, was made by the small number for firms able to generate a turnover substantially in excess of £100,000.

FIGURE 2 NO OF CRAFT UNITS AND SALES BY SCALE OF TURNOVER PER BUSINESS



Source: PEIDA (1981)

Clearly turnover per firm is very low amongst the smallest craft firms. In 1980 a very rough estimate of output per person employed in craft activities is just less than £2,000 (using a conservative estimate of craft employment). This compares with approximately £7,000 per employee over all manufacturing firms in Scotland. Note however that such a comparison makes no assessment of the psychic income the craftworkers feels by living in the environment of his choice, organising and developing his own business, and producing his own range of products. If the evidence above is to be believed then craftworkers put a high value on the psychic income elements to overcome the actual deficiencies in earned income.

Not surprisingly it is the smaller firms which tend to function on a part-time basis. Despite evidence of low incomes, only 35% of craft firm owners had another occupation. Within this group 84% (of the 35%) had a turnover less than £10,000. The pressure on incomes may also be relieved by examining the total incomes of households where a craft enterprise makes a contribution.

TABLE 3 CRAFT EMPLOYMENT - MALE AND FEMALE

	Full-Time	Part-Time	
Male Employment	1,676	431	2,107
Female Employment	1,965	2,968	4,933
TOTAL	3,641	3,399	7,040

Figures based on sample of craft firms

Source: PEIDA (1981)

Where a craft activity is undertaken as a business then the larger the turnover the more likely it is to be the main source of income for the household as a whole. Of the firms recording a turnover of less than £10,000, nearly 60% of the households involved earned up to one third of their total income from the craft enterprise. This feature probably explains the sexual composition of craftworkers, where craftswomen outnumber craftsmen by a ratio of more than 2 to 1, yet full-time employment is broadly the same between the sexes. The key difference is part-time work, which is dominated by female employment nearly 7 times greater than for males. This suggests that in many households crafts activities are indeed a secondary source of income.

Crafts Policy

Employment, protection or creation, is generally the main stimulus for a package of incentives to encourage industrial development. Employment in crafts, whilst a factor, is generally of less concern. Crafts represents only 1.9% of manufacturing employment in Scotland. The sector is diverse, encompassing a wide range of different markets, sizes of firms, technologies and entrepreneurial objectives and where each individual firm is producing its own unique product. In addition each sector within the craft industry tends to have its own specific problems. Consequently policy towards the crafts takes a quite different form from assistance to other sectors of industry.

Whilst broadly the same set of constraints face crafts firms throughout the UK, Scotland adopts a different approach from other regions. In particular the range of incentives and services are administered through the industrial development authorities - the SDA and the HIDB. In England and Wales the Crafts Council is responsible for developing promoting and administering crafts policy. The different institutional approach has meant that each region has had a slightly different emphasis. Over a period of time each has studied the progress of the other and in practice there has been a marked similarity in the form of policy adopted by the various bodies. The Craft Council, for example, when it was first set up was closely linked with the Design Council and the emphasis was directed towards craft products of the highest quality (in artistic terms). The Scottish approach, however, concentrated on improving the business and technical skills of craft workers, but also with the long term aim of improving the general standard and quality of craft products.

These comparisons of craft policy do not adequately reflect the wider objectives of each policy body, but they do reflect the concensus that the key to a strong craft sector is quality. As such it often conflicts with the government's preferred approach in industrial policy for common, well defined criteria which determine whether a firm within an industry qualifies for specific incentives. When the criteria are subjective, as they often are for crafts, then it is less easy to defend the policy. Fortunately the government and the development agencies have resisted the temptation to change their overall philosophy, and indeed have both vigorously defended and continued to introduce new schemes to improve standards.

The main advantage for craft authorities in Scotland is the link with the development agencies. Whilst financial measures for crafts firms are often financed from other sources, independent from SDA or HIDB industrial policy, there is ready access to the professional and technical services offered by these agencies. Typically the new craft firm lacks business and marketing experience and it is therefore very useful to have these deficiencies corrected at an early stage in a firm's life. The day to day problems faced by craftsmen tend to be non-financial and if these can be speedily remedied then production targets will be achieved and delivery dates met. The SDA for example can provide advice on marketing strategy, including exporting advice, organisation and method techniques for efficient workshop layout, accounting instruction, as well as technical assistance for equipment and material enquiries. An important feature of these services is the fact that advice is generally provided at the firm's own workshop. This allows training courses, for example, to be geared to the specific requirements of the firm using their own equipment. An added advantage is that the disruption to general production is minimised.

Craft oriented schemes include a range of grants for both individual craft firms and craft associations, provision of space at trade fairs, special promotions at both home and abroad including the purchase of craft items for a touring collection, and a commissioning scheme to encourage public institutions to incorporate elements of craft work in their buildings.

There is also a range of publications designed to promote craftwork to the general public as well as a bimonthly newspaper aimed at informing both public and craftsmen of current developments in the industry.

To encourage new firms to enter the industry there is a Crafts Setting Up Scheme offering grants of up to £2,760 to individuals, mostly art school graduates, starting up in business. The emphasis is on quality of work and applicants are expected to provide evidence of their skills and have some idea about their longer term objectives in business. The grant assumes that individuals have already made a commitment by having a workshop and most of the equipment needed. As such, it is intended to provide financial support whilst the firm is establishing contacts and markets as well as refining the product range.

Established craftsmen can qualify for Workshop and Equipment Grants up to a maximum of £1,760 representing up to 50% of the cost of equipment and is intended to raise the standards and increase the output of the firm. To encourage employment opportunities there is a Craft Training Scheme where some of the wage and maintenance costs of young apprentices are covered by a discretionary grant, over the first two years of training.

The breadth of craft activities is wide, as indicated by the list in Table 1. Within each craft there can be differences in the type of firms with some concentrating on sales by individual commissions or through galleries and exhibitions, whilst others rely on direct retail sales from their own workshops or wholesale selling to craft retailers. The appropriate strategy will depend on the particular circumstances and preferences of individual craftsmen. Where possible the SDA and HIDB assistance has tried to respond to the various requirements from the craft firms in their respective areas. Both organisations for example have, for some years now, organised trade fairs to attract orders from foreign and UK based retailers. The commissioning schemes and the touring exhibitions on the other hand are likely to promote the work of artist-craftsmen. The term artist-craftsman has come to be used extensively amongst the crafts fraternity suggesting the general swing towards promoting the artistic associations of a craft product rather than the functionl characteristics. Indeed the large art auction houses are organising sales of 20th Century crafts in exactly the same manner as the art markets for old master paintings, and the like. In other words craft goods are being treated as investment goods whose value is expected to rise over time. This trend, whilst helping to improve the price of craft products in general, is predominantly creating a market for only a few individual and well established craftsmen where investment rather than functions are the main criteria.

To some extent the emergence of the artist-craftsman is detracting from the nature of a craft product, which is for an essentially useful artefact. Once the potter no longer makes casseroles for cooking or the furniture maker chairs which cannot be sat on then crafts will have lost their appeal in a modern society. Industrial companies can of course produce goods which perform the required functions at a fraction of the cost of craft products, but craft producers have exploited the market by providing goods which can offer a degree of individuality as an alternative to the conformity of mass produced items.

Most countries, and especially Japan, China, Korea, France, Mexico and even Scotland, have traditions for making cheap utilitarian wares. In these countries the makers were anonymous craftsmen and the products had evolved, rather than designed, over time to match exactly the function for which they were intended. Many of the modern day crafts firms set up with similar ideals only to find that economic circumstances force a more personalised approach. The craftsman must promote himself as both a creative artist as well as a skilled tradesman. Clearly the emergence of mass produced items has made individual craftsmen re-examine their role in society as well as their approaches to marketing their products. Occasionally industry itself takes cognisance of craft work by attempting to make products which replicate craft features. (For example mass produced china mugs with imitation throwing rings.) This suggests that craft firms have been successful at competing with large firms.

The prospects for crafts must therefore continue to be favourable. The over-dependence of the industry on tourism in Scotland has been reduced. The market is now much broader and more appreciative of craft goods. Certain areas remain untouched by craftsmen. Since most craft firms are established on the basis of a design/art training it is surprising that so few craftsmen have managed to co-operate with industry to improve the design of industrial products. One example however is the use of handloom weavers on a sub-contract basis to design materials for industrial production. The continued support and encouragement of government agencies has been instrumental in developing a strong craft sector in Scotland. As long as the flirtation with the buoyant but unpredictable "art" market is contained then prospects remain strong. The integrity of the industry over the long term must continue to depend on the quality of the products, determined to a large extent by both the functional and aesthetic appeal of craftmade products.

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