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The American University in Cairo
School of Global Affairs and Public Policy

**EGYPTIAN HANDICRAFTS CLUSTERS: BARRIERS TO
DEVELOPMENT & SUGGESTED POLICY REFORMS**

A Thesis Submitted to the
Public Policy and Administration Department
In partial fulfilment of the requirements for the degree of
Master of Public Policy

By

Amal Mohamed Soliman Mohamed

Fall 21

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Amal Mohamed Soliman

The American University in Cairo
School of Global Affairs and Public Policy
Department of Public Policy and Administration

EGYPTIAN HANDICRAFTS INDUSTRIAL CLUSTERS: BARRIERS TO
DEVELOPMENT & SUGGESTED POLICY RECOMENDATIONS

Amal Mohamed Soliman Mohammed

Supervised by Professor Ghada Barsoum

ABSTRACT

Egypt has a large number of handicrafts clusters, greater than any other industrial clusters in the country. Handicrafts clusters, also known as Creative or artisans' clusters, are geographic concentrations of households that produce a variety of handmade goods. Such goods include, inter alia, wood works, metal works, stones, and handmade textiles. They contribute to employment creation and poverty alleviation, especially in rural and deprived areas. The development of handicrafts clusters has been the focus of many institutions including World Bank, United Nations Industrial Development Organization (UNIDO), Micro, Small & Medium Enterprise Development Agency (MSMEDA), and Ministry of Trade & Industry; however, the overall impact of the sector in the country is inadequate. Therefore, the main purposes of this study are to: first, investigate the main barriers that hinder the development of Egyptian handicrafts clusters; second, determine this sector's key needs to thrive and grow, third, to suggest some reform policies that could be beneficial for the sector's development. In order to tackle the aforementioned objectives, fifteen semi-structured interviews have been conducted with artisans from different creative industrial clusters, as well as public officials who are in charge of developing handicrafts clusters in Egypt. The analysis illustrates several obstacles such as the absence of coordination between development organizations; the poor relevance of interventions to the sector needs; poor access to markets and business models; poor marketing skills and opportunities; low income and high vulnerability of artisans and weak regulations. The study highlights the need for an institutional body managing the sector and for accurate data about the field, and artisans' social protection among others. Therefore, a distinct way is paved for policymakers to set up sustainable solutions and mechanisms to remove these barriers to enhance the clusters' economic and social performance.

Key Words: Handicrafts Clusters; development barriers; clusters' needs.

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List of Acronyms

Abbreviation	Definition
ASEAN	Southeast Asian Nations' Association
CEO	Chief Executive Officer
EECH	Egyptian Export Council for Handicrafts
ESEW	Economic & Social Empowerment for Women
EU	European Union
GDP	Gross Domestic Product
IMC	Industrial Modernization Center
IRB	Institutional Review Board
ITC	Industrial Training Council
MAD	Moroccan Dirham
MSME	Micro, Small, & Medium Enterprises
	Micro, Small, & Medium Enterprises
MSMEDA	Development Agency
MTI	Ministry Of Trade & Industry
NGO	Non-Governmental Organization
	Organization for Economic Co-operation and Development
OECD	
SDS	Sustainable Development Strategy
SFD	Social Fund for Development
SME	Small and Medium Enterprises
TPP	Trans-Pacific Partnership
UK	United Kingdom
UN	United Nations
	United Nations Conference on Trade and Development
UNCTAD	
UNDP	United Nations Development Program
	United Nations Educational, Scientific and Cultural Organization
UNESCO	
	United Nations Industrial Development Organization
UNIDO	
ICTs	Information & Communication Technologies

Chapter one Introduction

The UN Creative Economy Report (2008) outlines the creative industries as being “the series of conception, construction, and supply of products and services that utilize creativity and intellectual assets as principal inputs”. More specifically, a creative industrial cluster, also known as handicrafts or artisans cluster, is defined as a geographic concentration of household components creating handmade goods (Sarkar, 2007). Clusters are essential for providing new job opportunities, enhancing private enterprises, economic development and innovation (Rawat & Mittal, 2017), in addition to their role in motivating local economic progress which has been frequently emphasized in both theoretical and policy-oriented writings (Lund- Thomsen and Pillay, 2012). Furthermore, industrial concentrations have been developed to be the new motto for economic growth and development (Kumar, 2010)

Khalil, (2018) mentioned that handicraft’s production in Egypt is cluster-based and women dominated, as they are found to be a revenue making activity for a high percentage of women in Egypt (Hassanin, 2008). These women include those many of those in Upper Egypt who have inadequate access to urban cities, restricted access to official hire, or monetary and technical provision for private employment and entrepreneurship, and are subjected to male control. (Khalil, 2018). While rural crafts are practiced from houses employing many women and children, urban crafts are primarily practiced in unrecorded workshops that lack management understanding and marketing capabilities (OECD, 2010).

Egypt certainly endeavours to boost industry-motivated employment, and this is apparent from the Egyptian Government’s statement in 2016 that concentration-based industrial development would become a main pillar (SDS, 2016). Following from this, there could be great potential for cluster-based development in the country, given the extended

history of clusters in the state (Abdelaziz et al., 2018). Furthermore, Egypt's handmade products clusters are competitive in relation to their price, the exclusivity of the products, and the substantial prospects for improving a cost-effective pool of workforce (Abdelaziz et al., 2018).

1.1. Research Problem

Although Egypt has witnessed improvement in its Handicrafts clusters in the period from 2010-2019 (Hassan, 2020), there is a limited impact from local industrial concentrations on innovation and economic growth (Ali, 2012). For example, on the governance level, an industrial chamber and an export council for handicrafts manufacturing were settled (Muhammad, 2020). On the legislative level, a number of decrees and laws stimulating foreign trade and enabling high-yielding work were issued (Refaat, & Mohamed, 2019). Despite these efforts, various development barriers still exist still (Refaat, & Mohamed, 2019). Such barriers include lack of institutional framework for handicrafts sector, absence of accurate data and statistics, scattered unorganized interventions, and, inability to compete in international market (MTI, 2018). Similarly, the development of the Egyptian handicrafts clusters sector, an important sector that participates in country's GDP and generate employment opportunities has been on the plans of several entities including numerous ministries, donors, organizations, and NGOs. Despite the importance that these entities seem to give the handicrafts clusters sector, there is inadequate impact on their growth and development (Abdelaziz et al., 2018). For example, exports declined nearly 50% from 2013 to 2017- explicitly from USD 431 million to USD 269 million. Alternatively, imports of handicrafts increased from USD 247 million to USD 269 million all over the corresponding period (IMC, 2018).

1.2. Research Objective

According to UNIDO (2018), Egypt's vast and diversified cultural traditions provide a distinct competitive advantage. Furthermore, the country's young workforce offers a competitive advantage for this labour-intensive sector (Refaat & Mohamed, 2019). Because of the importance of this sector for workers in Egypt, many organizational and policy frameworks to develop Egyptian creative clusters were introduced (Hassan, 2020). The literature indicates however that the economic development of the current concentrations in Egypt is repressed (Abdelaziz et al., 2018). For instance, the sector achieved exports of USD 269 million in 2017. Exports were highest from 2008-2010 and have declined steadily since then (MTI, 2018).

Following from the above, this research study aims to fill the literature gap regarding the obstacles that hinder the advancement and effective development of Egyptian creative clusters. Filling this gap will serve as an evidence-based identification of the difficulties that prevent effective development efforts for handicrafts clusters to achieve higher impacts. In addition, this study will also present an opportunity for policy and decision makers, as well as concerned institutions to set up practicable mechanisms and sustainable solutions to develop the handicrafts clusters.

1.3. Main research question and specific research questions

1.3.1. Main Research Question

According to the aforementioned objective, the main research question that is tackled in this research is as follows: What are the challenges behind the ineffective development of the Egyptian creative handicrafts' clusters? This question includes investigation of the barriers

that lead to the encumbering of the development of creative handicrafts' clusters in Egypt as well as, the major needs and potential solutions that can foster their growth and development.

1.3.2. Specific research questions

- What are the difficulties facing artisans and entrepreneurs in handicrafts clusters in Egypt?
- What are the essential needs of Egyptian creative handicrafts clusters in order for them to thrive economically at the national and international levels?

The answers to these questions in this research could present noteworthy contributions in order to comprehend the complicated aspects involved in inhibiting the development of handicrafts clusters in Egypt. They will reveal the issues that act as barriers for efficient outcomes for growth efforts in creative handicrafts clusters in Egypt, as well as present possible solutions that can be implemented to overcome this problem in the country. The examination and results of the present study are most applicable to handicrafts clusters in Egypt and cannot be generalized on other countries.

1.4. Research outline

The author organises the present study into five chapters. The first Chapter covers the introduction that gives an overview of creative handicrafts industrial clusters in Egypt. This is followed by the study approach, which demonstrates the position and objectives of the present research, and the research questions. The second chapter presents the literature review which demonstrates the concept of industrial clusters, the economic importance of clustering and clusters' active role in employment promotion especially for women in rural and deprived areas, women empowerment, and boosting entrepreneurship. The final part of literature

review showcases the role of creative and handicrafts clusters in Egypt, as well as the similarities present in other developing countries with the Egyptian context. The third chapter contains the methodology and the conceptual framework of the present research. The fourth chapter demonstrates the analysis of data and discussion of the study. Finally, the fifth chapter provides a brief deduction of the existing research and possible recommendations to overcome the obstacles that hinder the development and growth of creative handicrafts industrial clusters

Chapter Two: Literature Review

While the research on the creative industries is relatively new (Heinze & Hoose, 2013), creative manufacturing is found to encircle significant portions of many countries' economies (Cruz & Teixeira, 2014). Developing the term "Creative Economy" in 2001- formerly known as "creative manufacturing" - creative clusters began to grasp the attention of several scholars from diverse disciplines (Muhammad, 2020). Publications arose from theoretical and policy-based papers to experimental studies on the assessment of handicrafts clusters' role in national and local economies (Heinze & Hoose, 2013). It is for this reason that concepts such as creative clusters, seen as SME agglomerations, have become the focus of several research not only in many developing countries (Kumar, 2010).

2.1. Concept of a cluster

The basic notion of cluster that most economists have denoted as a geographic concentration originates in 1890 in the research of Alfred Marshal (Mittal et al., 2017) where he defined a cluster as a concentration of specific businesses of similar type in an exact area (Mittal et al., 2017). Similarly, Kumar (2010) defined cluster as an agglomeration of micro small and medium-size enterprises integrated in comparable types of businesses. Pyke and Lund-Thomsen (2015) also, defined industrial clusters as agglomerations of group, of mostly small firms – frequently concentrated with larger enterprises – in analogous or associated industries, or in similar services or goods. Moreover, a cluster is defined as a geographically neighbouring group of units (homes/workshops/factories) making nearly comparable products and confronting mutual opportunities and threats (Sarkar, 2007). Gereffi and Lee, (2016) mentioned that a manufacturing cluster comprises businesses and interrelated firms within

distinct spatial borders involved in comparable sectorial actions. However, the author, according to the Egyptian context, adopts cluster's definition as a group of at least 10 micro, small, and/or medium enterprises involved in the production of similar or complementary products and are located in the same geographical location. Such definition is also adopted by IMC's creative clusters development program

In investigating the phenomenon of clustering, researchers acknowledge clusters as social networks focusing on effective knowledge conception and transfer (Morosini, 2004). It is similarly found that a cluster spreads beyond main organizations, and comprises any additional party or intervention in the area which can participate in the industry's sustainable development (Ali, 2011). In addition, international and African knowledge demonstrate that clusters are extensively observed as a spontaneous progression, i.e., evolve "spontaneously" through independent natural developments (Morris and Kaplinsky, 2015). Furthermore, the cluster is found not as a stagnant industrial concentration but a dynamic, active phenomenon (Giuliani, 2002). Agreement with the above data is strengthened by findings that argue that all clusters in Egypt, rather than industrial districts, are formed spontaneously without any interference from the state or previous governmental plan to establish them. In addition, the cluster format is found to enhance knowledge transfer and skills development (IMC, 2021).

Regarding clusters' nature in developing nations, the majority of clusters are "inactive clusters" that help underprivileged people and provide low-income types of job opportunities (Sandee, 1995). On the other hand, the minority of clusters are "energetic clusters" with closely interacted organizations that try to compete in international marketplaces (Sarkar, 2007). Scholars such as Schmitz and Nadvi (1999) have, similarly, mentioned that majority of clusters in developing countries are "emerging clusters" that are situated in poor zones, and a minority of "matured" clusters that strive to reach worldwide markets. However, both categories of clusters are not completely separated, but rather somewhat overlapping (Dijk &

Sverrisson, 2003). as well as both types play an important role in emerging states regarding promoting local economic growth, boosting skills enhancement, and alleviating poverty in deprived, poverty-stricken societies (Lund- Thomsen & Pillay, 2012).

2.2. Creative Industries & Handicrafts

In the modern economy, aspects such as creative designs and intellectual concepts are of great economic importance (Suciu, 2009). Creative industries comprise a group of activities that are knowledge-based, including but not limited to fine art, and making profits from intellectual property asset (Potts et al., 2008). They include concrete goods and insubstantial intelligent, or creative services with artistic content, commercial value and market ideas (Flew, 2002). Overall, the creative industries embrace four categories: legacy, fine art, mass media and hands-on manufacturing (UN, 2008).

Artistic inheritance is recognized as the source of all types of arts and the “passion” of cultural and artistic industries (Harabi, 2009). According to UNIDO (2018), Artistic and Creative Industries are significant, because their goods signify the distinctiveness of their countries and their people. Additionally, they create jobs and income, especially for youth and women (Galloway & Dunlop, 2007). In such a framework, the handicrafts sector is a vital industrial sector that produces export goods and provides jobs in many emerging states (Ghouse, 2012).

A handicraft is an item that is made by hand, dependent on competencies of a crafts person, such as wood carving, metal products, textile interlacing and printing, leather products, etc. (Konstadakopulos, 2018). Handicrafts’ production is usually a fragmented and principally labour-intensive industry that requires low technology (Venkataramanaiah and Ganesh Kumar, 2011). Most importantly, small enterprises in the traditional handicraft sector participate in a

significant way to improve community, economics, and culture via providing jobs for people in rural areas. (Hien et al., 2016). It is worth noting that handicrafts clusters are central for the progress of rural businesses, as well as keeping and improving old cultural morals (Cant & Tambunan, 2009).

Handicraft businesses have evolved without any political plans as it primarily rested on manufacturing leisure goods (O'Brien and Feist 1995). In several areas where expansion of tourism and/or redundancy issues are high, the residents of a specific nation engage themselves in handicraft industries (Croes and Vanegas, 2008), as it is easy and low-costing needing minimum investment prerequisites (Hashmi, 2012). Handicraft industry was designated as one amongst three main sectors (leisure industry, textile, handicraft, and farming) that enhances the standard of living of people, but particularly women (Klugman, 2009).

2.3. The importance of Industrial clusters for industrial and economic development

Geographically proximate manufacturers, service contractors, and other establishments in a specified economic field, are significant promoters of dynamic local economies (Tessitore et al., 2012). This is because clusters are found to promote effective networking between entrepreneurs, academics research institutions and local administrations (Rawat, 2017). For example, SMEs may have access to significant inputs, such as skilled labour and service suppliers, which minimizes transaction expenses for individual companies as they constitute a unit of a cluster (Lund-Thomsen and Pillay, 2012). In addition, SMEs may be involved in shared action so as to handle issues such as market needs or formal necessities that threaten the existence of cluster units (Nijkamp & Kuiper, 2018). Undeniably, it is extensively found that clusters' structural formula is favourable to improving efficiency and profits among affiliate businesses, and the societies that host them (Pyke and Lund-Thomsen, 2015).

Specifically regarding market access, there is a growing argument that clustering supports small entrepreneurs to avoid development limitations, as well as compete in worldwide marketplaces (Schmitz & Nadvi, 1999). It has also been shown that clusters of small and medium-sized enterprises facilitate entry into foreign markets (Rutashobya & Jaensson, 2004). In addition, the formation of clusters and strategic alliances between micro, small, and medium enterprises (MSMEs), together with their larger domestic or foreign counterparts, could facilitate the former's access to critical resources and increase their market power over competitors (Cruz & Teixeira, 2014). In addition, clusters are expected to boost intra-organizational growth of technical knowledge and skills (Caniels & Romijn, 2003), as the research indicates that data and knowledge stream more proficiently and can reach all due to the near physical closeness of abundant challenging enterprises (Konstadakopulos, 2008)., Lund- Thomsen and Pillay (2012), indicated that the proximity of SMEs may improve the flow of information, sharing of concepts, and creation of goods and business procedures among these enterprises. Additionally, cluster enterprises have a prospect to establish links with supporting organizations near to them which can enhance their innovative performance (Prajapati & Biswas, 2011)., Heinze & Hoose (2013) found that firms in clusters are in an improved position to endorse innovation in products along with manufacturing process than in disseminated enterprises. The above-mentioned information is supported by academic and experimental contributions' assessment in developed and emerging countries' frameworks that advocates for knowledge concentration and creation within clusters (Giuliani, 2002).

To sum up, one of the key motives for the amplified attention given to clusters is their possible effect on organization performance, local economic development, and state competitiveness (UNIDO, 2013)., Miner et al (2000), showed that the creation of entrepreneurial clusters is frequently acknowledged as the magical force for boosting economic development in industrialized and emerging nations. In addition, clusters have a direct impact

on poverty alleviation through creating new job opportunities, improving the ability of small companies to access the market, and enhancing their resources and competences (UNIDO, 2004) (Das & Das, 2011). Consequently, many multilateral institutions, such as the OECD, UNIDO, World Bank, UNCTAD, and the European Commission, are evaluating and utilizing cluster policies as means for economic development (Rocha, 2004).

2.4. Women Empowerment

The empowerment of women is considered as one of the most significant issues worldwide since the 1990s (Burt, 2000); therefore, there is growing attention in women's private enterprise growth amongst policy makers, researchers, and experts worldwide (Khalil, 2018). It has also been found that the encouragement of women entrepreneurship, particularly in rural areas, helps create many new rural enterprises that raise local competencies to encourage rural economic development (Prajapati & Biswas, 2011). Furthermore, it is largely speculated that women's enterprises can play a significant role in encouraging development and growth, therefore alleviating poverty (Cant & Tambunan, 2009). Accordingly, in its efforts to combat poverty, Egypt has continued to include cluster-based economic development plans within its national policies and multi-layered programs in order to empower women, especially in rural areas (Mohamed, 2015).

Following from the above, handicrafts production can enhance a sense of dignity and welfare amongst deprived women in rural areas (Rogerson & Rogerson, 2011). The new skills that these women acquire allow them to reconsider their roles and participate dynamically in their societies (Rogerson & Rogerson, 2011). Moreover, the competitive edge of handicrafts concentrations comprises an endogenous development aspect emanating from a shared social origin, mutual history, a solid sense of uniqueness artistic belonging, and the ease of being

produced by skilled women from their homes (Kumar, 2010). Furthermore, the production of handicrafts has been acknowledged by researchers as an important aspect of sustainable development, as it can generate job opportunities for women and youth, particularly in rural areas, and contribute to women empowerment in deprived societies (Chudasri, 2013).

2.5. Employment & Entrepreneurship

The handicraft sector represents a significant portion of the worldwide economy as it leads to employment generation opportunities and export incomes (Sharma et al., 2012). The economic position of the sector is highlighted by its high potential for employment, low financial investment, increased value added and regularly growing demand both in the national and international markets (Schmitz & Nadvi, 1999). Weijland, (1999) highlights that a considerable portion of job opportunities in the industrial sector is focused in clusters of small businesses and enterprises., SME concentrations are distinguished by durable productive growth for employment opportunities and skills development (Sandee et al., 2002). Similarly, small enterprise clusters serve as a main employment generator, a sizeable share of the total added value, and a key bases of continuous innovation and research (El-Mahdi, 2003). Additionally, Private enterprise has been increasingly regarded as a promoter of growth and wealth (Roundy, 2017) and as a motivator of economic development and providing new job opportunities (Ramadani et al., 2013). And according to the literature there is an agreement on the significance of the encouragement of new small enterprises as promoters of community growth and as a means of combating unemployment and poverty (Elleithy, 1996). In the case of India, The Indian Ministry of Micro, Small, and Medium Enterprises MSME, for instance, advocated to accept the approach of clustering to support micro, small and medium firms. This was done in order to enhance their efficiency and competitiveness (Singh, 2010), as MSMEs are expected to attain a competitive edge when generating commercial value is accomplished

along with the communication and interaction between them (Suharnomo, 2018). In addition, clustering motivates “soft” aspects such as entrepreneurial awareness and skills of managing business that are crucial for the procedure of creating a project from scratch (Schmieg & Mostafa, 2018). In addition, the research suggests that firms that are involved in supportive connections are able to achieve higher value advantages for the business, as well as attain durable and strong teams (Suharnomo, 2018). Moreover, concentrations of entrepreneurs have a prospect to form nets with supportive organizations which helps to raise their firms’ performance (Prajapati & Biswas, 2011). Such supporting networks consist of banks, certified public accountants, lawyers, trade unions, research organizations, training organizations, cooperatives and public institutions; all of which assist initiative within a concentration (Burt, 2000). It is worth noting that, social enterprises in a cluster guarantee higher demand for hand-crafted goods in diverse markets, as well as present a sustainable manufacturing process through networks rather than separate enterprise (Pathak & Mukherjee, 2020). It is also found that enterprises’ efficiency in clusters is more advanced than in detached enterprises (Cant & Tambunan, 2009).

Generally, the atmosphere of clustering has benefits on micro, small, and medium businesses, such as: access to a common pool of trained labour force, innovation promotion, discounted transport charges, and knowledge transformation (Alvedalen & Boschma, 2017). In addition, the context of business competition and collaboration in a common period in an exact geographic location generates a lively and flourishing atmosphere for entrepreneurship chances (Audretsch, & O’Connor, 2017). Consequently, the significance of industrial agglomeration is frequently acknowledged for entrepreneurs’ local and worldwide competition and efficiency improvement (Spigel, 2016).

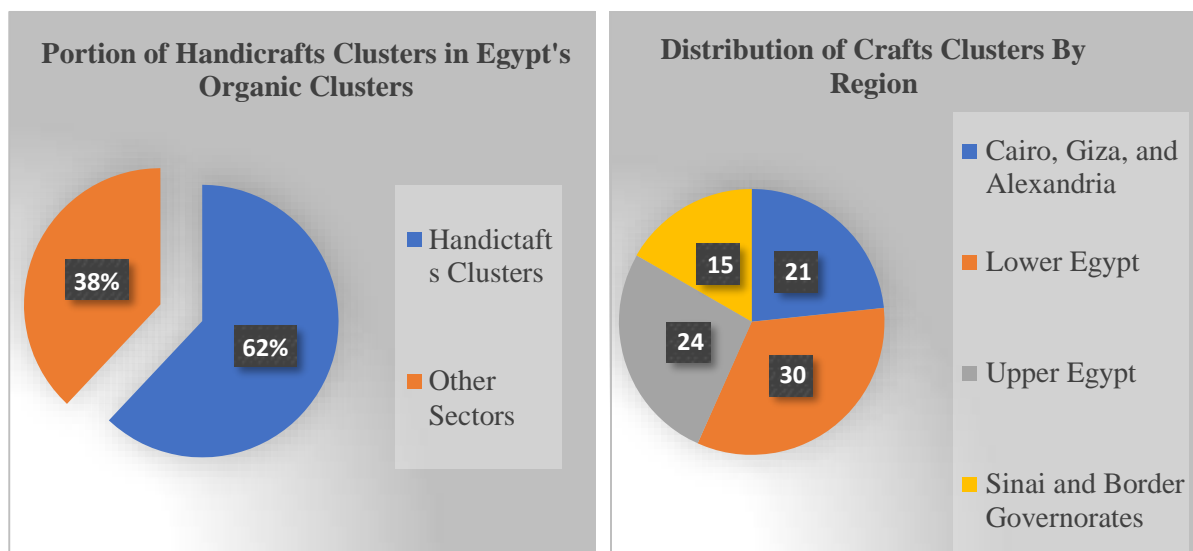
2.6. Creative handicrafts Clusters in Egypt and Other Emerging Countries

In several emerging economies other than Egypt, handicrafts clusters are an extensively spreading phenomena. This is seen in South and East Asian countries, such as, Pakistan, Bangladesh, Nepal, Bhutan, Vietnam, and in some African nations, such as Morocco and Tunisia (Sarkar, 2007).

2.6.1. Handicrafts Sector in Egypt

Egypt is recognized with its rich legacy which is symbolized in numerous variable traditional handicrafts; such as, woodworking, interlacing, ceramic art working, handmade textile, metal works, pottery, and, stones among others (Abdelrazik et al., 2018). According to Egypt's National Strategy for the Development of Organic Clusters: 2019 – 2030, Egypt has about 145 industrial clusters, 90 of them are creative clusters representing about 62 % of total clusters as shown in figure one and table one (SFD, 2018). In Addition, according to the Handicrafts Sector practical implementation strategy's final report prepared by the Ministry of Trade and Industry, the Egyptian handicrafts sector is officially represented by the Egyptian Export Council for Handicrafts (EECH) and the Chamber for Handicrafts Industries. The strategy additionally mentioned that the sector hires two million men and women, directly and indirectly in the supporting value chain (MTI, 2018). In addition, the local market for handicrafts is valued at EGP 3.3 billion in 2017, of which the tourism market establishes the principal share: 81% (EGP 2.7 billion) (Refaat & Mohamed, 2019).

Figure 1: Egyptian Handicrafts Clusters Characteristics



Source: The Handicrafts Sector, A Practical Implementation Strategy, (MTI, 2018)

Table 1: Handicrafts Clusters in Egypt

No	Cluster	Governorate
1	Wood Production	Alexandria
2	Carpets	Alexandria
3	Wool rugs in Beni El-Adeyat	Assuit
4	Tally industry	Assuit
5	Palm branches	Aswan
6	Wicker	Aswan
7	Nubian Products	Aswan
8	Wool Rugs	Aswan
9	Carpets	Bani Sweif
10	Papyrus	Bani Sweif
11	Seashell products in El-Darb El-Ahmar	Cairo
12	Patchwork	Cairo
13	Wax in Bab El-Sheareya	Cairo
14	Copper works in Khan Al-Khalili	Cairo

15	Silver products in Khan Al-Khalili	Cairo
16	wrought iron (Fer forgé)	Cairo
17	Rosary production in Mansheyet Nasser	Cairo
18	Pottery and earthenware in Old Cairo	Cairo
19	Pamboo Producat	Cairo
20	Khayamia in Bab El-Sheryia	Cairo
21	Glass in Al-Hussein	Cairo
22	Needle embroidery in Meet Ghamr	Dakahlia
23	Glass engraving and decoration	Dakahlia
24	Palm leaf/fronds in Kafr El-Bateekh	Damietta
25	Needle work	Damietta
26	Carpets	Damietta
27	Bamboo	El-Behera
28	Carpets in Rashid	El-Behera
29	Palm products in El-Subehi	Fayoum
30	Plant's fronds	Fayoum
31	Plants' fronds furniture	Fayoum
32	Wicker	Fayoum
33	Pottery in Kom-Osheem	Fayoum
34	Pottery in El-Nazla	Fayoum
35	Carpets in Desia	Fayoum
36	Earthenware products in Tunis	Fayoum
37	Furniture in Katama	Gharbia
38	Carpentry in Mahalla	Gharbia
39	Pottery Products in Farastak	Gharbia
40	Trimmings in Tanta	Gharbia
41	Carpets in Tanta	Gharbia
42	Palm leaves and branches in Dahshour	Giza
43	"Aubusson" rugs in Haraneya	Giza
44	Abaya in Kerdassah	Giza
45	Wool rugs, carpets, and Aubusson in Kerdassah	Giza
46	Wool rugs and carpets in Dahshour	Giza
47	Trimmings in Quosaim	Giza

48	Wool rugs in Foah	Kafr El-Sheikh
49	Wool production in Foah	Kafr El-Sheikh
50	Alabaster and Marmar in Qorna	Luxor
51	Wool rugs in Siwa	Matrouh
52	Needle-work and embroidery in Siwa	Matrouh
53	Mats	Minofya
54	Seashell Works	Minofya
55	Handmade carpets in Saquiet Abo-shaara	Minofya
56	Pottery products	Minofya
57	Carpentry	Minya
58	Carpets in Maghagha	Minya
59	Basketry	New Valley
60	Wool rugs	New Valley
61	Olive wood products	New Valley
62	Pottery and handmade ceramics	New Valley
63	Wool rugs in Sheikh-Zwayed	North Sinai
64	Wool rugs in Areesh	North Sinai
65	Needle-work and embroidery	North Sinai
66	Mats	Qalubya
67	Furniture in Tanan	Qalubya
68	Carpets in Talha	Qalubya
69	Handmade Carpets and wool rugs in Naqada	Qena
70	Pottery in Garagos	Qena
71	Wood products in Hegaza	Qena
72	Basketry in Shalateen	Red Sea
73	Home textiles and crochet in Quoseir	Red Sea
74	Wool rugs in Marsa Alam	Red Sea
75	Mats	Sharquia
76	Plant's Fronds	Sharquia
77	Carpentry in Abu-Kabir	Sharquia
78	Ready-made clothing and knitting	Sharquia
79	Papyrus	Sharquia
80	Embroidery	South Sinai
81	Wool rugs	South Sinai
82	Knitting in Suez	Suez
83	Tricot in Suez	Suez

84	Carpentry in Tahta	Suhag
85	Carpentry in Akhmim	Suhag
86	Tally in Shandaweel	Suhag
87	Cotton, linen and silk products	Suhag
88	Hand-loom products in Kawthar	Suhag
89	Knitting in Suez	Suez
90	Tricot in Suez	Suez

Source: Abdelaziz et al., 2018

2.6.1.1. Major Challenges of handicrafts sector in Egypt:

The Egyptian economy is distinguished by numerous structural business unevenness that discourages the growth of MSMEs clusters (Aboul-Kheir, 2016). Such unevenness includes crisis of foreign exchange, high proportions of debt, and a substantial decline in the tourism sector (Ayadi et al., 2017). Furthermore, the consequences of the 2011 revolution and the uncertainty that followed which lasted for many years did not encourage manufacturing growth that is primarily cluster-based (Abdelaziz et al., 2018).

Besides, based on the literature review, there are many factors that can contribute to the ineffective growth and development of Egyptian creative handicrafts clusters (Ali, 2012; Abdelaziz et al., 2018). These factors Include: the ineffective Governance of the handicrafts clusters sector in Egypt, the absence of a national strategy for creative clusters development, the lack of active collaboration and coordination between concerned institutions, as well as complementing initiatives in the sector, low levels of quality standards that decrease the competition of Egyptian handmade products, and the poor technology and innovation atmosphere in Egypt in general, especially in the handicrafts sector. Accordingly, despite it

being enormous in Egypt, the handicrafts sector, like other economic sector in Egypt, faces numerous problems.

First, the sector is scattered and informal, where unofficial firms represent the major percentage of the value chain representatives of handicrafts (Muhammad, 2020). Accordingly, the sector size, structure, characteristics, social and economic contribution, and even sector needs are all aspects that lack accurate research and reliable data (MTI, 2018). As well as, there is to get precise data regarding the output of the sector (Muhammad, 2020).

Second, there is no unified institutional body that is in charge of managing the handicrafts sector, as well as there is no synchronization among the working organizations in the sector (Abdou, 2003). Ismail (2019), similarly clarified that there are many institutions that work to improve the Egyptian handicrafts sector. However, such institutions don't either coordinate with each other or even follow a unified strategy. Instead, they are all competing on funds and resources. In addition, the lack of coordination between stakeholders in the handicrafts sector results in work duplication in some areas and neglecting others (Abdelrazik, 2019). Accordingly, although there are some recent initiatives that reflect the Egyptian government readiness to develop handicrafts sector, the efforts done are still scattered and unorganized (Hassan, 2018). Thus, Elkhishin et al., (2021) designated that there is a major need for an institutional framework to organize roles and relations between different stakeholders in the Egyptian handicrafts sector.

Third, Egypt suffers from a significant knowledge gap, hindering the competitiveness of MSMEs clusters, and thus their development (Ayadi et al., 2017). Most artisans in handicrafts clusters in Egypt usually lack entrepreneurial, business, and marketing skills and rarely have an efficient enterprise model (Hilaly et al., 2018). Additionally, local entrepreneurs and producers in the sector have poor knowledge of management and entrepreneurship (Ismail,

2019). However, it is crucial to maintain a pool of skilled artisans by continuous skills development technically, behaviourally, and business wise (Hassan, 2018).

Moreover, the scarcity of competent workforce, the huge turn-over rate of the current artisans, and the preference of new generations to move to urban areas and search for alternative work opportunities are among principal labour challenges in the sector (Abdelrazik, 2018). Such behaviours from artisans result from their suffering from unstable conditions regarding their salaries, social and health insurances, work conditions and occupational health and safety, among others (Ismail, 2019). On the other hand, handicrafts sector lacks solid and sustainable legislations and policies that promote security and sustainability of artisans and their families (Amin & Amin, 2021). Consequently, a state support is urgently required to get into action policies and plans that support the enhancement of artisans' rights in getting reasonable salaries, obtaining social and health protection system, and increasing their overall standard of living (Amal & Shams El Din, 2018).

Fourth, Egypt commonly lacks innovation capacity and, as a consequence, the development of its clusters in the competitive international marketplace is inhibited (OECD 2010: 213–14). The sector additionally suffers from weak capability handle the international competition challenges, such as creative designs, innovative marketing techniques, and technology development (Abdou, 2003). Yet, it is found by researchers that attention to barriers and challenges should include development of business and innovative capabilities (Damir et al., 2019). Accordingly, a comprehensive innovation framework that includes supporting legislations, funds, guidelines is considered as a key motivator for economic development (Ali, 2012).

Fifth, raw materials in many crafts are challenging to producers, as they face many difficulties related to high prices, unavailability, and waste of production time to source raw

materials (Refaat, & Mohamed, 2019). Additionally, handicrafts' producers don't receive support or allowance for importing needed raw material, which results in big importers monopoly for raw materials, which leads to high prices of production inputs (Ismail, 2019)

2.6.1.2. Stakeholders involved in the Egyptian handicrafts sector

According to the handicrafts sector practical implementation strategy's final report prepared by the Ministry of Trade and Industry (MTI, 2018), Hassan, (2020), Mohamed, (2020), and, Elkhishin et al., (2021), there are numerous stakeholders in the sector, that include governmental and non-governmental organizations, donors, and, private sector institutions as following:

Table 2: Legislative and control stakeholder

The Small and Medium Enterprises Committee in The Parliament	<p>The committee has a number of mandates, including:</p> <ul style="list-style-type: none"> • Studying and critique of drafts of laws related to small and medium enterprises, and proposing new laws or amendments to existing laws or decisions, • Follow-up on the implementation and compliance with laws and regulations, and challenges related to implementation, • Examining and studying the challenges facing enterprises, • Rehabilitation and integration of the informal sector in the formal economy, • Monitoring of state agencies specialized in dealing with MSMEs • Integration and engagement with officials, project owners and leaders of the business community. • Detection of any issue or topic related to MSMEs
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Table 3: Governmental stakeholders

Micro, Small, and Medium Enterprise development Agency (MSMEDA)	<p>A Prime Ministerial Decree No. 947 of 2017 was issued to launch the establishment of MSMEDA as the chief governmental institution authorized to MSMEs development in Egypt. It has been present in the handicrafts sector through its micro financing arms, non-financial services and donor funded development projects. The Organic Clusters Project (OCP) funded by the African Development Bank is being implemented by MSMEDA and has taken the initiative to perform the Clusters Mapping activity and the preparation of a national clusters' strategy, both important contributions towards a more enabling environment for crafts. MESMEDA has the potential to become the leading crafts patron in the country through its encompassing mandate, strong financial means and wide geographic reach.</p>
Industrial Modernization Center (IMC)	<p>Industrial Modernization Centre (IMC) was established by Presidential Decree number 477/2000 to give an impetus for a sustainable, modernized, vibrant and competitive Egyptian industry. It was established as an independent body to implement and coordinate the modernization of the Egyptian industry, jointly funded by the European Union, the Government of Egypt and the Egyptian private sector.</p> <p>IMC has a program called "Creative Clusters Development Program" that is dedicated to develop the Egyptian handicrafts sector since 2005 and till date. The program aims to develop and support craft communities and help them compete both in the local & international markets and revive the traditional crafts to preserve them from extinction.</p> <p>In February 2015, IMC support to handicrafts has been crystalized into Creative Egypt (CE) program. Creative Egypt is the first registered trademark for Egyptian crafts, aims at promoting Egypt's heritage and achieving sustainable development for Egyptian artisans.</p> <p>CE sources handicrafts and creative products from a group of leading Egyptian designers, entrepreneurs, and artisans representing 140 suppliers from all over Egypt, including 59 creative clusters in 17 governorates and more than 60 entrepreneurs and designers.</p> <p>The program provides its services through an organized methodology that starts with assessment of the cluster identifying the most important problems and suggest possible solutions where the main pillars are providing vocational training and technical assistance: such as capacity building for the clusters, new designs and product development. Since its start in 2005 till date, CCDP has served more than 10,000 Egyptian artisans in 59 industrial clusters.</p>

Egyptian Handicrafts Export Council (EHEC)	A Ministerial decree by MTI was issued to establish The EHEC as an autonomous entity to support the Egyptian handicrafts sector. Its major mandate is to support national producers in competing on the global level via developing the technical competences of the local producers to meet the trends of the global market. It also provides export chances and support in discovering and participating in global exhibitions and fairs.
Ministry of Trade & Industry (MTI)	The ministry can support the handicrafts cluster through its affiliate institutions below, among which are the IMC, EHEC, and The Egyptian Authority for Industrial Development, and The Export Development Authority.
Ministry of Social Solidarity (MoSS)	Part of the MoSS' approach is the development of the handicrafts sector through collaboration with other governmental institutions, NGOs and the private sector organizations. The ministry organizes "Diarna Exhibition to promote Egypt's handicrafts. Through a corporation with AlexBank, the MoSS launched a program to offer financial and technical support to more than 20,000 artisans.
Ministry of Local Development (MOLD)	The MoLD has mandate to organizing different endeavors between all various partners chipping away at creating neighborhood networks and nearby organization units in all governorates. The MoLD is additionally liable for giving framework improvement and offices required for group advancement. Furthermore, they are the ordered element for offering working licenses.
Ministry of International Cooperation (MOIC)	The MOIC has a mandate to fortify financial collaboration and multilateral commitment among Egypt and different nations. The Ministry is mandated to monitor public organizations receiving foreign funds. The MOIC has an outline about all donors working in various sectors.
Ministry of Planning and Economic Development (MPED)	The MPED's has a mandate to build the entire goals of economic development in Egypt. In addition to suggest applicable economic policies. In collaboration with other ministries and stakeholders, the MPED takes the lead in managing the development of sectorial and geographic strategies.
Ministry of Culture	The bodies affiliated to the Ministry of Culture and concerned with the handicrafts are: The General Authority Palace of Culture, the Cultural Development Fund, the Fine Arts Sector, and the House of Textiles. The Ministry of Culture had launched a number of Festivals and initiatives, including: The Initiative of Egypt' artisans, and The Heritage Crafts and the Development of Africa Festival.
The National Council for Women- NCW	The Women's Business Development Centre (WBC) was established by USAID in the NCW in 2002 to strengthen women's economic empowerment. The center is active in 27 governorates through business units inside the NCW offices. The WBC worked in handicrafts starting from product development and the introduction of new designs by volunteer designer, training on new designs in Aswan, Saint Catherin and Assiut and marketing

	for crafts in special events and bazars. WBC starts its interventions with needs assessment tours in governorates to tailor-make the development effort. The NCW has a strong presence on the ground: 20,000 Rural Leaders who are qualified field workers for awareness raising and outreach in the social, agricultural, and health domains. They are a powerful engine to enact change on the local level.
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International & National Donor Institutions:

Development institutions that support the Egyptian Sustainable Development Strategy 2030 via providing either loans or grants programs to support technical/non-technical interventions that promote handicrafts cluster development including: World Bank, UNIDO, OPEC, Fund for International Development, African Development Bank, among others (Elkhishin et al., 2021)

NGOs and Foundations:

Many NGOs with community development mandates resort to craft training and promotion as a means of improving the livelihood of their beneficiaries. Many of the 3,500 NGOs active in social and welfare objectives pursue them through craft production. They provide designs, raw materials and training as much as they can, yet they lack the capability to run these workshops and training centres in a business-like manner. The poor management and marketing skills, and the absence of linkages with the market participants reduce the effectiveness of their role in bringing a good livelihood to craftspeople (MTI, 2018). Among the non-governmental organizations, as well, is the “Chamber of Handicrafts Industry”, that was established by The Ministerial Decree No. 964 of 2015. In September 2016, the first elections for the Chamber's board of directors were held. The Chamber of Handicrafts Industry

consists of eight sub-sectors: (handmade textiles and embroidery - Glass products - stone crafts - pottery, ceramics and ceramics - woodwork - carpets and manual kilim - the art and jewelry industries - the candle industry - the metal industries).

2.6.1.3. Egyptian Handicrafts' sector SWOT Analysis

Table 4: Egyptian Handicrafts Sector SWOT Analysis

<p>Strengths:</p> <ul style="list-style-type: none"> • Wide and diverse products • Dynamic and segmented local market • Pool of skilled artisans in different crafts (although there is high turn-over rate) • Potential well-educated young designers • Low investment costs to start a business in handicrafts 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Lack of diversity in designs • Not ready for sustainable export (designs, materials, and techniques) • Unfamiliar in international market • Production is not market-driven • Producers have weak business models and marketing skills • Low social image for artisans • absence of training centers' accreditation System • very weak technical and vocational education and training (TVET) related to crafts • Lack of quality standards and production and product specifications • Weak infrastructure and technology • Fragile local supply chain • Absence of accurate data and sector statistics • Harmonized System (HS) codes confusion with industrial products. • Weak institutional representation by the chamber and EECH. • Absence of unified institution to manage different sector aspects.
<p>Opportunities:</p> <ul style="list-style-type: none"> • State willingness to develop the sector • Development of national clusters strategy by MSMEDA • Different multilateral institutions, NGOs, and private sector organizations readiness to participate in developing the sector • E-commerce substantial growth • International direction towards ethical and sustainable goods • State young population and large labor pool 	<p>Threats:</p> <ul style="list-style-type: none"> • The substantial international design competition • Lack of coordination between stakeholders • Absent sector link with academia (universities, research and design centers) • Inadequate local supply of raw materials •

Source: (MTI, 2018)

2.6.1.4. Current Initiatives and interventions in the sector:

2.6.1.4.1. Torathna Exhibition by MSMEDA, Oct, 2019 – Ongoing

Micro, Small and Medium Enterprise Development Agency pursued to organize this fair annually to allow hundreds of crafts persons and entrepreneurs involved in handicrafts to meet together and introduce to visitors thousands of notable creative and legacy products representing all the provinces of Egypt. The goal of this show is to revive the traditional handicrafts and support the small artisans by opening the channels to marketplace for their products in order to retain and upsurge the number of skilled artisans in this sector. Moreover, Micro, Small and Medium Enterprise Development Agency is concerned about the Egyptian handicrafts and the sector of handicrafts, as it is one of the most significant sectors that can make a step forward in the Egyptian economy throughout a short period (MSMEDA, 2022).

2.6.1.4.2. Upper Egypt local economic Development Program funded by The World Bank, Jul, 2017 – Oct, 2023

The Egyptian government has started a comprehensive economic development initiative for Egypt's lagging regions, with the goal of creating a suitable climate for enhancing service delivery and encouraging the private sector to create jobs in these areas. The government program's goals are to promote sustainable local development and offer productive work opportunities in the designated governorates in order to eliminate poverty. The following three pillars support the government's plan: (a) enhancing public involvement, transparency,

and monitoring and evaluation procedures; (b) enhancing service delivery to residents through effective local government; and (c) enhancing competitiveness, infrastructure, and the business climate to encourage private sector growth and job creation (UELDP, 2022).

2.6.1.4.3. Creative Mediterranean Project, Feb .2015- Dec.2017 / extension from Jan 2018- mid.2019

The Creative Mediterranean project, also known as "Development of Clusters in Cultural and Creative Industries in the Southern Mediterranean," is an EU-funded project that is implemented by the United Nations Industrial Development Organization (UNIDO). It aims to strengthen selected clusters and cluster initiatives in cultural and creative industries (CCIs) in the Southern Mediterranean that have the potential to grow.

Through the promotion of promising cluster projects, the project intends to contribute to inclusive growth by strengthening entrepreneurial cooperation in the cultural and creative industries. Cluster efforts will get technical and financial help, allowing chosen small and medium enterprises (SMEs) to achieve levels of competitiveness much beyond their individual capacity. While SMEs' growth is hampered by their lack of resources and inability to achieve economies of scale and scope, the selected SMEs will gain from advances in their value chains, the development of new innovative products anchored in each country's cultural heritage, and collective efficiency. In addition, the project will create long-term connections between foreign buyers and local producers. This will assist chosen SMEs in identifying and gaining access to new markets that they might not have been able to access otherwise (MTI, 2022).

2.6.1.4.4. Imkan project for youth employability and entrepreneurship in Upper Egypt, Short-Term Interventions in the Alabaster Cluster in Luxor, July 2016- end of 2017

The IMKAN Project for youth employability and entrepreneurship in Upper Egypt (funded by the Japanese government and implemented by UNIDO Egypt in collaboration with the Ministry of Trade and Industry) was launched in July 2016 with the goal of improving socio-economic stability in Upper Egypt, particularly in the Luxor Governorate. This goal was met by diversifying the local economy and strengthening its resilience through increased income and productivity (MTI, 2018).

2.6.1.4.5. Creative Design Hub: Nov. 2017 – Ongoing

The Creative Hub was set up inside the framework of cooperation between the business Modernization Centre (IMC) and consequently the task of "Development of clusters inside the Cultural and inventive Industries inside the Southern Mediterranean-also referred to as imaginative Mediterranean"-implemented by means of the UN Industrial Development Organization (UNIDO), funded by the European Union (EU) and Italian Agency for Development Cooperation- and also in cooperation with the UN Development Program (UNDP).

The scope is to counterpoint the carrier offerings of the artistic hub in Egypt to raised reply to the inventive entrepreneurs' desires via making a co-working region and a vast set of technical assist offerings aiming at altering sensible, innovative and new creative concepts into

realities and boosting the creative entrepreneurs' abilities and skills closer to integration in native and global value chains.

The Creative hub was once opened on Nov 2017, to turn out to be the location at any place totally extraordinary sectors motel to new and modern styles. Through the hub, designers are capable to reach and hook up with native and regional makers thru definitely distinctive networks and partnerships what is more, the existence of a physical enchantment purpose for the inventive area makes it less difficult for external agencies like financial or governmental establishments, to outline and take reasonably priced movements supporting the artistic sector. The most important goal is to position Egypt because the middle of potential and fashion inside the region. The hub can grant to its visitors co-working areas, four assembly rooms aimed for entrepreneurial networking, a business apparatus and a hall committed to preserving teaching publications and workshops. The hub additionally includes a preliminary science lab that features prototyping equipment (Fab lab), a store for uncooked materials, a digital and paper library aimed toward facilitating get right of entry to information of entrepreneurs and designers, and a gallery (IMC, 2022).

2.6.1.4.6. CSR Programs

Many corporations have invested with in handicrafts improvement over the previous years. However, Alex Bank has established to gift a model for fantastic contribution to the world. It started associate degree Ebda3 min Masr, a CSR undertaking cantered on handicrafts in 2014 to pursue employment generation and heritage preservation. The undertaking has been the most sponsor for port Village Pot to the centre of interest of the ordinary public and therefore the media. It had been behind the success of the International Handicrafts Show (IHS)

in its 1st edition of 2016 and remains backing the 2017 spherical, funding the participation of craftspeople to the exhibition and rising their selling and sales. The bank is funding teaching comes in administrative division in cooperation with the Chamber and Sawiris Foundation. It is presenting help to the Chamber and EECH in applying governance in their structure and mode of operations through the technical assist of CBI (Holland). Understanding of the sector's issues is in the back of the resolution of high-quality interventions through the bank.

Currently, NBE, Banque Misr and QNB place unit guiding their interest to the world, nonetheless as Phillip Morris and one-of-a-kind organizations. This can be a hazard for the world to grow and improve. CSR may play a vital role in guys coaching, provide chain development, design, market get entry to and capability constructing for export readiness (MTI, 2018).

2.6.2. India

In India, the clustering approach is primarily useful for the economic development of rural areas, enhancement of skills and competencies, poverty alleviation, and market expansion. (Venkataramanaiah & Kumar, 2011). From several researches, it has been found that the manufacturing cluster has a positive influence on poverty alleviation in India (Mahendran et al., 2020) as cluster and scarcity are interconnected by two main dimensions; revenue and employment (Sharma et al., 2020). Specifically, the Handicrafts industry is cost-effective due to low needed investments with regard to finance, and the substantial possibility of or exporting many handicrafts products (Chauhan, 2019).

Indian clusters are primarily divided into SME clusters, craft clusters and handloom clusters (Rawat, 2017). In 2005, a topical interpretation designated that the total number of clusters in India totalled to more than 2400, 2000 of them rural/artisanal clusters (Das, 2005). In later research, it was found that India had about 3,500 handicrafts clusters, creating a diversity of products including basketry, carpets, cane artworks, and wood products. (Sarkar, 2007). As reported by the Indian MSME foundation in 2007 (2007), India has about 6000 micro enterprise agglomerations; UNIDO research has indicated that there are above 4000 artisanal and around 363 non-artisanal ones in India (Hashmi, 2012). Thus, the inclusive situation in India demonstrates a numerical majority of rural handicrafts and artisanal concentrations that are dominated exclusively by small businesses (Hashmi, 2012).

The small artisanal clusters in India occupy a vital part of the country's local economic development (Das, 2017). Handicraft business in India occupies a substantial role in Indian economy and is considered a key source of profits for rural societies (Das & Das, 2011). This is because it provides employment, directly and indirectly, for more than six million

individuals, including a huge number of women and persons belonging to the underprivileged segments of the community (Ghouse, 2012). Primary research on handicrafts in India found that more than 2.18 million people are involved in full-time jobs in the handicrafts sector, while Bennur and Gavai (2015) indicated that about 7 million people are directly or indirectly involved in this sector currently. However, data from unofficial sources indicates that the artisan strength is as high as 200 million. The wide nature of this range and disparity in the number is due to the informal and unorganised character of this sector. The Indian crafts market is witnessing vigorous growth (Sawarkar et al., 2020), for example, the international market for Indian embroidery products is estimated at USD 1,007,116,950.00 (Sharma et al., 2020). Additionally, there was a significant contribution to international exchange incomes from the export of handicrafts produced by artisans, accounting for 16% of India's total trade figure (Jamir, 2020). Main importers of India's hand-crafted goods include countries such as the US, UK, Saudi Arabia, Morocco, Indonesia, Malaysia, and Egypt (Chauhan, 2019). As a result of the crucial importance of handicrafts clusters, the Indian government together with UNIDO, support the ongoing approach of Cluster development as one of the initiative policies for growth in India (Melkani et al., 2020).

2.6.3. Vietnam

Handicrafts are a significant part of Vietnam's cultural heritage (Szydlowski, 2008). The industry is considered as a basis of creative activities, livelihoods and earnings in rural areas throughout the country, with ethnic minorities and females benefiting the most. (Nguyen, 2009). In Vietnam, handicraft villages and cultural and creative businesses are primarily concentrated in communities in out-of-town districts (Konstadakopulos, 2008). Additionally, the cultural handicraft companies play vital roles in providing jobs for local societies, participating in the local revenues, and increasing hard currency from exports (Hien et al., 2016).

As claimed by the Vietnam Craft Villages Association, there are 1,864 handicrafts clusters or villages representing 115 types of traditional handicrafts in Vietnam (Kimura, 2011). The sector is labor-intensive and is characterized by low needed budgets of investment compared to other industrial sectors (LE & TRAN, 2021), as it employs about 1.4 million families and 1,000 enterprises that are involved in manufacturing or direct export (Yumkella et al., 2013). Among the major competitive advantages of handicrafts clusters in Vietnam are: resource availability, such as competent workforce, high quality raw materials, creative designs and marketplaces (Gough & Rigg, 2012). In this regard, one of the most significant competitive advantages is the adequacy of local raw materials that meet the needs for up to 95 percent of the required inputs for exported handicraft products (Kimura, 2011).

In addition, Vietnam is one of many developing countries experiencing success in the handicraft exporting market (Szydlowski, 2008), as the sector is considered one of the top 10 leading international trade values of Vietnam (Thu et al., 2019). Among the highly appreciated Vietnamese handicrafts are those manufactured from sea grass, bamboo, rattan, silk and lacquer. Such handicrafts exist in 163 nations and regions all over the world (Mahendran & Lavanya, 2020). Vietnam trades handicrafts to several nations and territories in the world; the key markets for importing handicrafts from Vietnam are: Japan, the United States of America (USA), the European Union (EU), Russia and several countries from the Southeast Asian Nations' Association (ASEAN) (Mahendran & Lavanya, 2020).

Since 2007, Vietnam formally joined the World Trade Organization that led to an upsurge in international trade profits, and export handicraft revenue (Nguyen, 2009). Most recently, in 2019, Vietnam successfully negotiated The Inclusive and Liberal Agreement for Trans-Pacific Partnership (TPP) (Thu et al., 2019), which was considered promising, as it opened a variety of prospects for Vietnamese handicrafts, and upgraded Vietnam's

effectiveness in the international market through solidifying its contribution in profitable blocks of trading (Thu et al., 2019).

2.6.4. Morocco

Handicrafts' production in Morocco is cluster-based and is managed primarily by non-governmental organizations, and profit-generating co-operatives that work closely in partnership with the government (Cohen and Jaidi 2006:24). However, during the last two decades, private sector institutions were involved in the sector as well. (Nicholas, 2010).

Handicrafts is a significant sector that has an important role both socially and economically for Morocco. It constitutes about 19% of the country's GDP and employs about 2.2 million artisans representing 20% of the active population. The production turnover of crafts is around 22.4 billion Moroccan dirham (MAD), while exports are estimated at USD 63 million (Richard, 2007). Such numbers indicate the importance of handicraft production specifically for its employment capacity, which is why Morocco gives great attention to the development of handicrafts clusters (Chouiraf & Chafi, 2018).

Most notably, the handicrafts sector in Morocco has witnessed great opportunities that have been reachable through the access of the state to global trade, the growth of tourism and the purchasing power improvement. (Chouiraf & Chafi, 2018). Additionally, among the development policies to the handicrafts sector are initiatives that aim to formalize institutions of the sector that previously functioned informally (Nicholas, 2010). Moreover, the Moroccan government and its partners have created new craft education programs as a safety net for youth and adults failed by a dysfunctional national system of public education (Boum 2008; Boutieri 2016). This is in addition to the fact that Morocco exerts efforts to reposition artisans socially and economically (Nicholas, C. (2018).

Chapter Three: Conceptual Framework & Methodology

3.1. Conceptual Framework

Clusters are designated as topographical concentrations of interrelated firms and businesses in a specific field connected in a certain way (Porter, 1998). They contain, for instance, providers of particular inputs such as components, equipment and facilities and suppliers of particular infrastructure (Porter, 1998). In Egypt, two categories of concentrations can be distinguished: industrial districts and organic concentrations, both of which permit agglomeration (Abdelaziz et al., 2018). Industrial districts are established directly by the government, while organic industrial clusters are conventionally, or organically, established with no prior intervention from the government (Hassanin, 2008).

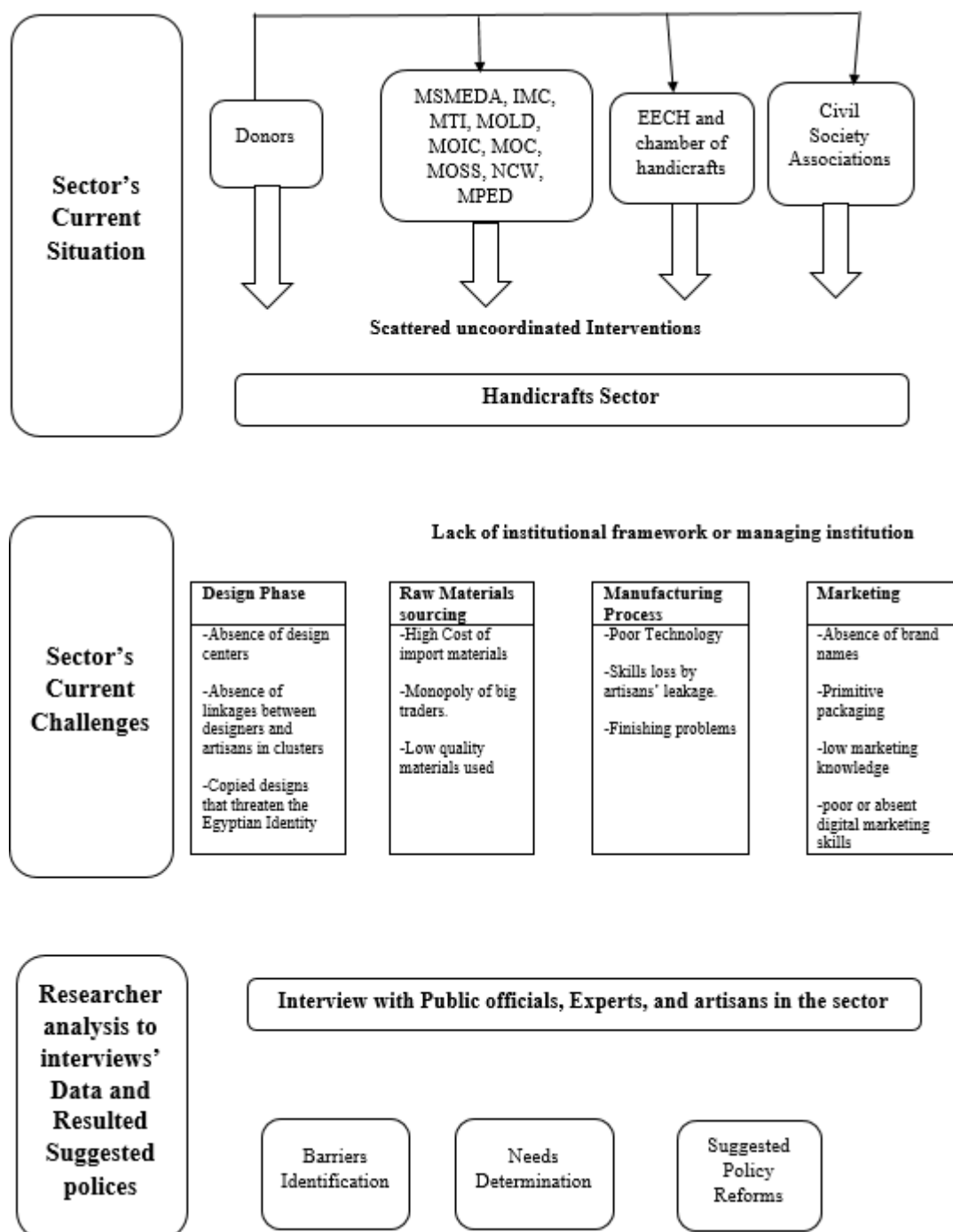
The international economy is shifting towards alternative routes of the progress and is taking solid steps towards the economy of knowledge (Heinze & Hoose, 2013). This is obvious through the manipulation and engagement of local resources, information, innovation, ingenuity, and creation of competitive clusters integrated both locally and internationally (Cruz & Teixeira, 2014).

Despite its economic importance, numerous traditional handicrafts have been extinct during the last two decades, while some are endangered all over the world (Chudasri, 2013). For emerging countries, a great number of agglomerations are lagging behind, and they are trapped in a vicious cycle of strong opposition (Prajapati & Biswas, 2011). When concentrations are incapable of developing into competitive clusters, they are most likely to participate in community growth remains that are unexploited (UNIDO, 2010). In the case of Egypt, it is seen that although there are more than 80 creative concentrations, they are not dynamic enough to constitute a critical mass, and therefore do not compete internationally

(UNIDO 2015). In this context, academic research argues that in numerous cases, the improvement policies are not efficient if one or more crucial aspects for effective clusters development were either absent or not properly addressed (Canie & Romijn, 2008). Thus, Egypt, as an emerging republic, has to overcome the main obstacles to developing its clusters and make use of all available opportunities locally and internationally to develop them. It must also transform clusters into competitive agglomerations to compete worldwide, to be able to participate into the international economy, and attain the kind of development it strives for (Muhammad, 2020).

The following diagram summarizes the author's conceptual framework. It indicates the current situation of the sector that includes diverse institutions working in its development. Such institutions include donors, governmental organizations, semi-governmental organizations, and civil society associations. All such organizations are involved in interventions to develop the sector, however, there is insufficient coordination between them and, accordingly, the impact on the sector is weak. The author believes that by conducting in-depth interviews with public officials and artisans, she will come up with identification of the major barriers that delay cluster's development as well as, she will be able to suggest some policy recommendations that could be useful for the sector's development.

Figure 2: Conceptual Framework



Source: Author, based on literature review

3.2. Methodology

3.2.1. Design

For better investigation of the challenges before creative industrial clusters (artisans or handicrafts clusters) in Egypt, this qualitative study plans to investigate the challenges and the factors that act as barriers to the development of artisans' clusters in Egypt. Additionally, this research aims to present recommendations and action plans that may positively contribute to the enhancement of clusters in the country. It is worth noting that the researcher is working as a project manager at the Industrial Modernization Centre (IMC), specifically within the sustainable development component, which supports Egyptian artisans and industrial clusters. Additionally, she worked from 2014 to 2017 at the Industrial Training Council (ITC) within the Economic and Social Empowerment for Women (ESEW) program that has a project meant for revival and development of Egyptian handicrafts. Moreover, she has made several field visits to different artisans' clusters all over Egypt since 2014. Consequently, a solid network was already built with the parties who have valuable hands-on knowledge in the handicrafts sector in Egypt. Therefore, data collection was accessible and covered an extensive range.

3.2.2. Methods

Qualitative research methods are valued for several reasons, such as: giving in-depth explanation for complicated phenomena, trailing exceptional or unique events, the knowledge and interpretation of actions by stakeholders with broadly divergent inputs and roles, giving voice to those whose interpretations are rarely taken into consideration, and conducting initial investigations to build concepts that provide explanations (Sofaer, 1999). Additionally,

qualitative research methods seek to collect in depth data that help uncover certain social performances (King et al., 1994). Development of creative handicrafts clusters is considered a collective political and social process that involves multi-stakeholders and actors, hence the data collection depends primarily on a qualitative research method.

Fifteen in-depth partially-structured interviews were done with respondents who are divided into 8 artisans from different creative industrial clusters, different geographical locations, and different ages, as well as 7 public officials who are in charge of developing handicrafts clusters in Egypt. The interviews were sound-recorded after receiving interview consent. Furthermore, the informants were mainly dependent on a guide of the interview that was organized to dig into the study's two research questions. The interviews were conducted in Arabic, transcribed, translated into English, and coded by the investigator. As well As IRB approval has been given to the author in March, 2020 as shown in annex one.

3.2.3. Sampling

In qualitative research, sample representation is not required, and is thus not found in this research (Barsoum, 2018). A purposive sampling technique was used in selecting the interviewees, including expert sampling of officials from public and non-governmental organizations. The officials are either totally specialized in, or have interventions related to the Development of creative handicrafts clusters such as the Industrial Modernization Centre, the Handicrafts Export Council, and the Handicrafts chamber. Officials are at different managerial levels who are directly involved in development programs for the Creative Industrial Clusters. Moreover, a homogenous sampling strategy was used in the selection of artisan respondents, as the author taken into consideration to represent different clusters, different geographical locations, different crafts, and different age categories of artisans

Primary standards related to the study's objectives were prearranged to lead the assortment process. Such selection criteria included that all participants be either a public official, expert, or artisan in the sector of creative handicrafts clusters. Multiplicity in posts, ages, and educational context were also well considered. This study undertook several sampling approaches, including typical case, intensity sampling and confirming and disconfirming cases to ensure triangulation in collecting data (Marshall & Rossman, 2006). The interviewees' number was not determined prior to collecting the data, and the interviews' number was defined throughout the process of collecting data on the basis of theoretical fullness. The investigator ceased performing any further interviews after sensing that the interviews were not adding further critical information related to the research questions.

3.2.4. Interviews

In-depth interviews are the most widely used and effective qualitative method for permitting the contributors to deliver their opinions, practices and individual perspectives (Mack et al., 2005)., fifteen in-depth interviews were conducted with interviewees who are divided into 8 artisans from different creative industrial clusters, different geographical locations, and different ages, as well as 7 public officials who are in charge of developing handicrafts clusters in Egypt. Public officials are either working in public organizations that have specialized programs for developing artisans' clusters, or are experts in non-governmental organizations that are concerned with the handicrafts sector; All those concerned in this research are of different educational backgrounds and levels, and have different years of experience within the sector. For example, some are university graduates, postgraduate studies, or have a mid-level education. There are also participants who are of leadership positions, some at the executive level, others artisans from different creative clusters. The interview questions

were intended to retrieve participants' viewpoints on the barriers that hinder the development of creative industrial clusters in Egypt. Regarding the interview questions, which were analytical, they were designed in such a way so as to allow respondents to answer without limitations, and especially when some questions may have been uncomfortable.

3.2.5. Data analysis

Data from the interviews were presented in themes following an open-coding method. This logical approach conforms to the practice of grounded theory. Inductive reasoning reflects on data collection as a learning journey and does not impose a previous hypothesis (Barsoum, 2018). Thematic categorization was done and each interview transcript was divided into numerous parts. During this course, a thematic index was designed by the investigator and validated by her colleague to assure the validity of codes, and guarantee that they have shared consideration of the designed themes. Descriptive quotes were designated, and all data were coded in accordance with the thematic index formed. Outcomes were triangulated through revising the literature of the interrelated concerns that came from the data (Barsoum, 2018).

Table 5: Public Officials Interviewees' Profile

Interviewees	Title	Specialization and location	Age	Gender	Working sector
First participant	Program Manager	Creative Clusters Development / Cairo	50-55	Male	Development of private Sector

Second participant	Business Development Expert	Creative Clusters Development / Cairo	50-55	Male	Development of private Sector
Third participant	Business Development Expert	Creative Clusters Development / Cairo	45-50	Male	Development of private Sector
Fourth participant	Senior Projects Coordinator	Creative Clusters Development / Cairo	30-35	Male	Development of private Sector
Fifth participant	Director	Sustainable Development / Cairo	50-55	Female	Development of private Sector
Sixth participant	Handicrafts Trading Company owner & Public official in the Chamber of Handicrafts	Handicrafts Trading & Development / Cairo	30-35	Male	Creative Handicrafts Industry
Seventh participant	Handicrafts Trading company owner & Public official in the Egyptian Handicrafts Export Council	Handicrafts Trading & Development / Cairo	25-30	Female	Creative Handicrafts Industry

Table 6: Artisans interviewees' Profiles

Interviewees	Title	Specialization and location	Age	Gender	Working sector
First participant	Artisan & Cluster manager	Sinai Embroidery / North Sinai	35-40	Female	Creative Handicrafts Industry
Second participant	Artisan	Sea Shell Products / Eldarb El Ahmar, Cairo	30-35	Male	Creative Handicrafts Industry
Third participant	Artisan	Khayamia / Eldarb El Ahmar, Cairo	30-35	Male	Creative Handicrafts Industry
Fourth participant	Artisan	Handmade Carpets Cluster/Saquet Abo Sharaa, Minofya	25-30	Male	Creative Handicrafts Industry
Fifth participant	Artisan	Handmade Carpets Cluster/Saquet Abo Sharaa, Minofya	30-45		Creative Handicrafts Industry
Sixth Participant	Artisan	Pottery/ El Farastak Cluster, Gharbia Governorate	30-45		Creative Handicrafts Industry

Seventh participant	Artisan	Textiles/ Akhmim Cluster, Sohag Governorate	30-45		Creative Handicrafts Industry
Eighth Participant	Artisan	Textiles/ Akhmim Cluster, Sohag Governorate	25-30		Creative Handicrafts Industry

3.2.6. Ethical considerations

All interviews were conducted in the period between December 2020 and March 2021, which were conducted after the IRB approval. Before initiating the interviews, all the respondents were informed about the strategy and the objective of the study via an informed consent (Babbie, 2007). Contribution in this study was voluntary and interviewees who did not wish to continue the interview were allowed to leave. Furthermore, the researcher got consent from each interviewee to have the conversation recorded, and all interviews' records and audios were kept private, where the results were scrutinized and interpreted by the investigator. In order not to inflict any harm on the interviewees, confidentiality of participants was secured. Hence, to confirm voluntary involvement, false names were utilized. All the informed consents of contributions were either signed by the interviewees or informed verbally and audio-recorded.

3.2.7. Limitations of the study

Limitations of the present study come from the fact that some respondents who were public officials, gave answers that appeared to be ideal, and did not seem realistic. This happened despite the fact that they were informed that their answers would be anonymous and the interviews' transcripts will be kept confidential. Interviews were restricted to 30 to 40 minutes, because some interviewees had work commitments. Moreover, additional limitation of the present research relates to the respondents' location. Some interviews were conducted on the premises of Creative Egypt Store with artisans during the supply of new products, which was not appropriate for the interviews as they contain a number of clients and buyers; most of the participants were to some extent exhausted, as they were engaged with the supply process. Additionally, some interviews were conducted by phone due to social distancing due to COVID 19 that lasted since early 2019 and until the date of conducting these interviews (late 2020 and early 2021)

3.2.8. Delimitations of the study

The data of the present research was obtained from a limited number of Egyptian artisans representing different creative handicrafts industrial clusters; consequently, they cannot be generalized to all Egyptian industrial clusters such as food, engineering, chemicals, and so forth. Additionally, they cannot be generalized to all Egyptian creative clusters, such as film making, cinema and mass media among others.

Chapter Four: Findings and Discussion

In addressing the barriers that hinder effective development of creative clusters in Egypt, the research held two main objectives. First, to determine the obstacles that oppose the development efforts exerted for improving the creative handicrafts clusters in Egypt. Second, to examine the real needs as well as suggested policies for clusters to perform effectively both nationally and internationally. Based on the fifteen in-depth interviews that were conducted with the participants of the present research, the data analysis section is arranged into two main themes: first, the major challenges that hinder the effective development of handicrafts clusters in Egypt. This theme is divided into four sub-themes, which are: [a] absence of coordination between development organizations, [b] lack of successful business model and business skills, [c] labor problems, and [d] raw material. The second theme relates to the needs of handicrafts clusters for effective performance. This theme is divided into two sub-themes including: [a] building an institutional structure with full governance and, [b] value chain reinforcement.

4.1. The Major Challenges that hinder the Effective Development of Handicrafts Clusters in Egypt.

Globally, scarcity of resources is one of the major obstacles influencing growth and development of handicraft businesses (Gaylard, 2004), in addition to low technology levels (Auma, 2019). Further challenges facing handicraft businesses include: low competencies, inadequate entrepreneurship education, and the absence of training organizations (Rogerson, 2000). According to Lewis, (2005) he finds that the deficiency of capital, poor marketing services, lack of data, deprived technology and information technology assistances are among the major challenges affecting the handicrafts industry. According to Auma (2019),

environmental concerns are also found to be a key challenge that hinders the development of the handicraft industry, as it contributes towards environmental damage (Auma, 2019).

4.1.1. Absence of Coordination between Development Organizations

In Egypt, there is a lack of coordination among institutions working in the development of the handicrafts sector; this is in addition to the fact that there are no institutions created to manage this specific sector. (Abdou, 2003). In addition, interviews done with the experts, the public officials, and the Egyptian artisans showed a lack of coordination and roles distribution between the different bodies that are working on the development of the Egyptian handicrafts' clusters.

4.1.1.1. Several institutions without coordination

Hossam claimed that the development efforts within handicrafts sector are scattered and unorganized due to the weak harmonization between diverse institutions that work to improve the sector. He stated the following:

“Each organization has its own agenda. There are more than 25 institutions in Egypt working on the development of handicrafts clusters including ministries, governmental, non-profit, international, and even private sector institutions. However, these organizations never or hardly talk to or coordinate with each other. Moreover, The Ministry of Trade & Industry developed a strategy for the sector in 20018, but none of such organizations utilized it” (Hossam, a top management member of the handicrafts chamber, December 2020)

Hossam's remarks indicate that there is in fact a challenge related to the cooperation between the different institutions that are interested in developing handicrafts clusters in Egypt.

He believes that the resources utilized in developing these clusters are wasted due to the inadequate communication and teamwork between different stakeholders. Additionally, his observations clarify that although there are strategic studies that can support the development of the sector, none of the development organizations involved in the sector utilize or work on them. For example, the Ministry of Trade & Industry finalized a strategy for developing the Egyptian handicrafts sector since 2018, but unfortunately, none of its pillars or proposed interventions has been enacted until now.

This lack of coordination and planning between development partners leads to inefficient use of resources, waste of time, and low overall impact of development on the sector. This conclusion is compatible with Ismail (2019), who revealed that the development of handicrafts sector in Egypt is in the charge of diverse organizations and institutions with trivial or no coordination. Furthermore, such institutions work without following a comprehensive strategy that matches the interventions of these organizations, which are all in a competition for the same resources.

4.1.1.2. Repeated interventions

In line with Hossam's statements, Fayez, a public official who is working in a managerial position, and works with a team for the development of Egyptian handicrafts clusters since 2006, also points to the issue regarding lack of coordination between institutions. , He points to the fact that his team has rescued many clusters that included many crafts susceptible to extinction; he recognizes that one of the drawbacks of the absence of coordination is the repetition of interventions that leads to waste of time and resources. He states that:

“All working institutions in the sector almost do similar interventions that focus only on some trainings that do not necessarily result in real skills development. They work in isolated islands,

so, there are no accurate data for the sector to facilitate decision making and intervention determination” (Fayez, a public official who is working in a managerial position, December 2020)

Fayez’s declarations show that the absence of coordination between different working institutions in the sector results in wrong and repeated interventions that do not result from real needs assessment. Accordingly, the outcomes of such interventions do not have a positive impact on clusters development. This finding is in line with Abdelrazik, (2019), who has indicated that the absence of a respectable institution that supervises and coordinates the sector’s activities and sponsors results in the dispersion of efforts, lack of planning, abundance of overlapping bodies in the sector, and repetition of interventions. Although from some current initiatives it appears that the Egyptian government is familiar with the significance of the handicrafts sector’s development and promotion, the exertions have remained greatly uncoordinated and scattered (Hassan, 2018). Moreover, there are no measurable research or valid statistics that methodically scrutinize the sector’s magnitude, structure, features, economic and public participation, and needs (MTI, 2018)

4.1.1.3. Inaccurate sector’s needs assessment

According to Shady, a handicrafts trading company owner and a board member in the Egyptian Handicrafts Export Council & international consultant for handicrafts clusters development, and Fady, a public official who works as a business development expert in the handicrafts’ clusters, and is involved in the sector since 2000 elucidate a major problem, which threatens the outputs of the whole development efforts done in the sector related to the accuracy of sector’s assessment of needs. They indicated that the needs of industrial clusters are not precisely assessed; therefore, the outcomes of development efforts have low impact on the development of the sector. At the same time, national and international organizations working

in the development of the sector focus on the interventions they execute without paying attention to their impact. In this regard, Shady and Fady stated the following:

“I cannot see real development interventions, as right needs assessment requires coordination between cross functional teams that are comprised of experts in management, planning, anthropology, biogeography, and sustainable development, among others” (Shady, board member in the Egyptian Handicrafts Export, December 2020)

“Almost all the development institutions in Egypt work for Show not for impact. There is no coordination and the concentration is only on the intervention done not on its impact.” (Fady, business development expert in the handicrafts’ clusters, January 2021)

Shady and Fady’s comments shed light on a major mistake done by institutions’ work on developing handicrafts cluster, which is focusing only on training artisans in clusters thereby neglecting other important issues such as, anthropological nature, and sustainability aspects, among others. They highlighted that the majority of the interventions done for developing the sector are ineffective due to inaccurate evaluation or assessment of the needs. Moreover, entities such as The Ministry of Trade & Industry, The Ministry of Social Solidarity, many NGOs, syndicates, and public institutions work in the development of the sector without regular coordination. It can be deducted then from all of the above that the outcomes that the state aims for regarding developing the handicrafts sector are not attained.

The above findings are compatible with the findings of Nicholas, (2010) who noted that economic aspects are a combination of social, cultural, ethical, and anthropological factors that are closely linked. It is also compatible with Abdelrazik findings, (2019), that claimed that the development of creative clusters in Egypt is missing accurate assessment that leads to development programs in accordance with clear goals and policies and comprises all aspects and needs in clusters.

4.1.2. Access to Market

Egyptian handicrafts have a key challenge in accessing local and international markets (Mohamed, 2020). All interviewees agreed upon the presence of a big challenge in marketing of handicrafts products due to different reasons. They mentioned, for example,

“Artisans in clusters face a challenge related to market access. They do not have a sustainable demand that guarantee them sustainable revenue making” (Farah, a public official, Director, December, 2020)

“We need marketing support, as participation in exhibitions is expensive and sales are not guaranteed” (Hussein, an artisan and workshop owner, January 2021)

Farah and Hussein comments indicated that the market access is a major challenge for Egyptian handicrafts. Their comments highlighted that artisan need more support in the marketing area like, for example, subsidies to participate in local and international exhibitions. Such findings are in line with MTI, (2018) which indicated that market accessibility support services should be developed and introduced to support marketing of Egyptian handicrafts.

4.1.3. Lack of Successful Business Model and Business Skills

Most handicrafts clusters in Egypt lack successful role model enterprises (Hilaly et al., 2018). Unfortunately, even if artisans often have worthy technical skills, they usually do not master skills of up-to-date business management and lack the capacity to plan and expand production in a methodical approach (Hilaly et al., 2018). Interviews with public officials, artisans, and experts in the handicrafts sector highlighted the fact that one of the major challenges that delay the development of handicrafts clusters in Egypt is the lack of a successful business model and business management skills.

4.1.3.1. Managerial and Business skills

Hossam, a top management member of the handicrafts chamber and a fair-trade company of handicrafts owner, pointed out that the shortage of business skills and the absence of successful business model for the clusters to follow lead to very low impact of development efforts for them. Artisans in most handicrafts clusters do not make suitable revenues that enable them to sustain themselves. Accordingly, they struggle to remain in the sector and are unable to produce new designs and products. Hossam stated that:

“One of the major causes of handicrafts clusters’ decline is the lack of a successful business model. As long as artisans do not make sustainable revenues, they will continue to exit the cluster. Accordingly, clusters are in decline and crafts disappear becoming extinct, and all development efforts vanish”. (Hossam, a top management member of the handicrafts chamber, December 2020)

Hossam’s remarks show that artisans and people in charge of managing creative handicrafts clusters in Egypt have a skills gap in different aspects of business management. He pinpointed that, artisans in most clusters do not have the ability, for example, to calculate accurate costs and determine suitable selling prices that cover their costs in order to make sustainable revenues. His statement clarifies that the deficiency of business skills as well as the lack of an efficient business model are regarded as basic factors that demotivate the development of creative handicrafts clusters in Egypt.

In addition, his comment indicates a serious problem, which is that the absence of business skills can lead to the extinction of handicrafts, and cluster deterioration due to artisans' escape to other jobs that are more financially secure and stable. Evidence from the literature shows that addressing the challenges of productive capabilities must go hand in hand with mastering business and entrepreneurial skills, as well as handling market dynamic forces and current and future needs (Damir et al., 2019). Additionally, Ismail (2019) indicated that there

is already weak management knowledge of local entrepreneurs and producers in the sector of handicrafts in Egypt that needs to be developed

4.1.3.2. Costing and pricing skills

Sara, an artisan and a CEO of an NGO that manage one of the handicrafts clusters in Sinai notes that artisans in the handicrafts' clusters lack essential costing and pricing skills. She pointed out the following:

“I calculate costs and suitable prices by sense and experience, but I need to learn the professional methods for that. Moreover, I have a difficulty with marketing, market needs, trends, and different customers' tastes. I also find that the majority of artisans in my handicraft and other handicrafts suffer from similar problems” (Sara, artisan and an NGO CEO, December 2020)

Sara's statement shows that most of artisans do not have the business competencies that enable them, for example, to estimate their products' prices. They also, do not have the skills to be constantly aware of market needs, fashion trends, new designs, and new desired products. This business skills gap puts pressure on artisans as they may sell their products in prices that do not ensure revenues and sustainability. Moreover, they may produce products that do not appeal to customers' needs and tastes. This can lead to a decline of sales and revenues which affects the wages of artisans and the overall sustainability of a handicraft cluster. The finding is in line with Ismail (2019) who argued that poor business competencies of artisans, NGOs managers, and even holders of micro and small enterprises have negative impacts on clusters' development.

4.1.3.3. Sales and marketing skills

An interview was also conducted with, Raaed, a public official who works as a business development expert in a development organization that has an important program dedicated to the development of handicrafts clusters, and is involved in the sector since 2005. He pinpointed a principal problem, which is that artisans in clusters focus on learning how to craft their products, but are not efficient in selling or marketing them. Moreover, they are very far from modern marketing tools and techniques. He states:

“Artisans were totally dependent on the tourism sector for selling their products. However, after the 25th of January revolution, the tourism sector witnessed a considerable decline, where artisans found themselves stuck with large product stocks that could not be sold. At that point, they realized that they do not have adequate business and marketing skills. In addition, they are very far from the digital marketing tools and techniques which are very important nowadays, especially, after the COVID 19 pandemic.” (Raaed, a public official who works as a business development expert, January 2021)

Raaed’s comments clarify that artisans in handicrafts clusters in Egypt are to a great extent lacking in required business, selling, and marketing skills. Moreover, they are considerably away from digitalization, E-commerce, and digital marketing tools and techniques which are heavily dependent on today and in the future. In almost all clusters, either there is a lack of dedicated employees for marketing and sales, or there is a dedicated employee but with immature business and marketing skills. This declaration is in accordance with literature that showed that among major problems in the handicrafts sector in Egypt is the low competency in competition handling, such as a marketing prerequisites and challenges (Abdou, 2003). Findings from the literature also show that information and communication technologies (ICTs) are very limited in the cycles of production and marketing (Hassanin, 2008).

4.1.4. Labour Problems

Skilled artisans, and the movement of the new generations to town areas is certainly one of the several challenges before the handicrafts sector (Abdelrazik, 2018). The sector has a gap in developing strong and consistent regulations and policies regarding artisans and their security and sustainability (Amin & Amin, 2021). Through the interviews conducted, they revealed that labor in creative clusters in Egypt has a set of serious problems that lead to high labor turnover rates, as well as the low tendency of new labor to join.

4.1.4.1. Low artisans' income

According to Essam [an artisan working for 15 years in a cluster in Gharbia called “Farastak”], and to Kassem [an artisan and workshop owner, who inherited his workshop and craft from his father and grandfather in Seashell products], the insufficient income generated by artisan compared to the exertions they do in handicrafts industry is a major cause of high turnover rate of labor from the sector. They state that:

“The living costs are very high, and labour in this sector receive low wages compared to the efforts they do in such a detailed and complicated industry. In addition, the availability of easier ways to make money like the “Toktok”, for example, led to labour leakage and little tendency for new labour to join.” (Essam, an artisan, January 2021)

Similarly, Kassem notes:

“Our work is time and effort consuming. Yet, we do not have health or social insurance. At the end of the day, the artisan is a man who is responsible for a family, a young man who wants to start a life and establish a home, or even a woman who is totally or partly responsible for her family” (Kassem, an artisan, January 2021)

Essam and Kassem's comments show that artisans in handicrafts clusters leave the sector in search of better opportunities to make their livings, as a workshop owner cannot hire permanent employees or depend on casual labor instead. Additionally, the work nature may impact person's health, especially sight, vertebrae, and lungs, which may repel workers from working in such conditions. These statements illuminate a crucial aspect that leads to labor turnover from the sector, which is the presence of more comfortable and profitable alternatives, and the lack of social protection, pension and health insurance. Such declarations are in agreement with the findings of Ismail, (2019) who mentioned that labor in handicrafts in Egypt have great challenges regarding salaries, social and health insurances, among others.

4.1.4.2. Absence of occupational regulations

According to Hussein, an artisan and workshop owner who works in "Khayamia" products for 20 years in "Al Darb Al Ahmar" cluster in Cairo, he indicated that artisans in Egypt have some challenges related to their regulations. For instance, they need formal job titles and a syndicate or union to advocate for their rights. He stated:

"As an artisan, I don't have an official job title, no official syndicate, or labour union to join. Additionally, as a workshop owner, I struggle to find qualified labour, and it costs me time, effort, and money to train young workers who can easily quit the job searching for better opportunities" (Hussein, an artisan and workshop owner, December 2020)

Hussein's statements show that artisans suffer from social issues related to the uncertainty of their jobs' names which affects their image in society. Additionally, the security related to decent salaries, social and health insurances is also threatened. Finally, labor in the sector needs continuous skills development both vocationally and personally. His comments shed the light on a crucial aspect which is the high cost of

insurance and training, which makes workshop owners in need of state support in such issues. This finding is compatible with the findings of Amal & Shams El Din, (2018) who have indicated that the sector needs national support to improve the state of labor specifically regarding the protection and well-being systems, pensions, and the standard living.

4.1.5. Raw material

Among the most significant difficulties confronting artisans in handicrafts, are raw materials' high cost, and the excessive effort and elongated time needed to obtain them (Refaat, & Mohamed, 2019).

4.1.5.1. Unavailability and high cost of imported raw materials

Ahmed, an artisan working for 15 years and Adel, an artisan working for 10 years in “Saquet Abo Sharaa” cluster for handmade carpets in Sharquia governorate, claimed that they face a challenge regarding raw materials' unavailability due to depending on imported materials. These imported raw materials lead them to incur extra fees, and require a lot of time to obtain them. In this regard, Ahmed said:

“The raw materials we work with are not found in Egypt and are all imported, so we suffer from high prices and inadequacy of production inputs. Moreover, after the COVID 19 crisis, the cost of raw materials multiplied and became scarce. This negatively affects the prices of end products and our sales” (Ahmed, an artisan, January 2021)

According to Adel,

“The local supply of some raw materials such as natural silk, is very low and insufficient for the needed production, so there are two scenarios we must choose from. First, either we go for the substitution of local synthetic materials that negatively impact the final product quality and the overall reputation of Egyptian handmade products. Or second, we buy the imported natural silk big with very high prices and limited accessibility due to importers’ monopoly” (Adel, an artisan, January, 2021)

Ahmed and Adel’s comments indicate that some handicrafts either lack national raw materials or have insufficient national supply. This results in many challenges related to the export of raw materials with hard currency that result in high cost as well as inadequacy. Their statements highlight a very important issue, which is the use of alternative synthetic materials by some artisans to overcome the shortage or high prices of original raw materials. This unfortunately impacts the quality of the end product and the reputation of Egyptian handicrafts products in local and international markets. This finding is in agreement with Ismail’s claim (2019) which indicated that the absence of a pension subsidies to support producers for raw material exports result in a high cost of production and monopoly of raw materials by big traders.

4.2. Needs of handicrafts clusters for effective performance

4.2.1. Building an Institutional Structure with full governance

In the majority of successful emerging states, there frequently is one key handicrafts promotion body that synchronizes and promotes different sector aspects. In Egypt, there is a crucial need for such a managing institution (Abdou, 2003).

According to the data retrieved from the interviews conducted, the need for a representing body to govern and manage the handicrafts sector is of crucial importance. This

observation has been deducted specifically from Shady, a handicrafts Trading company owner & board member in the Egyptian Handicrafts Export Council and International consultant for handicrafts clusters development. He stated that:

“The Egyptian handicrafts sector is in an urgent need for a powerful organization that is responsible for managing and distributing roles within the sector to avoid overlapping and duplication of specific interventions and neglecting of others”.

(Shady, board member in the Egyptian Handicrafts Export, December 2020)

Shady’s statements show that there is a necessity for the institutionalization of the handicrafts sector as such a body would organize roles between organizations in the sector. This organization should additionally have the power to decide where development funds of the sector are allocated, and organize, coordinate, and supervise the development efforts done by different institutions in the country.

His comments also shed light on the unclear roles of each institution working in the sector that result in work duplication, and rare or absent work in others, which lead to the delay of sector development and growth. This finding is in agreement with Elkhishin et al., (2021) who indicated that Egyptian handicrafts clusters need an institutional body that define mandate and participation of each stakeholder in the sector.

In the same manner, Mahmoud, a public official who is working as a coordinator in a program dedicated to develop handicrafts clusters in Egypt, and involved in the sector since 2015 mentioned that the needed institution should have clear governance and full power to be able to handle and coordinate the sector. He believes that existing institutions that represent the sector have no power to synchronize efforts and different interventions. He stated:

“Although there is a chamber and an export council for handicrafts, they do not have power over other working institutions in the sector, so the sector needs an independent organization

that reports directly to the president such as “The National Council for Women”, or reports to the prime minister.” (Mahmoud, program coordinator, March 2021)

Mahmoud’s comments clarify that autonomy is highly needed for the proposed institution to manage the handicrafts sector. His comments also make it clear that it is better to report directly to the president or to the Prime Minister to avoid bureaucracy. His statements point to a crucial issue about the potential body which is that strong governance and full authority are prerequisites in the needed institution for effective development. This finding is in agreement with Elkhishin et al., (2021) who illustrated that the needed institutional body should have the authority to coordinate between all involved parties to guarantee rationality of their activities, motivate cluster expansion, exploit local knowledge, and build local economic development opportunities.

According to Hussein, an artisan and workshop owner who works in “Khayamia” products for 20 years in “Al Darb Al Ahmar” cluster in Cairo, he indicates that as an artisan he doesn’t know a specific organization he can access for any needed support. Instead, he is dealing with various organizations, which wastes time and effort. He said:

“At the present time, I don’t know where to go for any related problem or support in my craft. I deal with many organizations like Industrial Modernization Centre (IMC), Micro, Small, and Medium Enterprises Development Agency (MSMEDA), Egyptian Export Council for Handicrafts (EECH), and the chamber. I hope one day we have in Egypt an umbrella organization that I, as an artisan, can go for to ask about anything I need in my work, any support needed, or any complaint” (Hussein, an artisan and workshop owner, January 2021)

Hussein’s declarations show that artisans in clusters need an institution that can be their reference in any related aspect of their work. Such an institution should provide them with all the support they need, such as with permissions, legal documents, training, exhibitions. He also

pointed to the fact that the diversification in organizations working in the sector without one umbrella organization results in confusion to artisans in addressing their needs. Evidence from the literature that supports such interpretations showed that artisans in emerging states that have established robust institutions and policies benefit from development efforts. Such institutions work to induce civil society organizations (CSOs) that support artisans, and stimulate micro, small and medium enterprise (SME) growth (Abdou, 2003).

4.2.2. Value Chain Reinforcement

Value Chain represents the business activities and their linkage to the breakdown of the competitive advantages (Yadav & Mahara, 2018). Damir et al. (2019) also defined value as a cascade of activities and procedures that help in the development of a product from the phase of the idea to the end user's phase. Moreover, the efficiency of a cluster and its development are closely linked to its ability to scale up in the value chain (Das, 2005). Thus, studying value chain analysis helps determine projects that can be executed via partnership of government, private institutions, and NGOs to enhance artisans' situations to be able to participate in crafts' sustainability (Singh et al., 2018)

4.2.2.1. Innovation and Design

Innovation is fundamental to the growth of a booming economy. Such Term describes the larger settings and operational, legislative, financial, monetary, and informative factors that regulate the guidelines and prospects for innovation (Ali, 2012).

Farah Farah, a public official director, mentioned that the different activities of value chain of handicrafts need enhancement, especially those related to innovation and design. Giving attention to innovation and design strengthens the identity of Egyptian handicrafts and help produce modern products that appeal to customers. She said:

“Artisans usually repeat designs and/or imitate designs of other countries. The sector needs ideas for developing new designs, like design centres, competitions, and linkages between designers and artisans” (Farah, a public official, Director, December, 2020)

Farah’s words show that it is crucial to work on the development of the entire value chain of handicrafts, especially in the area of innovation and design to avoid design repetition and copying. Copying designs threatens the Egyptian identity for handicrafts and negatively impacts reputation and sales. Hence, the creation of new designs that combine both attractive appearance and utility is a key success factor that enhance the identity, marketing, and sales of such products. In this regard, the establishment of supporting design centers in nearly all handicrafts’ subsectors is of great importance. Such design centers are preferred to be geographically located within the clusters. Additionally, innovation enhancement by encouraging young designers and linking them with artisans in clusters may prove to be beneficial. Furthermore, launching innovation & design competitions for young designers and students in creative faculties can also support designs and innovation promotion

Farah’s comments point to some strategies through which innovation and design can be improved, including focusing on innovation and designs development. This finding is in agreement with that of Scott, (2006) who mentioned that boosting research and innovation and the enabling environment led to clusters’ success. Schmitz, (2000), also indicated that the use of design knowledge in traditional handicrafts can not only enhance cultural significances and ethnic position to the recent products, but also give more chances and models for the sustainable development of traditional handicraft. The success of businesses is measured by their ability to distinguish their products from those of competitors by improving state-of-the-art designs. (Wu et al., 2017) It then goes without saying that nations need to be capable of differentiating their products through exceptional designs in order to have comparative advantage in the products they export (Hassan et al., 2017).

4.2.2.2. Raw Materials Management System

Abdelrazik research (2019) showed that raw materials present a competitive advantage in some handicrafts in Egypt but represent a challenge for other crafts.

Fayez pointed out that supply of raw materials for different handicrafts producers needs to be organized thorough a supporting system that enables the smooth supply of needed raw materials, fights monopolies, and organizes the usage of natural resources to save the environment. He said:

“The raw materials management system needs to be established within the sector. Such a system should support artisans in sustainable sourcing of raw materials, ensure the quality of raw materials, guarantee reasonable prices, and save the environment.”

(Fayez, a public official who is working in a managerial position, December 2020)

Fayez’s statements clarify that the handicrafts sector needs a raw materials management system that supports the production of different crafts. Two examples can be seen regarding the challenges facing raw materials that this proposed system can overcome. First, , Hegaza cluster for wooden products in Upper Egypt utilize “Asersus wood”, a species of wooden trees that live many years before they are cut, and then they are dried for several years before usage in handicrafts production.. Nowadays, the over-cutting of Asersus trees negatively impacts the species’s existence, resulting in a raw material deficiency as well as negative impacts on the environment.

The second example is Saquet Abo Sharaa for handmade carpets in the governorate of Minofya. This cluster needs natural silk as a raw material for its carpets and rugs production, as local supply is not sufficient. Therefore, they use imported natural silk, which results in high cost of production, and unavailability of the raw material when they need it most. This is why,

encouraging projects that aim to breed silkworms to use for local production of silk could be of great help.

Fayez's statements highlighted the importance of the proposed system to organize crucial issues related to raw materials including monopoly of big traders, insufficient local production of some raw materials, and the over use of some natural resources. This finding is in line with Amal and Shams El Din (2018) who have illustrated that raw materials of handicrafts in Egypt needs an organization in order for officials to monitor their prices and prevent their monopoly by large companies and traders.

Another importance issue that requires much attention is the consideration of the environment when developing clusters. This is because it is important to avoid environmental damage that may result from the unorganized and extensive use of natural resources (Auma, 2019).

4.2.2.3. Technology Development

According to Mikkelsen (1999), vocational assistance can be provided to clusters via enhancing the technology used in production.

Fady, a business development expert in the handicrafts' clusters, indicated that poor technology in the handicrafts sector must be upgraded to enhance production capability as well as the quality of the end product. He mentioned:

"Artisans in clusters need support regarding the entry of technology in production, such as, using advanced sewing, cutting, drying, and washing machines in handmade carpets." (Fady, business development expert in the handicrafts' clusters, January 2021)

Fady's comments indicate that clusters of handicrafts need to be supported by technology upgrading that include tools and equipment utilized in production. This can enhance

the capacity of production, and improve the finishing quality of handicrafts. For example, some tools and equipment used in production need to be enhanced and developed, such as , the looms used in Akhmim cluster for textiles. These looms are enormous and out of date, which lead to limited production capacity. Fady's observations are in line with those of Ayadi et al., (2017) who indicated that focus on technological evolutions can support the development of handicrafts clusters. In addition, the focus on technology and Information Technology assistances can support the growth of the handicrafts industry (Brown, 2010).

4.2.2.4. Marketing

Giving attention to market studies as well as marketing activities related to the handicraft goods both locally and internationally is of crucial importance. Such activities can include, for instance, national and international exhibitions, festivals, and conferences (AL-BANDARI, 2020).

Farah, a public official working as a director in one of the governmental organizations that has a program dedicated to developing handicrafts clusters in Egypt, observed that the handicrafts sector in Egypt needs to focus more on marketing as a base for production and sector planning. She Said:

“In many cases, Artisans in clusters produce several goods that are not easy to be sold, as they are far from customer preferences. Accordingly, the sector needs to be supported by market research studies for both local and international markets, and for different subsectors of handicrafts” (Farah, a public official, Director, December, 2020)

Farah's comments indicate that the sector needs comprehensive market studies that can serve as a basis on which production within the sector will move toward. Market studies would, support producers to know more about fashion, national and international market trends, and customer preferences. This will lead to organized production planning, target markets

identification, and sales promotion. Her statements highlight one of the major causes of the low sales and revenues achieved by clusters, which is producing handicrafts that are not according to consumer needs. This finding is in agreement with those of Hassan et al (2018), who indicated that focusing on market research articulates the categories of products the target clients are searching for. Hence, the products to be manufactured are determined without attention to consumer needs, which results in undesirable handicrafts that require a lot of effort and time in their production, but will never be sold.

Similarly, Shady showed that handicrafts' manufacturers need to focus on the showcasing local authenticity and identity in their handicraft products as a tool of marketing and branding. He also believes in the significance of branding and building and maintaining good relationships with consumers. He stated:

“Producers of handicrafts in Egypt need to give more attention to building officially registered trademarks for their products and work on utilizing products’ authenticity for building customer relations with their brands. This will support the promotion of Egyptian handmade products, strengthen the identity of Egyptian handmade products, especially in international exhibitions where one can easily distinguish the Indian, Moroccan, or Tunisian booths., Accordingly this will lead to building an image and identity within customer mind, and enhance the trading of such products”. (Shady, board member in the Egyptian Handicrafts Export, December 2020)

Shady's statements demonstrate that branding is a major characteristic of modern marketing, as customers by time become attached to a specific brand, especially if it reflects authenticity and uniqueness. His statements also show how some countries such as Morocco and India have, succeeded in building a distinguished identity that reflects their local culture, realized in handicrafts with specific colours and designs. Countries that have succeeded in

doing so are easily noted among hundreds of countries in an international exhibition. This finding is in line with evidence from the literature which claimed that. Customers become more interested in the 'authenticity' perception in a world where they are uncertain about the reliability of products. They pursue genuineness in brands (Hilaly et al., 2018).

Following from the above, Raaed indicated that those who are in charge of managing handicrafts clusters should be aware of the significance of marketing knowledge. They need to have up-to-date marketing strategies and tactics. He mentioned that:

“The world as a whole, in such a digital era, is currently using digital marketing and e-commerce, so, producers in the sector should be aware of such modern marketing tools and techniques and how to benefit from it”. (Raaed, a public official who works as a business development expert, January 2021)

Raaed's comments show that the management of creative clusters need more support in the area of marketing knowledge through training and continuous improvement. This is especially needed for the majority of artisans, NGOs, and companies' representative who are responsible for handicrafts clusters' management

Building on the above, most clusters need more interventions that establish a solid base of modern marketing tools and techniques related to digital marketing and e-commerce. This is because they need it to cope with international competition so as not to lose a big segment of national consumers who are heavily using digital platforms for buying products. Raaed's statements are compatible with Hassanin, (2008) who has found that information and communication technologies (ICTs) are extremely vital for production and marketing progression. However, they need infrastructure and training to be widely used in the manufacturing process, promotion and marketing series for handicrafts in Egypt.

Chapter Five: Conclusions and Policy Recommendations

5.1. Conclusions

Undoubtedly, clusters are a basis for industrial and economic development in advanced as well as emerging countries. The key aspect in clusters is the effective networking between entrepreneurs, suppliers, research institutions and local administrations. Such networking allows know-how and information flow between businesses, builds alliances, and improves skills. Moreover, this research has found that handicrafts clusters are a widespread phenomenon in many countries in Asia and Africa, such as, Pakistan, Bangladesh, Nepal, India, Vietnam, Thailand, Morocco, and Tunisia. Through their extensive presence in these countries, creative or handicrafts clusters have been proven to participate in their countries' economies, and have been found effective in poverty alleviation, especially in rural and deprived regions in developing countries. Most importantly, clusters were found to be extremely beneficial for bettering women's lives, leading to women empowerment in rural areas. It is because of the aforementioned reasons that many multilateral organizations such as UNIDO, OECD, and the European Union are acknowledging the clusters development approach as a major strategy for enhancing employment, exports, and the overall local economic development. It could be said that creative clusters forced academics to research them as their growing importance attracted the attention of developers, policymakers, and economists, managerial and social scholars.

In Egypt, handicrafts or creative clusters represent 90% of total clusters found in the state. All clusters are organically formed without intention from the government to establish them. But unfortunately, creative clusters in Egypt are not yet participating to the country's economy the way they should and according to their size. While there may have been several efforts to develop the sector through a variety of national and international organizations, the

sector remains without powerful output. In contrast to the Egyptian context, , countries such as India, and Vietnam have achieved outstanding growth in handicrafts clusters which are now participating effectively in these countries' exports, employment, and GDP; they have also become part of global value chains for handicrafts.

Having observed other successful cluster models around the world, it is crucial to investigate the obstacles and challenges that hinder the growth and development of creative clusters in Egypt in the presence of multiple development interventions. This study has aimed to fill the literature gap regarding the major barriers that delay the growth and development of creative clusters in Egypt, as well as the root causes that make them lagging behind other countries' clusters. Additionally, this study has aimed to design, scrutinize, and identify the real needs of handicrafts clusters in order for them to grow in full capacity and become as effective as possible.

The results of this study have shown that there are many development efforts and interventions that are implemented by the Egyptian government, NGOs, and multilateral institutions to develop clusters in the country. However, the results of these combined efforts do not fulfil the country's ambitions for the sector, despite Egypt having a rich heritage that is reflected in several crafts that would otherwise gain national and international attention.

The major challenges that this research found for clusters in Egypt can be summarized as follows: [1] the absence of coordination between development organizations in the sector, [2] the lack of successful business models and business skills, [3] labour challenges, and [4] raw materials shortages. One important result from this study is that it identified two major recommendations that can be considered for the effective development of handicrafts clusters. These two recommendations are: [1] establishing an institutional body to fully govern and be responsible for managing and developing the sector; [2] value chain reinforcement, which

involves four main areas to work on, which are: [1] innovation and design development, [2] raw materials management system, [3] technology development, and [4] marketing.

5.2. Policy Recommendations

After the study's careful analysis and findings, recommendations have been proposed in hopes to pave a way for policymakers to enhance and strengthen the development of creative clusters and henceforth, the anticipated recommendations are as follows:

First, an institutional body should be established; it would be responsible for the management and development of the sector of handicrafts clusters in Egypt. This institution is preferred to be an independent one that reports directly to either the president, such as The National Council for Women, or to the Prime Minister such as Micro, Small, and, Medium Enterprise Development Agency (MSMEDA). This institution can be in the form of a Prime - Minister headed committee led by MSMEDA and consists of key institutions working in the development of handicrafts sector. It should have clear governing rules, and the full authority to manage all the sector's needs. For example, it is imagined that it would organize and coordinate efforts between different stakeholders working in the sector, maintain clear and reliable data and statistics of the sector, set sector goals and objectives, and ensure their achievement. Having this committee would prevent the scattering and unorganized interventions currently in place that only result in weak results and poor outcomes for the sector. The presence of such an committee will guarantee the effective utilization of development funds allocated for the sector, as well as set development priorities by deciding on the areas and subsectors that requires attention based on reliable data and needs assessment. Moreover, it will guarantee evidence-based policies and strategies for the management and improvement of the sector in general and ensure roles distribution among all stakeholders.

Second, a sector data and statistics management system needs to be established to overcome the major challenge of the absence of clear and validated sector statistics. For example, all figures related to employment, national and international market shares, and investment size are only rough estimates and not reliable consolidated data. Accordingly, this shortage may result in erroneous interventions, false sector priorities, and overall poor sector performance. Thus, a complete database for the industry of handicrafts needs to be established; such a database should involve the subsequent information: details of production and trade centres, sources of funding, categories of products, techniques used in production. Data such as number of artisans, their age categories, skills levels, clusters types, location, and size, among others will guide sector directions, development interventions, production planning, and exports. Establishment and updating of such database can be the responsibility of local administrations and governorates

Third, the domain of innovation and design improvement needs critical attention in the handicrafts' clusters in Egypt, and thus requires a comprehensive innovation strategy. In this regard, establishing design centres localized in clusters is of great importance. In Addition, launching design competitions that motivate young designers and students in the faculties of arts and design can support such innovation. Moreover, working to build an Egyptian identity through unique designs for different crafts is a key aspect. Finally, maintaining a continuous linkage between designers and artisans in clusters is very important to promote innovation, design, product development, and empowerment of the capacity of designers of handicrafts to catch exceptional cultural features in their handicrafts' designs. This domain can be the responsibility of universities, research centres, and design centres.

Fourth, a raw materials management system needs to be established. Such a system should be supported with a clear database that includes identification of all needed raw materials, local and exported items, and sources of local and exported raw materials. In

addition, local initiatives for raw materials production should be supported; for example, the breeding of silk worms to produce natural silk for handmade carpets production could be encouraged. Other initiatives can include support in tariffs and customs on exported raw materials. Finally, the environmental aspect of handicrafts production needs to be taken into consideration. Thus, insurance of sustainable and eco-friendly production measures. Such database can additionally be the responsibility of local administrations and governorates.

Fifth, production of handicrafts clusters needs technology development and upgrading. The clusters need modern tools and equipment that involved in production, such as modern looms, sewing, cutting, dyeing, and washing machines. In addition, manufacturing processes for each craft need to be documented and accredited according to international standards that guarantee selling of such products all over the world, such as health measures for instance. This recommendation can be the responsibility of universities and research centres.

Sixth, labour status in creative clusters needs to be enhanced through different approaches. First, establishing an official effective syndicate or labour union for artisans is necessary in order to be responsible for building occupations and their equivalent job titles in different crafts. Artisans should be treated the same as artists, and should be given job titles that guarantee pride for them and their families. More importantly, the regulation of salaries, social and health insurances, and pensions for handicrafts workers is essential so that they can feel secured, enhance their standards of living, and prevent their exit from the sector. This recommendation can be the responsibility of Ministry of Manpower

It is important to note that artisans need continuous skills development through vocational and soft skills training. They also need to learn about green economy, sustainable production, entrepreneurship and business management, costing and pricing, and export readiness among other skills. In this regard, establishing technical schools and faculties

specialized in different crafts could also help in the continuous supply of skilled labour. In addition, artisans need to learn product development techniques and implementation of new designs and integration of materials and crafts for production of unique products. They also need support to learn production planning and real time and capacity of production. In this line IMC can support.

Seventh, giving attention to marketing activities that support the promotion of Egyptian handicrafts locally and internationally is crucial. Such activities should start with reliable market research that help identify national and international customer needs, market trends, fashions, branding and potential markets. Such studies will prevent the production of unneeded products. Here MSMEDA, MOLD, EECH, and IMC can support.

For example, each area or governorate in Egypt has its own distinct identity regarding daily cultural activities. Putting the uniqueness and exclusivity of the province in creative products is significant to create authentic products. Such authenticity should be used and linked with brands that used for local and international promotion of Egyptian handicrafts; The Tunis village model for pottery products is a prime example of such unique brand promotion. Another important aspect is obtaining officially registered trademarks for clusters to prevent the crafts and products against intellectual property theft. Additionally, giving attention to attractive packaging is essential in promoting products. Finally, regularly organizing fairs, exhibitions, and festivals for the promotion of handicrafts could help boost sales for the clusters' products.

Eighth, Local administration can take part in supporting cluster development by providing the fundamental municipal goods and services required to reduce obstacles confronting clusters development. They are the most efficient in identifying numerous challenges opposing each local concentration. Over and above, assuming their local

informative lead, local administrations are more inclined to resolve local restrictions on operations of a cluster than the central government.

Finally, when clusters are unable to shift from stagnation to competitiveness, their potential to contribute to community development remains largely untapped (UNIDO, 2010). This is the situation in Egypt where creative clusters are not active to the degree that they can form a critical mass, and do not compete globally (UNIDO 2015). Thus, determining the requirements for transformation of creative clusters, and detecting the most important challenges facing them is of crucial importance (Amal & Shams El Din, 2018). Finally, producing high quality handicrafts that can penetrate target markets requires focused consideration to competences of local handicrafts, product development, quality awareness, and readiness of market and social accountability that comprises scarcity reduction and development of local community (Sharma et al., 2012).

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Annex 1: IRB Approval

CASE #2019-2020-093



To: Amal Soliman
Cc: Menna Youssef
From: Atta Gebril, Chair of the IRB
Date: March 30, 2020
Re: IRB approval

This is to inform you that I reviewed your revised research proposal entitled "Creative Industrial Clusters: Barriers to Development" and determined that it required consultation with the IRB under the "expedited" category. As you are aware, the members of the IRB suggested certain revisions to the original proposal, but your new version addresses these concerns successfully. The revised proposal used appropriate procedures to minimize risks to human subjects and that adequate provision was made for confidentiality and data anonymity of participants in any published record. I believe you will also make adequate provision for obtaining informed consent of the participants.

This approval letter was issued under the assumption that you have not started data collection for your research project. Any data collected before receiving this letter could not be used since this is a violation of the IRB policy.

Please note that IRB approval does not automatically ensure approval by CAPMAS, an Egyptian government agency responsible for approving some types of off-campus research. CAPMAS issues are handled at AUC by the office of the University Counsellor, Dr. Ashraf Hatem. The IRB is not in a position to offer any opinion on CAPMAS issues, and takes no responsibility for obtaining CAPMAS approval.

This approval is valid for only one year. In case you have not finished data collection within a year, you need to apply for an extension.

Thank you and good luck.



Dr. Atta Gebril
IRB chair, The American University in Cairo
2046 HUSS Building
T: 02-26151919
Email: agebril@aucegypt.edu

Annex 2: Informed Consent Form



Documentation of Informed Consent for Participation in Research Study

Project Title: Creative Industrial Clusters in Egypt: Barriers to Development.

Principal Investigator:

Amal Mohamed Soliman, Mobile: +201025709866, email: amsoliman@aucegypt.edu

You are being asked to participate in a research study. The purpose of the research study is to determine the challenges and factors that act as barriers to the development of Egyptian Creative Industrial Clusters and the findings may be published and presented. The expected duration of your participation is a one-hour in-depth interview and I might contact you for any further information during the research duration that will take three months.

The procedures of the research will be as follows: I will meet you at your office or at cluster that you are working in and I will ask you several questions about the following topics:

- What are the major challenges facing the work in creative industrial clusters?
- What are the real needs of creative industrial clusters to be developed?

There will be no certain risks or discomforts associated with this research, and there will be no compensation for the time we spend during the interview.

There are no benefits from participating in this research. Additionally, confidentiality is a key point in this study. Study will not include any information that may cause harm to the participants. Any comments that participants refuse to be listed in the interview sheet will be considered. The information you provide for purposes of this research is anonymous and confidential.

Participation in this study is voluntary. Refusal to participate will involve no penalty or loss of benefits to which you are otherwise entitled. You may discontinue participation at any time without penalty or the loss of benefits to which you are otherwise entitled.

Above you will find my contact information, please don't hesitate to contact me if you have any inquiries.

Signature

Printed Name

Date

Annex 3: Arabic Informed Consent Form

الجامعة الأمريكية بالقاهرة

استمارة موافقة مسبقة للمشاركة في دراسة بحثية

عنوان البحث : (التجمعات الصناعية الإبداعية: عوائق التنمية)

الباحث الرئيسي: أمل محمد سليمان، مدير مشروعات بمركز تحديث الصناعة
البريد الإلكتروني: amsoliman@aucegypt.edu
الهاتف: 01025708966

أنت مدعو للمشاركة في دراسة بحثية عن (التجمعات الصناعية الإبداعية: عوائق التنمية).
هدف الدراسة هو (معرفة التحديات والعوامل التي تعمل على إعاقة تنمية التجمعات الصناعية الإبداعية في مصر)

نتائج البحث ستُنشر في دورية متخصصة أو مؤتمر علمي أو ربما كليهما).

المدة المتوقعة للمشاركة في هذا البحث (مقابلة شخصية لمدة ساعة)

إجراءات الدراسة تشمل على (سيتم المقابلة في مقر العمل الخاص بـإدانتكم أو بمقر التجمع الصناعي الذي تعملون به وسنقوم بوجّه بعض الأسئلة مثل:

- ما هي التحديات الرئيسية التي تواجه العمل في التجمعات الصناعية الإبداعية؟
- ما هي الحاجات الحضرية الملزمة لتنمية التجمعات الصناعية الإبداعية (

المخاطر المتوقعة من المشاركة في هذه الدراسة: ال توجد

السنفادة المتوقعة من المشاركة في البحث: ال توجد.

السرية واحترام الخصوصية: المعلومات التي ستدلى بها في هذا البحث سوف تكون سرية وستكون حوئك غير محددة.

" أي أسئلة متعلقة بهذه الدراسة أو حقوق المشاركين نراها يجب ان توجه الى (أمل محمد سليمان،

الموضح أعلاه نقاط الاتصال بها).

إن المشاركة في هذه الدراسة ماهي ال عمل تطوعي، حيث أن المتنازع عن المشاركة ال يتضمن أي عقوبات أو فقدان أي مزايا تحق لك. ويمكنك أيضا التوقف عن المشاركة في أي وقت من دون عذوبة أو فقدان لهذه المزايا.

المضاء:

اسم المشارك :

التاريخ :