Income Instability Among Artisans in South Asia

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Artisans in South Asia preserve valuable cultural traditions through their handicrafts. However, artisans in the region often experience income instability or repeated fluctuations in monthly income, more than any other occupation. The fluctuating nature of the tourist market (a major revenue source), lack of access to e-commerce for further opportunities, and lack of regulation to protect artisan business and wages all cause income instability for artisans. As a result of income instability, many artisans in South Asia live in poverty. The consequences of income instability for artisans include the perpetuation of poverty, a shrinking artisan economy, and a shrinking global economy. Organizations like Ethik Collective may help address this issue by connecting artisans with stable business partnerships.
Key Takeaways+

- The artisan sector is the second largest area of employment in the developing world, behind agriculture. Artisans are found in markets all over the world and typically work out of their homes or in small work spaces with little to no machinery.\textsuperscript{119}
- In India, the average income for an artisan ranges between just $3.40 and $4.50 a day, whereas the minimum wage for an unskilled worker is $3.60 a day.\textsuperscript{120,121} For artisans based in rural areas, the average income is 0.89 cents per day.\textsuperscript{122} Only 34\% of artisans earn consistent wages.
- Tourists are willing to spend up to 17\% more on artisan goods than regular consumer goods due to cultural value attached to artisan goods.\textsuperscript{123,124}
- Approximately 98\% of artisan businesses are not regulated by the respective country’s federal government, meaning they lack legal protection from unfair wages and other unfair business practices.\textsuperscript{125} As a result, artisans are financially vulnerable to third-party middlemen and to contractors.
- The United Nations estimates that 30\% of artisans in India have left the trade in recent years.\textsuperscript{126} One-third of Indian textile artisans became unemployed in 2019 alone, and the COVID-19 pandemic forced many others out of work.\textsuperscript{127}
- In total, Ethik Collective has supported 2,784 artisans who produced a total of 609,291 handmade items, which helps these artisans provide financial security for 11,152 dependents.\textsuperscript{128}

Key Terms+

Artisan—A worker who practices a skilled trade, usually using traditional methods and locally sourced materials to produce culturally significant goods.\textsuperscript{1}

E-commerce—Commercial transactions conducted online.\textsuperscript{2}

High Season—The most popular time for tourism, often when prices are highest.\textsuperscript{3} High season usually occurs during the season with the fairest weather.

Income Instability—Repeated changes in an individual’s income or employment over time that do not lead to their overall economic benefit.\textsuperscript{4}

Informal Economy—Employment that is not subject to standard government or corporate laws regarding labor, taxation, or work hours.\textsuperscript{5}

Tourism—Travel for pleasure, business, or other purposes.\textsuperscript{6}
What is income instability and how is it measured?

A: Income instability occurs when there are repeated fluctuations in average monthly income. These changes may be unpredictable due to economic trends like recessions, sudden unemployment, and reduced work hours. Unlike unemployment, which refers to a consistent lack of income, income instability measures sizable income fluctuations.

There are several different means to measure a household's income fluctuations. The most common method of measurement divides how much each household's income varies by household average income from one period to another. The length of these periods vary, ranging anywhere from months to several years, and depend on how often people receive pay. For example, in a 4-year period, a household might earn $10,000.00 the first year; $30,000.00 the second year; $50,000.00 the third year; and $0.00 the final year. To calculate the instability value, one would divide the difference between each year's income by the overall average income. This calculation provides an accurate estimate of income fluctuations; if the fluctuations exceed 50%, the income qualifies as unstable. In contrast, stable income may fluctuate within a tighter range: For example, an individual might earn various amounts between $70,000.00 and $75,000.00 in a 10-year period. This does not qualify...
as an unstable income because the individual is not experiencing income fluctuations of more than 50% over a given period.

Q: Who are artisans and what goods do they produce?

A: Artisans are small-scale producers of cultural goods. Specific attributes of artisanry include the use of traditional methods when designing and creating products and the use of locally sourced materials. Artisans are found in markets all over the world and typically work out of their homes or in small work spaces with little to no machinery. Women make up approximately three-fourths of artisans worldwide, and over half of artisans in South Asia are women. Eighty percent of artisans in Nepal are women, while 56.13% of artisans in India are women. Due to prioritizing extensive hands-on training in their craft, poverty, and several other factors, 90% of female Indian artisans have received no formal education and 50.6% of rural Indian women are illiterate. Though many artisans view themselves as carrying on valuable cultural traditions, they are equally invested in making a profit and providing for dependents. Studies show that many artisans have large families, with the average household size for South Asian artisans being five people, including an average of three children along with other relatives and friends. As a result, income instability is often a greater issue for larger households because they need to support more people.

Artisans in South Asia produce a variety of artisan goods. In India, there are more than 3,000 formally identified different kinds of artisan goods. Examples include jewelry, leather goods, clothing, and embroidery, many of which hold cultural significance. In 2018 alone, 64% of artisan goods produced were
fashion accessories. The artisan sector is the second largest area of employment in the developing world, behind agriculture.

**Q: What is the nature of artisan work?**

**A: While artisans make up a significant proportion of workers their impact is often not reflected in the market. For example, Indian handicraft exports only made up 1.2% of India's total exports from 2019-2020 at $3.5 billion. Due to the informal nature of artisan work, many sales go unrecorded, making it difficult to accurately evaluate the actual quantitative impact of artisan sales. 90% of Indian artisans operate informally, or outside of official legal standards regarding taxation and labor laws. Essentially, across the globe, there are no laws specifically pertaining to how artisans are compensated or taxed as well as no legal protections against exploitative loans or partners.**

**Q: Where do artisans live?**

**A: Most artisans live and work in countries that are less industrialized; as previously stated, the artisan sector is the second largest area of employment in the developing world. Though it is difficult to enumerate artisans around the world, due to the legally informal nature of their work, estimates of the number of artisans worldwide range from 125 million to 300 million.**

This brief will focus on artisans residing in South Asia, which includes India, Nepal, Pakistan, Bangladesh, Bhutan, and Sri Lanka. An estimated 50 million artisans live and work in this region.
However, estimates of how many artisans there are vary widely, largely due to no formal enumeration of artisans and relies purely on researchers' best estimates. While most South Asian artisans live in rural areas, others have migrated to urban centers, such as larger cities like New Delhi or Kathmandu in search of more consistent employment and a wide market. In one study, 78% of artisans only sold their goods in markets in their home village instead of a larger town or city. Thus we can estimate that the majority of South Asian artisans also live and work in rural areas. Because so many artisans are based in rural areas, many employ middlemen, people who buy an artisan's goods and take them to urban centers to resell at higher prices.

Q: What does income instability look like for artisans specifically?

A: Income instability affects the majority of artisans in South Asia. Only 34% of artisans earn consistent wages and less than 13% of artisans work on a contractual basis, meaning that they have been hired to produce goods for a company and will be guaranteed an income regardless of the quality of their finished product. Because most artisans do not work contractually, they rely on the number of products they can sell themselves, which is unpredictable and ever-changing. Artisans might go months without selling a single product, earning nothing in that time period, or they might sell hundreds of goods to buyers and make a large profit. The reason there is such a wide fluctuation in sales is because artisans sell to tourists, in village markets, and online, and each of these markets experiences inconsistent fluctuation. In the span of one month, batik artisans in Indonesia earned between $27.80 and $139.00. Though not South Asian, these artisans' income is representative of the similar challenges faced by their South Asian counterparts. This instability is a significant issue because 88% of artisans generate more than half of their
income from their artisan work. In order to consistently make ends meet, more than half of artisans work two or more jobs.  

Q: What does a typical artisan income look like?  

A: Despite their specialized skills, artisans' incomes closely resemble that of unskilled workers; in India, the average income for an artisan ranges between just $3.40 and $4.50 a day, whereas the minimum wage for an unskilled worker is $3.60 a day. However, for artisans based in rural areas, the average income is 0.89 cents per day. For comparison, the international median income is $9,733.00 annually, or $26.00 per day, and the international poverty line is $1.90 a day. Additionally, less than half of South Asian artisans have a bank account, making it difficult to save or invest money that might be beneficial long-term.  

Q: How have artisan incomes evolved over the years?  

A: Income instability became an issue for artisans after the Industrial Revolution popularized the mass production of goods. Prior to the Industrial Revolution, most workers were paid per good they produced, just like the artisans' wage. But mass production and increased efficiency rates meant that it became more profitable for companies to start paying their laborers an hourly wage. This consistent hourly wage only applied to goods that could be cheaply produced en masse and therefore kept artisans at their previous wage rates. Artisan goods are usually handmade and require significantly more time to produce than machine-made goods. Today, approximately 70% of artisans worldwide are paid per good that they produce instead of being guaranteed a set number of hours at a fixed hourly wage. Thus, artisans only
receive payment based on the number of goods they produce, which is dependent on the amount of resources available to them. They cannot rely on a constantly consistent income as they would if they were paid hourly.

Additionally, income instability for artisans has increased in recent years due to the increasing interconnectedness of the world. Globalization means increased prices of essential materials and mass production of craft goods that replace artisan goods, as well as increased competition among artisans themselves as they vie for greater influence in expanding markets. For example, certain types of wood used in batik furniture have become popular abroad, creating larger demand and higher prices. The resulting price increase has made it too expensive for artisans to purchase and utilize. Additionally, while commercializing the production of Indonesian textiles using machinery has created 80,000 jobs, it has led to 410,000 artisans being pushed out of the market. Given these social and economic conditions, it is likely that income instability will continue to pose issues for artisans in the future.

### Contributing Factors

#### Tourism Off-Season

Fluctuating levels of tourism influence artisans’ income instability because tourists directly correlate with the size of the market that artisans can sell to. Tourists make up the main proportion of artisans’ buyers; for example, 94.3% of artisan shops in the Pokhara region of Nepal had been visited by foreign tourists in 2019. Many artisans take advantage of their goods’ cultural appeal to sell to tourists and, as a result, tourists make up a significant portion of artisan sales. In addition to spending between $20.00–$60.00 on artisan goods in South Asia, tourists are willing to spend up to 17% more on artisan goods than regular consumer goods due to cultural value attached to artisan goods, indicating the income possible for artisans who market successfully to tourists. For example, a traditional Cambodian garment called a krama requires just $1.60 worth of raw material, but can be marked up from 100–300% to be sold to tourists. In total, Laos earned about $4.4 million USD from tourists’ purchase of artisan goods in 2006. It is difficult to ascertain how much income artisans actually take home due to the middlemen they often
employ as well as discounts and differing prices charged by different artisans for similar goods. Regardless, tourism provides a larger market that undoubtedly benefits artisans.

However, tourism does not always remain consistent. The majority of tourists visit during high season, which is usually when the region experiences its best weather. In South Asia, high season occurs during the dry months of November through February. In 2019, 615,136 tourists visited India during the off-season month of May whereas over 1.2 million tourists visited during December. Due to the drastic variations in tourism, artisans cannot consistently rely on the same amount of tourists all year long, which contributes further to income instability. This dependence is well illustrated by the COVID-19 pandemic, which resulted in many tourists staying in-country and not spending money on artisan goods. In India, revenue from artisan goods has decreased by 70% due to the lack of tourists as a result of the pandemic. The total wage bill, or the sum of gross wages earned, of Indian textile workers dropped by 29% in the second half of 2020 alone. The fluctuating nature of tourism, further exacerbated by the COVID-19 pandemic, impacts artisan markets and is therefore a significant factor in artisans' income instability.

Lack of Access to E-Commerce

Despite the potential benefits of e-commerce in providing a more sustainable income, South Asian artisans often do not have access to utilizing e-commerce and thus experience further income instability. For instance, only half of artisans worldwide have a functional website, and just 41.5% of Nepalese artisans market their wares.
Internationally via e-commerce. The online options that artisans choose are either operating their own website or selling their products on a third party site such as Shopify. The average annual revenue made by an e-commerce user in India is currently around $75.00 and projected to be $83.80 by 2025. Though artisans are currently making some profits through e-commerce, there is untapped potential to bring in more stable revenue.

Third party sites increase access to Western buyers in particular. For example, online stores in the West accounted for 55% of artisan sales in 2018. One popular international e-commerce site is Etsy, which has 2.1 million sellers. Website use helps artisans stabilize their income, especially when tourism off-season reduces artisans’ market base by up to half, by providing an online market space for nonlocal consumers to make purchases even without showing up in person. E-commerce could also expand artisan markets locally: 54% of Indian consumers said they preferred to buy clothing and other items online instead of in person.

However, since many artisans live and work in developing countries where Internet access is not always reliable, maintaining a functional website can be difficult. In India, just 50% of the population has Internet access as of 2022 and only 20% of the Nepalese population had Internet access in 2020. Although 63% of South Asian women use mobile internet services, only 21% of women reportedly use mobile internet services like e-commerce—although it is unclear what portion are artisan women. Experts attribute this discrepancy to the fact that many artisans are unfamiliar with e-commerce services or prefer to sell their wares in traditional markets. This discrepancy is particularly high in countries within South Asia as well. For instance, in India, 53% of people accessed the Internet via mobile devices like cell phones in 2020. However, only 25% of Indian women owned a mobile smartphone, compared to 41% of Indian men. Because the majority of artisans are female, this gap between smartphone ownership becomes important in considering artisans’ access to e-commerce. This lack of access to key elements of e-commerce such
as reliable internet and smartphones or other personal electronic devices most likely prevents many artisans from fully utilizing e-commerce, thus decreasing potential income and subsequently increasing risk for income instability.

**Unregulated Wages**

Lack of government regulation leads to income instability for artisans because it leaves them vulnerable to financial exploitation. Approximately 98% of artisan businesses are not regulated by the respective country's federal government, meaning they lack legal protection from unfair wages and other unfair business practices. As a result, artisans are financially vulnerable to third-party middlemen and to contractors. For instance, the government of India has four national legal codes regarding labor regulation, all passed within the last three years. However, it is difficult to regulate artisan labor because they work from their homes and utilize equally unregulated middlemen. Nepal's only nod to wage regulation is its minimum wage requirement of $3.74 daily, but there is little regulation on other remuneration standards.

Artisans who live in rural areas, far from traditional tourist sites, especially rely on informal, legally unrecognized middlemen to sell their goods in order to reach enough buyers. Other artisans use middlemen to market their goods, preferring to focus on the production aspect of the process rather than advertising. These middlemen may be friends or family members who offer to help the artisan make more money. Forty percent of Kurdish artisans use middlemen to sell their goods, while 36.4% sell at their own stores and the remainder from other sources. However, these middlemen can illicitly profit from artisans by purchasing their products for extremely low sums and then selling them to buyers at exorbitantly high prices, pocketing the difference. The amount that middlemen take from artisans varies, but one study...
found that in India, it could reach up to 10% of the product’s value.

Eighty-eight percent of Indian artisans in Gujarat province cited this middlemen’s behavior as a major obstacle to their success. No one regulates these middlemen, and artisans suffer financially as a result.

Although it may seem preferable for artisans to avoid middlemen and work with legally recognized brands, unregulated wages are common in brands as well. Nearly two-thirds (65%) of brand representatives who work with artisans use standards set by their own companies to evaluate production. Thus, internal evaluations do not have to meet any third-party standards, leaving these standards largely ineffective at regulating workers’ rights, including the right to fair and consistent pay. Artisans are particularly vulnerable to exploitation because of this lack of regulation. Some artisans receive as little as $1.80 for their labor, which is below the international poverty line and 50% less than the wages that factory workers receive. There is no minimum wage requirement for 95% of artisan businesses. Additionally, a mere 15% of artisan businesses keep records on production and wages, making it difficult to verify proper business practices. Without proper regulation or minimum wage requirements, artisans are at increased risk for income instability.

Consequences

As of this brief’s publication, no data exists on the relationship between income instability as a whole and the perpetuation of poverty for artisans in this region. Instead, this brief will isolate its discussion to research on the relationship between poverty and episodes of low income for artisans in this region.

Perpetuation of Poverty

As a result of income instability, artisans struggle to break the cycle of poverty. High poverty rates disproportionately impact artisans, who make up a large portion of impoverished populations. For instance, 28% of the Indian population lived in poverty in 2019, and that number is estimated to increase in the future as a result of the economic contraction caused by the COVID-19 pandemic. This reality is
similar across the rest of South Asia. Temporary breakthroughs in artisans' income are not enough to sustain stable income over time. As such, even if artisans are able to temporarily increase their income over the poverty line, one-half of people who leave poverty will become impoverished again within 5 years.

The perpetuation of poverty relates not only to periods of low income but also to an artisan's consistently high production costs. For instance, because artisans can generally expect a low income ($3.40–4.50 per day for artisans in urban India and $0.89 in rural India), they often are unable to afford both living expenses. Alongside living expenses, business expenses further drive up an artisan's expenses and perpetuate poverty. For example, one common artisanal good in India are their textiles. These textiles are most commonly made of cotton, silk, and wool, using powdered dyes to create vibrant colors. Even for urban artisans, a pound of cashmere wool for a textile costs almost 3 days of work (around $12.15); the average rural artisan would need to work for nearly 2 weeks to afford 1 lb (0.45 kg) of cashmere wool. When faced with high business and living expenses, artisans must often choose between purchasing raw materials for their business or purchasing basic living necessities, thus preventing artisans from breaking the cycle of poverty.

Shrinking Economies

Artisan Economies

As artisans experience income instability, more and more are choosing to pursue other lines of work and abandoning production of their goods, leading to a shrinking artisan economy. While again difficult to quantify due to the informal nature of artisan work, the United Nations estimates that 30% of artisans in India have left the trade in recent years. One-third of Indian textile artisans became unemployed in 2019 alone, and since then the COVID-19 pandemic forced many
Aarti Patra, an artisan basketmaker in rural India, described her thoughts about the situation in the following way: "All the women here are feeling completely helpless and in need. We do not have work." Artisans like Aarti who cannot sell enough to make a living often turn to more profitable pursuits, including unskilled labor. For example, in Moradabad, India, some artisans have begun working as rickshaw pullers and scrap dealers. They are compensated between $2.00 and $2.70 per day, which, although a lower income than that of artisan work, is consistent and reliable and therefore seen as a better option. Pursuing these alternative income streams leads to significant economic impacts on the artisan economy as a whole.

**The Global Economy**

As artisans pursue other work that provides more stable incomes, it also impacts the overall global economy. In 2017, the global artisan sector provided $526.5 billion for economies worldwide. Nepal reported $47.5 million profit made from the artisan sector in 2017. As previously stated, 30% of Indian artisans have changed careers in recent years. As more and more artisans choose to find more stable work, these profits will decline in developing nations around the world, especially South Asia. For example, Nepal's artisan sector profit dipped to just $7.5 million in 2021. The additional continuous economic losses of the artisan sector may have negative effects on the economy worldwide.
Practices

Ethik Collective

Ethik Collective is a nonprofit organization that partners artisans with companies so that artisans can have steady work and companies can utilize artisans’ handicrafts in their supply chains. These companies customize their desired product’s design, timeline, and international shipping logistics. For example, a company might turn a traditional rice-carrying bag into a laptop case bearing their logo. This partnership method enables artisans to complete large wholesale orders rather than just a single piece, which is both more sustainable as a business model and a steady income for artisans.

Ethik Collective employs artisans around the world, providing them with fair wages and consistent work. In total, Ethik Collective has supported 2,784 artisans who produced a total of 609,291 handmade items, which helps these artisans provide financial security for 11,152 dependents; this organization also created 899,720 fair pay work hours and 112,340 fair pay workdays for artisans, meaning that Ethik regulates the artisans’ work to ensure adherence to local legal codes and labor protections. More than half of the artisans employed by Ethik Collective had repeated contracts, meaning that they received consistent work. As previously discussed, consistent work plays a significant role in reducing income instability for artisans.

The organization recently conducted a survey to measure their impact with over 300 female Ugandan artisans. Not only were the artisans provided consistent work able to make three times their previous income over a 6-month period, they invested in long-term assets like stoves and bicycles that would increase their production ability. This study reveals the necessity of consistent income for artisans’ long-term financial success. Ethik Collective also provided more than $37,000.00 worth of capacity-building grants to artisans, giving them the freedom to choose how best to sustain and grow their business through investments in technology, transportation, and other areas. Despite being a relatively new organization...
organization (founded in 2020), Ethik Collective works to stabilize the incomes of thousands of artisans in South Asia and across the globe.\textsuperscript{118}


Grace Wilson

Grace Wilson is a European Studies major passionate about women's rights and sustainability worldwide. She first became interested in artisans after reading about the proliferation of voluntourism and its net negative effects on local communities. Speaking with the nonprofit organization Ethik Collective only furthered her interest in sustainable artisanry. After graduating next year, Grace plans to earn her master's degree in international humanitarian action.

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