

# UNDERSTANDING THE NEEDS OF THE CRAFT SECTOR

IN NORTH KARELIA (FINLAND) AND THE REPUBLIC OF KARELIA (RUSSIA)



CULTURE FOR ALL AXES-PROJECT  
RESEARCH REPORT  
Ekaterina Miettinen  
Antti Honkanen

**KARELIA**  
CBC // Cross-border cooperation  


# CONTENTS

<b>1. INTRODUCTION .....</b>	<b>3</b>
<b>2. CRAFT BUSINESSES .....</b>	<b>4</b>
2.1. Handicraft companies and actors in North Karelia .....	5
Form of Ownership .....	5
2.2 Craft business in the Republic of Karelia, Russia .....	6
Form of Organization.....	8
Respondents' geographical location.....	8
Field of expertise .....	9
Services .....	10
Products .....	11
Training requests.....	12
<b>3. HANDICRAFT ENTREPRENEURSHIP IN NORTH KARELIA, FINLAND .....</b>	<b>13</b>
List of interviewees .....	13
3.1 Becoming an artisan.....	14
3.2 Starting an artisan business .....	15
3.3. Changing the handicraft business.....	16
3.4 Product development.....	18
3.5 Marketing of handicraft products .....	19
3.6 Training needs in the handicraft business .....	20
<b>4. CRAFT ENTREPRENEURSHIP IN THE REPUBLIC OF KARELIA, RUSSIA.....</b>	<b>22</b>
List of interviewees .....	22
4.1. Becoming an artisan .....	23
4.2 Starting an artisan business .....	23
4.3 Changing handicraft business .....	24
4.4 Product development.....	26
4.5 Marketing of handicraft products .....	27
4.6 Training needs in the handicraft sector.....	29
5.2 The North Karelian handicraft businesses on social media channels .....	30
5.2 Russian handicraft businesses on social media channels.....	31
Cooperation between handicraft entrepreneurs .....	32
Entrepreneurship and hiring an employee .....	32
Social media in the handicraft business.....	32
Fundraising and other forms of financing .....	33
Understanding your customer .....	33
Sales channels.....	33
<b>REFERENCES .....</b>	<b>34</b>

# 1. INTRODUCTION

The research Understanding the Needs of the Craft sector in North Karelia (Finland) and the Republic of Karelia (Russia) is a study conducted under the project Culture for All Axes. The project is funded by the Karelia ENI CBC programme. The lead partner of the project is the Center of National Cultures and Folk Art of the Republic of Karelia. The partners of the project are Karelia University of Applied Sciences Ltd, North Karelian Crafts Association, MOST RM Oy, Ministry of Culture of the Republic of Karelia. The research was conducted by MOST RM Oy.

The relevant cultural sector in both border regions of the study area is rather small and its market share is not large. The aim of the project is to find a way to increase the low competitiveness of services and products based on local cultural heritage. The project especially focuses on the craft sector and will facilitate the development of competitive, sustainable and diverse cultural services based on local heritage. In addition, the project target groups include local cultural institutions working with intangible cultural heritage themes and cultural actors (providers) working as a part of the private creative industry sector who are interested in promoting local heritage in their services.

The results of the research will help to deepen the understanding of the craft sector in North Karelia (Finland) and the Republic of Karelia (Russia). In addition, the recommendations based on this international study will help the craft people and organizations involved in the project to develop their services and supporting actions. The methodology used for the project included interviews and a brainstorming workshop. In the first stage a web-based survey was implemented in North Karelia and the Republic of Karelia. In the second stage 18 in-depth interviews were carried out with official craft service providers and craft amateurs. In addition, two brainstorming workshops were organized with Finnish and Russian cultural service providers.

## 2. CRAFT BUSINESSES

Craft entrepreneurship can be considered part of the creative industries. More specifically, handicrafts are creative and cultural products at the core of the creative sector where the value lies in strengthening cultural heritage and identity building (Oksanen et al., 2018, p. 15). The specific nature of handicrafts depends on the region, history, and traditions; it mirrors the values and norms of different cultures (De Silver & Kundu, 2013).

Handicrafts are influenced by the same drivers as other creative industries. Such drivers include: intensifying competition, changes in production, distribution, values and lifestyles, sustainability, digitalization, blurring and shifting sector boundaries, internationalization, responsibility, and intangible value creation (ibid., p. 8). Handicrafts are often based on tradition, but changing values and trends have a strong impact on products and customer behaviour. Competition has become tougher and handicrafts or similar but mass-produced goods are imported more year after year. On the other hand, the importance of handicraft products has increased due to values related to sustainability and responsibility. In addition, digitalisation and internationalisation make exporting easier also for handicraft companies.

To take advantage of the potential of the creative economy, local measures are needed. There are needs for successful examples, cross-professional education, co-creation events, services and funding for cross-overs and local projects (ibid.). Not all craft companies are growth-oriented, but many have both the potential and desire to enlarge into new markets.

Oksanen et al. (2018) estimated that in Finland there were 342 actors in the craft sector in the year 2015. The turnover of the industry amounted to about 583 million euros and the number of employees came to 4,983 in the creative and cultural product sector. Strictly in the craft sector they estimated 342 actors and a turnover of 119 million euros. Different figures can be achieved when including small-scale serial production companies in the craft sector. Approximately 6,610 craft companies operated in Finland in 2017 and they had 8,240 employees (Lith, 2019). In 2010 about 75% of the handicraft businesses employed only one individual (Lamberg, 2010, p. 65).

According to Iskanius et al. (2020), there were 180 craft micro-enterprises in Northern Karelia, but the registers are not reliable due to the registration process. Sectoral information is self-informed, and companies often operate in many sectors but are not registered in all of them. For this report, an Internet search identified 84 companies. Seasonally operating companies and proprietaries who only occasionally carry out handicrafts were probably undiscovered.

Romantsev (2016) et al. identified the craft sector as significant for the Russian economy and underlined the multifunctional nature of the industry. According to the authors, the work of people in the craft sector requires many different skills: idea generation according to order, design, production, and implementation of the product or service. This means that the craft sector needs workers or businesspeople who can manage creative, technological, and business skills. This is often down to just one person due to the nature of the business or activity.

According to unofficial Russian sources, there are about 4–6 million registered Russian entrepreneurs involved in craft activities. The number varies a lot in different sources. The challenges of getting relevant statistical data is connected to the legal status of craft entrepreneurs. Self-employment in Russia is limited by the areas of activity listed in the law and requires registration. Self-employed individuals are those who are not registered as individual entrepreneurs, but who provide services.

In this research we concentrated on crafts, which are an aspect of material culture. The term culture itself is discourse dependent and cannot be applied everywhere with the same meaning; the context comes first and explains a particular meaning (O’Sullivan, 1983). People from different cultures have different cultural values, rules of social behaviour, and perceptions (Richardson & Crompton, 1988).

## 2.1. Handicraft companies and actors in North Karelia

The research material was collected by survey and interviewing ten entrepreneurs in the craft sector. The contact information of the craft companies was gathered using the Google Internet search engine. In addition, Ms Tuija Tekin from a handicraft sellers’ collective (Taitokortteli) also helped to find contacts. A link to a questionnaire was sent by email to 83 people representing craft sector companies, individual entrepreneurs, or non-profit associations. Fourteen completed survey forms were received. The response rate was 17%. Unfortunately, the response rates are often low nowadays. Due to low response rate, the results can be considered indicative regarding craft entrepreneurship in North Karelia.

Interviews were conducted in April 2021. Each interview lasted from half an hour to an hour. The interviews were semi-structured (Wilson, 2014). The themes of the discussion had been decided in advance, but the interview was conversational. Video calls via Microsoft Teams were used to conduct the interviews. In the case of technical problems with a video call, phone calls were used. Only one interviewee had also responded to the survey

The workspaces among the survey respondents were located in the following municipalities: Joensuu (6), Kontiolahti (3), Lieksa (1) and Liperi (3). The locations of the interviewees are presented later.

The most common form of ownership was sole proprietorship (Figure 1). A limited company was chosen as a form of ownership only twice, whereas five respondents did not have a company at all. They were selling handicrafts as private persons or worked occasionally in companies owned by others, or the respondent represented a non-profit organization. Many people in the craft sector are self-employed without employees and micro-enterprises are common.

Form of Ownership

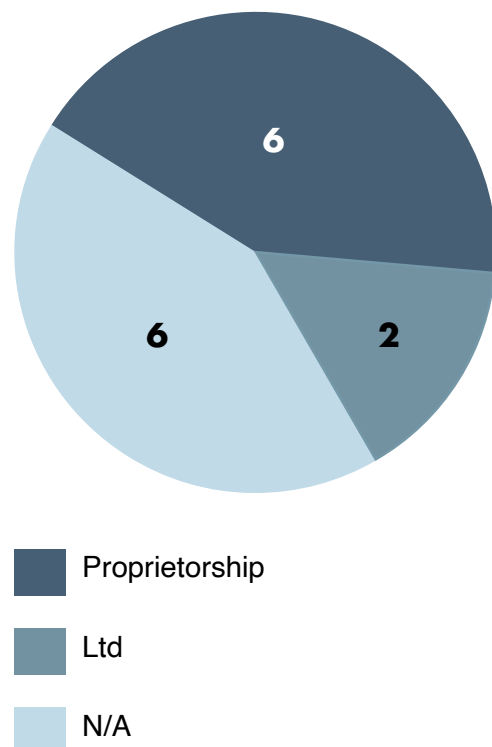


Figure 1. Form of ownership

When asked about the type of handicraft expertise the most often mentioned was jewellery (3) and textile production (2). Other areas of expertise with a single mention were acoustic planning, carpets, ceramics, illustration, accessory, art crafts, design, hats, knitting, wellbeing products and textile printing.

Almost all companies were selling self-made products (9) but also products from other producers were sold (2). One company was also importing craft products. Other services provided included custom-made goods (5), design (2), teaching (1), repairing (1) accommodation (1) and a café (1). The list of handicraft products sold by the respondents included: jewellery, socks, gloves, carpets, acoustic elements, interior textiles, ceramics, birch bark products, glasswork, sewing and knitting products, handmade postcards trays, scarfs, bags, masks and accessories, knitwear, backpacker dishes, hats, shirts, beanies and textile bags. Several companies mentioned handicrafts in general.

## **2.2 Craft business in the Republic of Karelia, Russia**

The craft culture of the Republic of Karelia is deeply rooted in the history of the Karelian people and reflects its worldview, religion and traditions (Nosan, 2014). Historically, the development of crafts happened due to the need to create household items and goods for exchange for necessary things (Nosan, 2014). Furthermore, crafts also have a cultural and aesthetic meaning.

Karelia, situated both in Finland and Russia has a long tradition of being an inspiration for writers, folklorists, and artists seeking authenticity (Kouhia, 2016). In the craft context, one can recognize Karelian motifs from certain colours and techniques, such as red and white crewelwork and traditional lacework. Karelia craft traditions can be divided into women's traditions such as embroidery, weaving, sewing, spinning, knitting; and men's traditions such as blacksmithing, carving and painting on wood, manufacturing clay dishes, and weaving (Nosan, 2014).

There is a strategy for the development of SMEs until 2030 created by the Russian government. The purpose is to create a competitive and flexible environment for business activities (Kacha, 2019).

The Republic of Karelia, which this study focuses on in Russia, borders Finland in the west, the Leningrad and Vologda regions in the south, the Murmansk region in the north, and the Archangelsk region in the east. The research area was narrowed to several pilot areas inside the Republic of Karelia: Petrozavodsk, the Sortavala district, Kalevala district and Prionezhsky district. Petrozavodsk is the capital of the Republic of Karelia, and is the administrative, industrial, tourist, scientific and cultural centre of the North-Western Federal District of Russia. The population of Petrozavodsk was 281,000 people in 2020 (Respublika Karelia v cifrah, 2020). Kalevalsky District is located in the north-western part of the Republic of Karelia. In the north, it is bordered by the Loukhsky District, in the southwest lies the city of Kostomuksha. In the west it borders Finland, in the south the Muyezerky District, in the east the Kemsky District. The population of the Kalevalsky District is 7,300 inhabitants. Kalevalsky District represents the origins of Karelian and Finnish culture.

The Sortavala District is located in the south-west of the Republic of Karelia, on the northern shore of Lake Ladoga, 270 km from St. Petersburg and 240 km from Petrozavodsk.

Prionezhski District is located in the south-eastern part of the Republic of Karelia, along the south-west coast of Onega Lake, around the capital city of Petrozavodsk. The area includes 13 rural municipalities, including three Vespian areas.

The research material was collected by survey, with 73 answers received, and interviewing nine Karelian entrepreneurs in the craft sector. The contact information of the people involved in the craft sector and craft companies was gathered using contacts provided by the coordinator of the project, the Center of National Cultures and Folk Art of the Republic of Karelia. A link to a questionnaire was sent by email to 200 people representing craft sector companies, individual entrepreneurs, or hobbyists. 73 completed survey forms were received. The response rate was 36.5%.



The interview research material was collected by interviewing nine craft entrepreneurs. Semi-structured interviews were conducted by Microsoft Teams or Skype in January-March 2021. The interviews lasted for 1–1.5 hours. The analysis of the interviews will be presented in Chapter 4.

The respondents answered questions about the form of organisation, geographical area, and their field of expertise. These answers are presented in percentage terms. These questions were limited to one possible response per question.

In addition, one question focused on the provided services, products and training requests (question number 6). For this question it was possible to choose more than one answer, so the respondents' answers were divided into groups according to the topic. Most of the respondents stated that they provide several services, create different products using various techniques and training requests are needed in different fields.

## Form of Organization

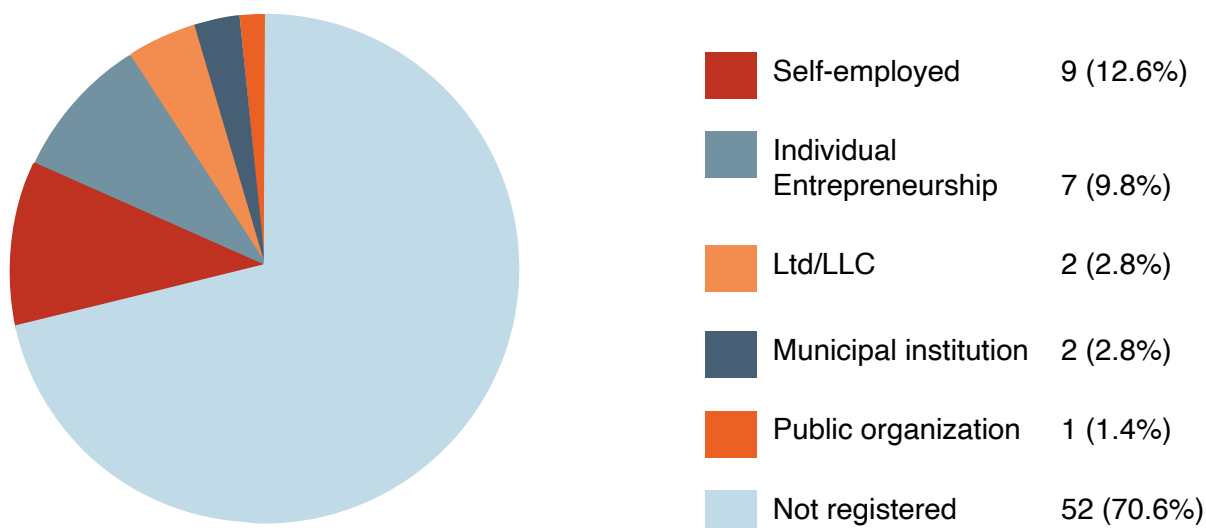


Figure 1. Form of organization

According to Figure 1, most of the survey participants (70.6%) were not registered as entrepreneurs, while nine (12.6%) were self-employed, seven (9.8%) were individual entrepreneurs, two (2.8%) had their own registered companies (LLC/Ltd), two (2.8%) represented municipal institutions, and one (1.4 %) represented a public organization. “Not registered” refers to those who do not consider themselves to be businesspeople as such and due to many reasons they do not want to register their business. They prefer to consider craft activities as their hobby.

Most of the survey participants (35) (47.9%) lived in Petrozavodsk, Kalevala (13) (17.8%), Yushkozero village in Kalevala District (4) (5.5%), Borovoy village in Kalevala District (2) (2.7%); Sortavala City and Kaalamo village in the Sortavala District (11) (15.1%); Sheltozero village (3) (4.1%), Kvartsitnyi village (4) (5.5%), and Novaya Vilga village in the Prionezhsky district (1) (1.4%).

## Respondents' geographical location

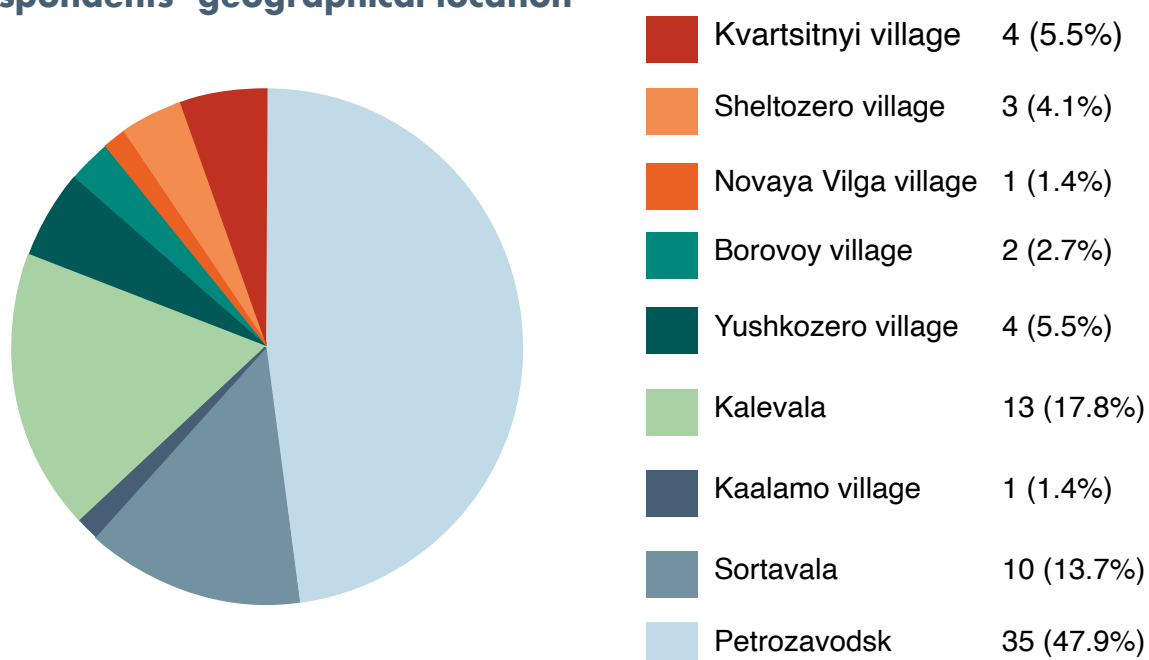


Figure 2. Respondents' geographical location



Most of the survey participants were involved in textile production (21) (28.8 %), including the production of knitted and sewn toys and dolls (7) (9.6%), weaving (5) (6.8%), embroidery (3) (4.1%), creating national, modern, author's clothes (2) (2.7%), knitting (2) (2.7%), felting (2) (2.7%), patchwork (2) (2.7%), weaving lace on bobbins (1) (1.4%). Many artisans were involved in several textile styles.

Arts and crafts was chosen by 18 (24.7 %) artisans. It is important to understand that the artisans of this group master several different craft areas: textile production, weaving from birch bark, willow twigs, jute and paper tubes, wood painting, decoupage, stained glass, polymer clay and cold porcelain products, glass jewellery, floristry, the manufacture of paper packaging for goods, the organization of cultural activities.

Wood carving was chosen by ten (13.7 %) artisans, birch bark weaving by five (6.8%), hot enamel, glass and ceramics by seven (9.6%), painters by three (4.1%), musicians by three (4.1%), gingerbread production by two (2.7%), blacksmithing by two (2.7%), bone carving by one (1.4%), and leather by one (1.4%).

### Field of expertise

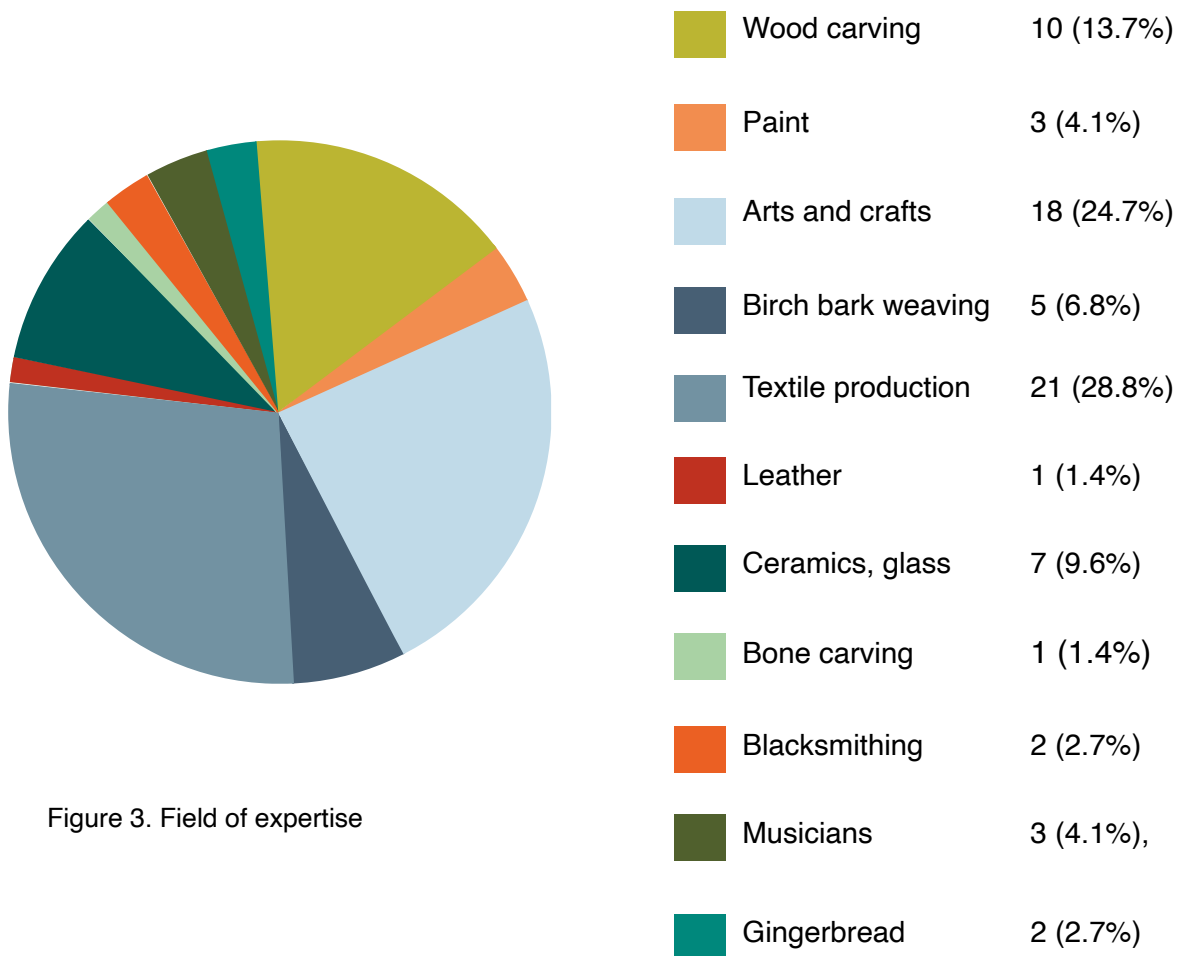


Figure 3. Field of expertise

## Services

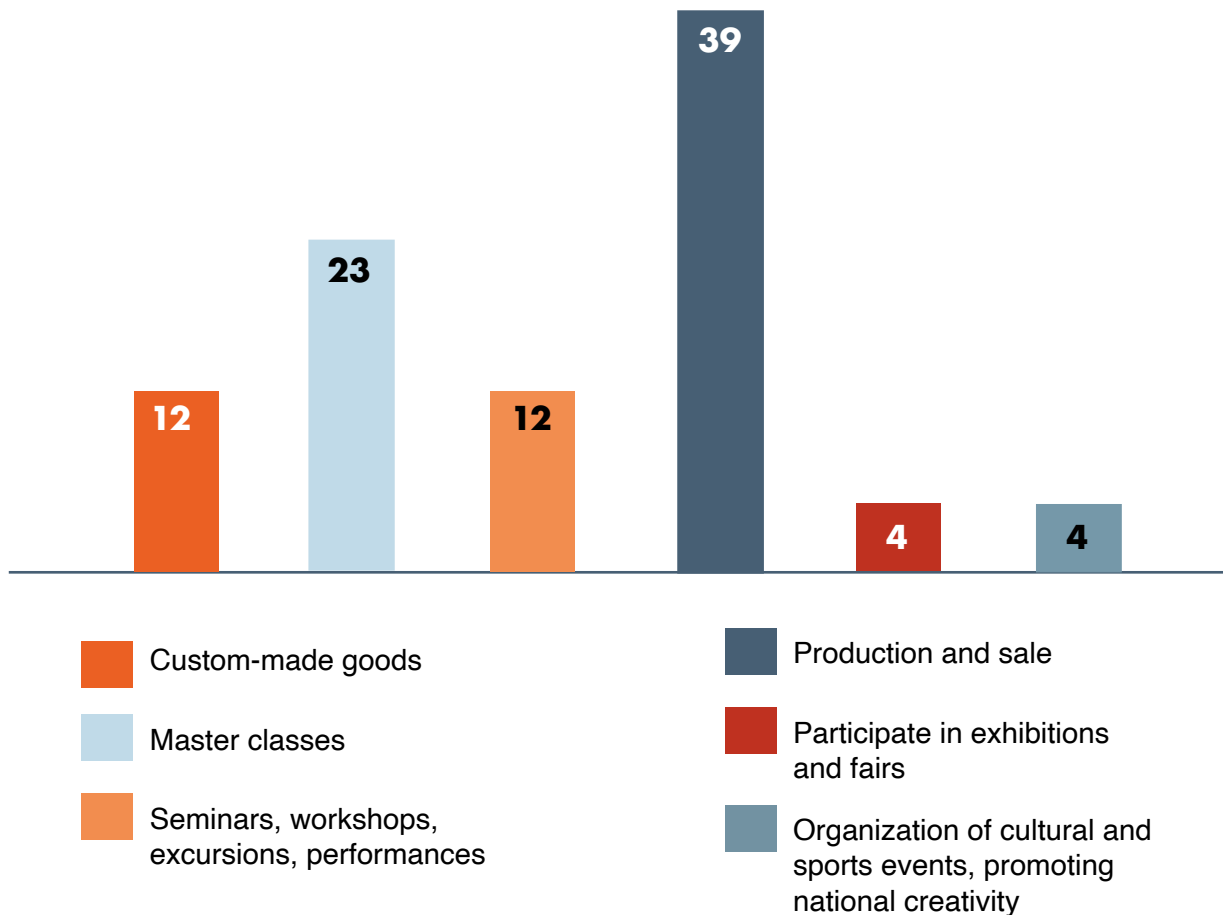


Figure 4. Services

Most of the survey participants (39) make and sell their own products, custom-made goods (12), arrange master classes (23), seminars, workshops, excursions, performances (12), participate in exhibitions and fairs (4), or organize cultural and sports events, promoting national creativity (4).

The Karelian craftspeople carefully preserve, study, and popularize products made of traditional materials (wood, birch bark, wool, cotton, leather, clay, iron, bone), and use old-time and modern techniques (sewing, embroidery, felting, weaving, carving, painting, forging, roasting, baking).

Most of them create their work using several techniques. Home decor (37 craftspeople in this study) is the most widely presented line of work by craftspeople. This is followed by clothes (14 craftspeople), accessories for clothes (21 craftspeople), toys (18 craftspeople), dishes and other kitchen utensils (13 craftspeople), street carvings (10 craftspeople), souvenirs (6 craftspeople), and traditional gingerbread (2 craftspeople).

Four on-stage performance groups are actively working to strengthen and popularize traditions, rituals and folklore in the region. They hold performances in the Karelian language, and play traditional kantele music.

## Products

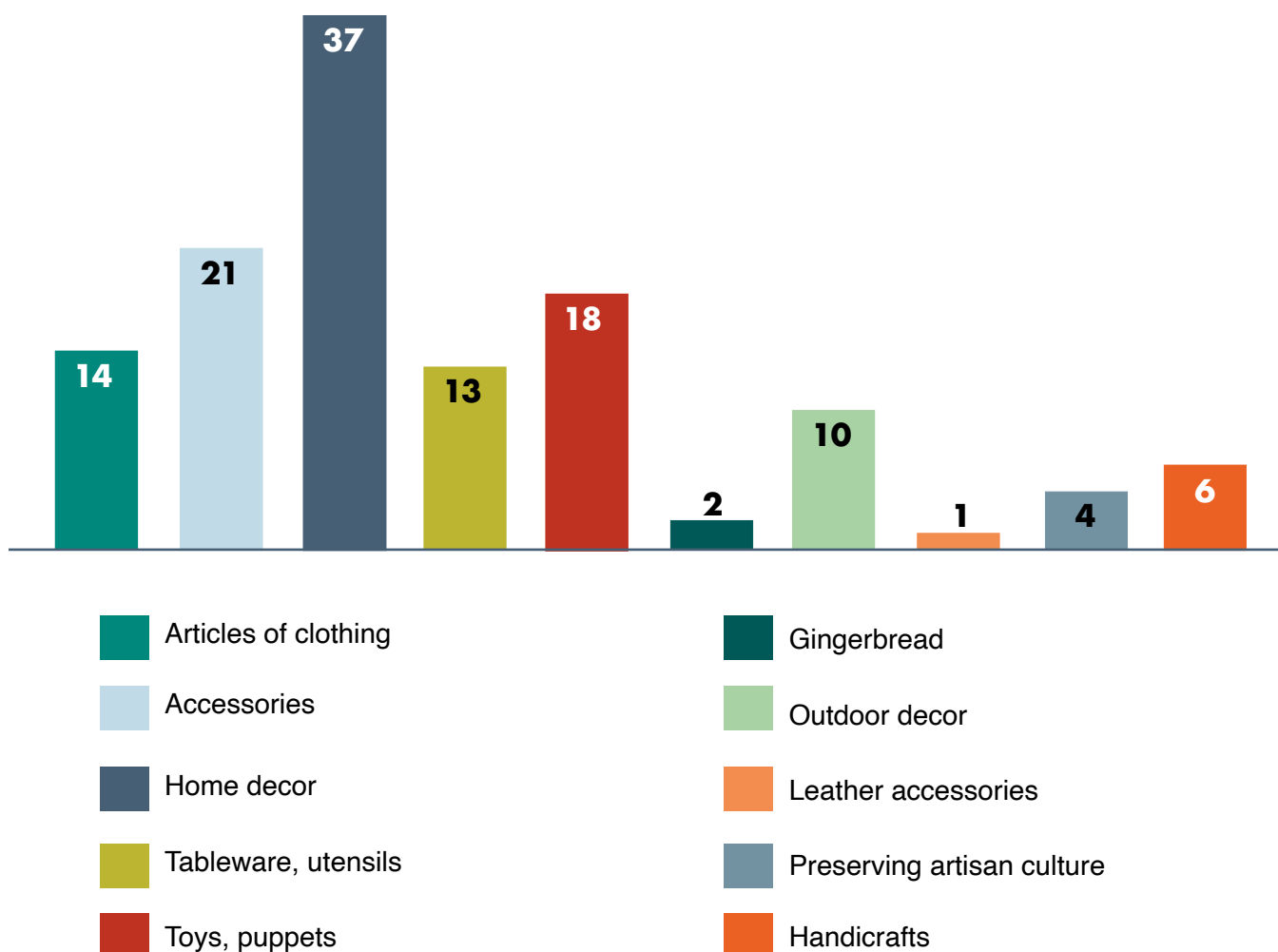


Figure 5. Products

To improve their business skills, most of the survey participants showed an interest in training concerning grants and forms of government support, including training on fundraising for production development (53 respondents), the sale of handicraft goods and services (53 respondents), international trade (46 respondents), training in the development of advertising (39 respondents), training in opening and developing a craft business (25 respondents), and practical craft skills (23 respondents).

The survey participants also wrote about the importance of popularizing crafts. For this purpose they needed larger premises, additional training for artisans, work with museum funds, as well as opportunities to study and use new production technologies, exchange experience between artisans and expanding their range of handicraft goods. Lack of information about festivals, exhibitions and fairs is also a big problem. The craftspeople who responded to this survey did not have the opportunity to participate and offer their products.

## Training requests

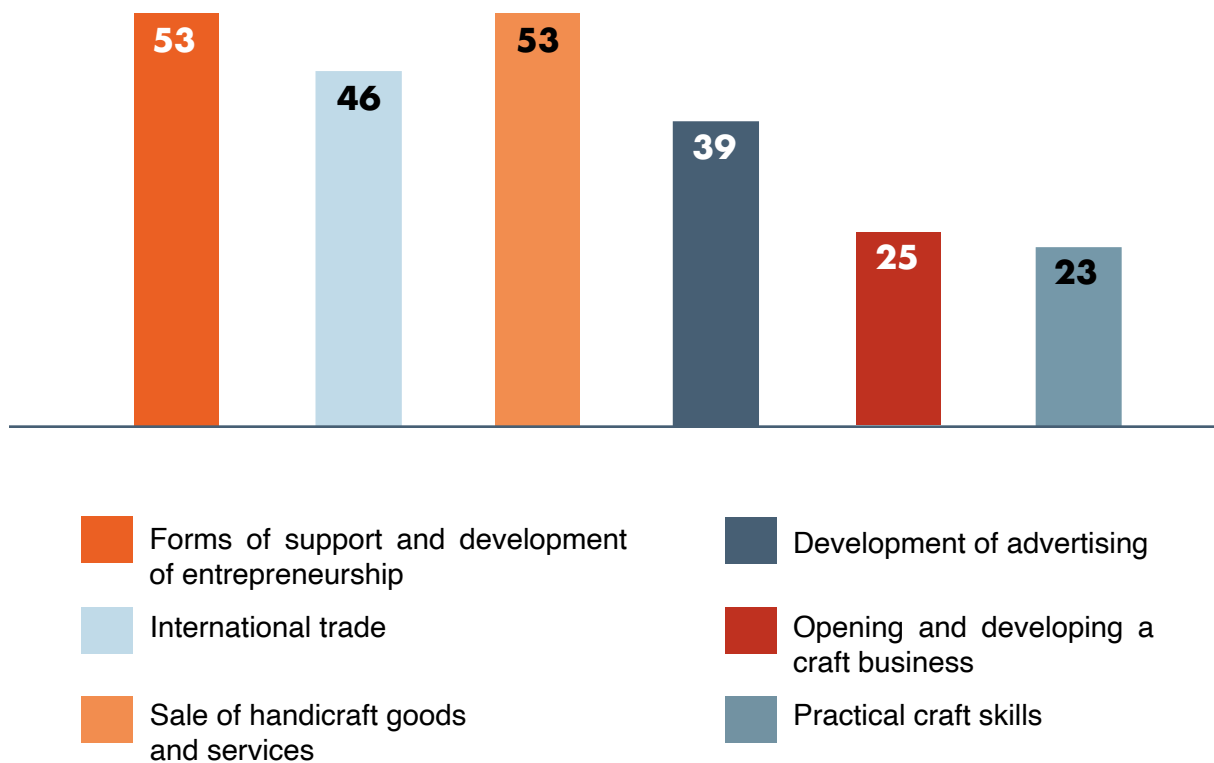


Figure 6. Training requests



### 3. HANDICRAFT ENTREPRENEURSHIP IN NORTH KARELIA, FINLAND

There were almost as many interviews as survey answers. The list of interviewees, their companies, products and municipalities is shown in Table 1.

#### List of interviewees

Name	Company	Products	Municipality
Seppo Raijas	Hukka Design	Wellness, sauna, cooking and home decor products made by stone	Tuupovaara
Hannu Koistinen	Koistinen Kantele	Kantele	Rääkkylä
Tuija Kinnunen	Kuitukeiju	Wool and accessories	Joensuu
Mervi Patronen	Aiku Ihana	Ceramics, decorations and postcards	Joensuu
Pirkko Burman	Sarustiikka	Interior design	Joensuu
Haroun Vanneste	UNIIKKI ARTS	Sculptures and furniture	Joensuu
Mirja Parviainen	Käsityömyymälä Varpunen	Handicrafts	Viinijärvi
Marjo Räsänen	Onnenpussi	Soaps, natural cosmetics	Liperi
Hanna Piipponen	Pikitikki	Shoes and accessories	Tuupovaara
Sisko Sutinen	Savipaja Tuliaistupa	Ceramics	Kontiolahti

Table 1. List of interviewees

### 3.1 Becoming an artisan

Almost all artisans who responded to this study had learned handicraft skills as a very young child. The influence of their parents had been of great importance. Craftsmanship is often transferred from generation to generation. Some have continued with similar handicrafts to their parents, but for others, their parents were more of an inspiration. They found their own interests in handicrafts when they were older. Preserving traditional crafts was also one of the reported reasons for the career choice for many artisan entrepreneurs (García-Rosell & Mäkinen, 2013).

Learning artisanal skills from parents and working in a family business after childhood does not mean only continuing the traditions, but sometimes there is also a willingness to reform the artisan business. Probably deep experience and insight make it easier to be a reformer. One interviewee had spent a lot of time with his father at the company since childhood. Already in high school, he started to think about how to modernise the products. Now running the company, he has not only sought to preserve traditional craftsmanship, but to bring artisan products into the new millennium and to build popularity. Being an artisan is linked to a desire to preserve traditions, but the artisan business must also develop to remain alive and innovations are needed.

However, among the interviewed there were only a few successors to companies founded by parents of the current generation, and the influence of the parents' generation was more about learning skills and generating enthusiasm. The influence of the current generation's parents on their attitudes towards crafts is great.

Some artisans have education in the field. Examples of formal education among the interviewees include education to be a textile artisan, carpenter, shoemaker, and florist. All those with a formal artisan education had done handicrafts before the start of their studies. Formal artisanal education is not considered necessary, but training on materials, for example, is useful even if the craftsmanship has been acquired otherwise. On the other hand, many artisans would prefer to hire someone with education in the field. The attitude towards the need for a formal education varied.

One interviewee stated that craftsmanship must be learned before starting a business. One way to learn is to work as an intern in an artisan company. Two interviewees said they did this before buying the company's business. In a couple of companies, handicrafts were only part of the company's operations, and the owner or the manager had no experience of it. They had different roles in the companies such as business developers.

There is no training for all forms of handicraft production. Even in larger companies, the staff may be self-taught. In one company, many employees had previous occupations as lumberjacks. The ability to work with the hands can be transferred from one material to another, such as from wood to stone.

After starting a business, craftsmanship is not studied in educational institutions. Several of the respondents said that they had learned about new things to do with handicrafts over the Internet. For example, there are videos on YouTube that can be used to learn techniques. Some read books but many learnt from colleagues. As Pret et al, (2016) state, artisan entrepreneurs are eager to help one another.

Many interviewees had no formal business education. A few had an entrepreneurial background through the family business before working as an artisan entrepreneur. Several completed entrepreneurship courses before or in the early days of starting a business. Entrepreneurship courses garnered both positive and negative comments. If a course leader was an entrepreneur himself, he often gave good practical tips. On the other hand, there was no support for an overly theoretical approach. For example, the basics of accounting are good to know, but, in practice, accounting is carried out by an accounting firm.

There were exceptions in educational backgrounds. A few had a business education, but had come into the artisan business more or less accidentally. One was inspired by craftsmanship through his hobby. Others were helping with acquisitions but finally bought an artisan company themselves.

Some become an artisan by getting excited about handicrafts as a child. Some had acquired formal education in the field, while some had handicrafts as a hobby before starting a business. As part of establishing a business, short courses related to entrepreneurship were often taken. After starting a business, however, there was no time for education and often not even for short courses.

### **3.2 Starting an artisan business**

There are as many business stories as there are artisan entrepreneurs. For those growing up in an entrepreneurial artisan family, continuing the family business is a possibility. However, there were only a few examples of such cases among the interviewees. Whether by coincidence or not these were the largest companies. Overall, artisan companies grow slowly compared to some other industries.

A different way to enter the industry is to try out some form of part-time entrepreneurship. Many artisans had careers elsewhere initially, and first they tried part-time entrepreneurship until moving on to become a full-time artisan entrepreneur. They usually had a large amount of experience in handicrafts as a hobby and a career as an artisan was a dream come true for many. Some novice entrepreneurs worked seasonally. The demand for handicrafts is heavily seasonal so that Christmas, for example, is a rush period.

One of the interviewees said that the artisan shop was a passion for her. The business objective was that the company would not make a loss. She is the owner but has not worked in the company unlike other interviewees who worked in their own companies. Studies prove that the motivation to become an artisan entrepreneur is varied and includes aspects such as having meaningful work that leads to personal satisfaction (Paige & Littrell, 2002; Reijonen & Komppula, 2007).

One interviewee started the business when he was a student at a cooperative. Later after his studies, he founded a company. He intends to expand the business later through exports, but the coronavirus has slowed down his plans. However, this kind of long-term thinking is not common in the crafts sector.

In two cases, the business started from an innovative product idea. One interviewee had developed a product that he believed was in demand and set up a company around it. These companies were growth-oriented. Another factor affecting the business was a business education. Entrepreneurs with a commercial education were more growth-oriented than the others.

A craft company or company's business can also be purchased. In this case, the company may have loyal customers which facilitates customer acquisition. Two interviewees had bought companies.

Public funding had not played a major role in the process of establishing craft companies. The state owned financing company Finnvera had supported one small artisan shop providing a loan when the business was established. Additionally, the Finnish Enterprise Agency network was mentioned not only for helping financially, but also by giving advice when establishing a business. Many had not received any public funding when setting up a company. This is an interesting finding because a starting artisan company often faces scarcity of financial resources (Flanagan et al., 2018).

The coronavirus epidemic has made it difficult for many companies to operate. There are fewer customers in the shops and there have been no foreign tourists, and craft fairs have been cancelled. Some companies have received public support for the financial problems caused by the coronavirus. However, starting a business just before the coronavirus epidemic caused problems. One company was founded last year, and it did not have a reference year to estimate the financial losses that would occur due to the pandemic. This meant that the company did not receive financial support for that reason. The other side of the coin is that everything done at home has grown in popularity during the corona epidemic. More handicrafts are also being made.

The biggest challenge that almost all the interviewees mentioned was VAT. This is the same as companies manufacturing products industrially. The tax increases the price of products unreasonably and reduces demand. The tax motivates some companies to shift from hand-made production to serial production if demand is high.

### **3.3. Changing the handicraft business**

Many artisans had a lot of experience in the artisan sector. The craft field has undergone major changes over the decades, although many products have remained the same. On the other hand, there are significantly more products on the market than ever before. The biggest changes have occurred in the way products are sold.

The demand for handicraft products is influenced by fashion in a similar way to other consumer goods. In particular, young people watch trends closely. A good example of trends, but also the internationality of handicrafts nowadays is the Finnish lifestyle magazine *Laine*, which is mainly published in English. It has made knitting a trendy hobby for young people. Over the past decade, young people have become increasingly interested in handicrafts. However, they are a target group that closely follows trends.

Many artisans have started a business keeping their own shop. Maintaining a shop requires an artisan's own time or there may be a need to hire a salesperson. It is difficult to combine



handicrafts and sales in a shop. Despite this, most smaller craft companies have their own shop. Without a shop it is difficult to get customers. Among small enterprises, those operating in the same premises as other artisans reported the best situation. They can help each other in selling and such cooperation should be encouraged. Many had working days focused solely on production, and some artisans only keep their shops open on certain days or, for example, when large tourism groups enter the shop.

Quite many artisans had dealers, although it is difficult to assess whether their importance is increasing or declining. However, over the last decade online stores have changed the business. An artisan can now sell products anywhere in Finland and abroad. Online stores can also offset the seasonal nature of demand. The problem with online stores is the competence needed for setting them up and their maintenance. Expertise and learning new skills are needed in the midst of a rush. Interviews revealed an artisan should be a multitasking person who has artistic ability as much as IT skills as well as commercial instinct.

One of the problems mentioned was “halpuutus”, a new Finnish word meaning reduced prices. Large Finnish retail companies have promised to lower their price levels. This affects how they treat producers. Partly for that reason, one of the interviewed companies has focused more on exports than ever before. The share of exports was about 80% when it was 20% only some years ago. The growth in exports has also been influenced by the fact that Finnishness has a good reputation abroad. This was emphasised in several interviews. On the other hand, artisan companies do not only take advantage of the good reputation of Finnishness, but the craft sector can promote the image of Finland. The benefits are mutual. This should be further developed in the future. Artisan products not only maintain old traditions, but they live in time and create an image of modern Finland.

A considerable number of interior design shops have been established in Finland since the beginning of the century. This has increased the competition. Ikea’s arrival in Finland has also played an important role. Cheap imports have affected the demand for handcrafted products. On the other hand, in recent years the appreciation of handicrafts has increased. Consumers are willing to pay more for handicrafts if they know they are authentic and not factory-made.

Artisan companies are strongly divided on whether they are interested in expanding their business or not. The image of artisan entrepreneurs is that they are lifestyle-oriented and disinclined to develop their businesses (Getz & Petersen, 2005). Artisan entrepreneurs are quite careful with their decisions when growing their businesses (Mathias & Smith, 2015). This was also evident among the interviewees. Some artisans did not want to grow their businesses. One of the interviewees became an entrepreneur against her will but there was no other opportunity to earn money with her education. For many, craftsmanship was a way of life where the size of the business is not central. Then, there were artisans who were very willing to grow their business. However, many companies were based on the skills of just one person, which poses challenges for business expansion.

When a business is rising, the big question is the importance of craftsmanship. Production can be transferred to subcontractors or factory-produced goods may be sold in the shop. The capacity of the artisan to produce handicrafts hinders the growth of the business, and is a large threshold for hiring another artisan. Instead, some of the interviewees reported it

was easier to hire somebody to pack and ship their products. This eases the workload of the artisan, but it does not solve the problem completely. There are still limits to increasing production.

The biggest companies among the interviewees had not abandoned craftsmanship, but their production was not entirely based on it. Some smaller artisan companies had also considered outsourcing production. The main reason for this was the cost of labour and, on the other hand, production capacity. If demand is high, the artisan's own resources will not be enough.

### 3.4 Product development

When starting a business, the artisans interviewed most often had products in mind that they started to produce. Less often, a company was established by mapping customer needs. However, there were exceptions. The product may be a success or demand may be low, but sooner or later new products will be needed, or old ones will have to be renewed to ensure demand. Product development is a key factor to the success of artisan companies.

An artisan is an artist. They may have a strong personal view of what kind of products they want to create with their own hands. Nevertheless, the majority of the artisans listened to the customers' wishes. One of the interviewed artisans said she not only collected customer feedback but co-created with them. Some artisan products were made as custom-made products based on specifications given by the customer.

Larger companies with several employees operated in their own way, even though their roots were in artisan products. The biggest company did not have direct contact with the end-users of products but communicated with resellers.

Smaller artisan companies did not seek systematic feedback from their customers. Customers gave feedback when buying the handicrafts. However, artisans who had their own salesroom collected more feedback than others. The Taitokortteli collective was seen to be a place where feedback was often given and customers were eager to communicate with the artisan. The craft fair was reported to be a good place to collect feedback on products. Artisans also received comments and new product ideas from social media. Regular customers were braver to give feedback than others. Some companies had their own online store. This was important not only for sales, but also for getting feedback.

The usefulness of collecting feedback was noted by the respondents, but it was also pointed out that there was not enough time to do so. Not all ideas received from customers were good for a product. An artisan has to know how to choose the right one to create a new product. The product may be too expensive or difficult to manufacture. It may not fit the business idea, or the artisan will not feel it is their own.

Product development ideas often arise in interaction with other artisans. Artisan entrepreneurs share a commitment to crafts making and have an overall sense of solidarity created by their shared passion (Al-Dajani et al., 2015). Social media was an important source for ideas and craft fairs enabled the artisans to see new innovations. New ideas also came from following trends and novelties of other industries or even by listening to and reading articles by futurologists. However, the artisan's own creativity is a key point. New products were often created through trial and error.

### 3.5 Marketing of handicraft products

Practically all of the interviewees mentioned social media as a major marketing channel. The only exceptions were companies using resellers. Surprisingly, the main social media channel was Facebook, and less attention was paid to Instagram. Some respondents understood the importance of Instagram as a social media based on visuality, but skills that take advantage of all the features of Instagram were missing. The skills needed for Facebook marketing were better possessed. Pinterest was mentioned a few times but more as a source of inspiration than a marketing channel.

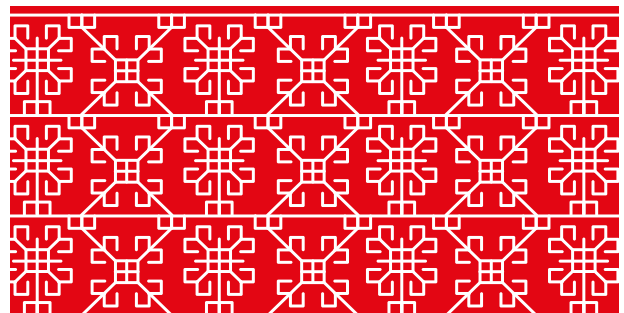
Some comments complained that more likes originated from Instagram, but customers were on Facebook. It was felt that Instagram users looked at models for their own handicrafts, but the products were not purchased. Overall, the interviewees understood the differences between the market segments on Facebook and Instagram. The former has an older target group and the latter younger. One described the difference by saying: “Facebook users are interested, for example, in national costumes, but Instagram users are hipsters from Helsinki following big world trends.”

One of the interviewees strongly believed in Instagram. She had used videos on Instagram for marketing and believed the advertising awareness of videos was higher than for pictures. She also assumed that not all of Instagram’s features could be taken advantage of, and for this reason, Instagram was not considered as important as would be expected.

One interviewee said that on social media it was better to show the making of handicrafts than to present a product catalogue. Many handicraft buyers are handicraft enthusiasts. Only a few interviewees used paid Facebook or Instagram advertisements. The need to use them in an efficient way was recognized but more guidance was needed.

Newspaper advertising was utilized to some extent. It is expensive compared to social media but sometimes it was needed to reach the local population. A few companies kept in contact with loyal customers by email. Direct advertising was tried by one company, but the campaign did not achieve its goals. Leaflets have been distributed to tourists through local tourism companies.

The Taitokortteli cooperative and co-operation between artisans received several positive comments. They have had co-marketing campaigns. In general, it would be



worth considering whether a common marketing campaign of artisans would benefit the sector.

Social media expertise can also be purchased. In this case, the problem may be that a social media specialist does not understand the spirit of the artisan company. Often, an artisan has an accurate view of the company's visual appearance. It is not easy to find a specialist who shares the same view. If a social media specialist only helps with technical issues, it will not solve the biggest problem. Many artisans do not have the time for marketing.

Handicraft fairs were mentioned often as one of the main marketing and sales channels. They offered the opportunity to meet craft enthusiasts, but also other artisans. Some companies have been in difficulty during the coronavirus epidemic because the craft fairs have not been held.

Two companies already had a large market abroad. For one, the most important marketing channels were business-to-business trade fairs meeting with potential business partners and resellers. The resellers handle customer marketing in the target countries. However, the fairs have not been held during the Covid-19 pandemic time, but the company was concentrating on existing business partners and resellers.

For another larger company, marketing was more complicated. They hold a large part of the market but expanding abroad is done by creating a positive image of the product co-operating with artists. A social media presence was important, however not only on Facebook or Instagram but also on YouTube. The company used the image of Finland as an exotic and innovative country and would be interested in a bigger role, for example, developing and marketing Finland's travel image in social media campaigns. Handicrafts are strictly linked with the tourism business as souvenirs, but they could as well be used to create a country brand.

Overall, it can be said that social media was the most significant marketing channel for most artisans. Craft fairs were also important in terms of marketing and sales. Many believed that marketing and related skills should be better managed, but training does not resolve the biggest problem. Marketing needs time, but artisans have to spend most of their time making their handicrafts.

### 3.6 Training needs in the handicraft business

When asked about training needs in the survey, online advertising and marketing were indicated as the most acute necessity. Interestingly, only one respondent chose online sales. All the other topics were chosen only once. Several answers could be given for this multiple-choice question.

Needs for training	
Online advertising and marketing	7
Internationality	1
Entrepreneurship	1
Funding opportunities	1
Handicraft methods	1
Online sales	1
Profitability	1
Sales skills	1
Support networks	1
<b>Total</b>	<b>14</b>

Table 2. Needs for training.

There was also an open question in the survey about training needs. Excursions to handi-craft companies or primary production sector companies, product photography and craftsmanship were mentioned in response to this. Some respondents wanted to elaborate on their answer to the previous question. It was felt that training on online advertising and marketing should be focused on social media marketing, sales channels, and ecommerce maintenance.

Half of those interviewed highlighted the need for training on social media marketing. Nevertheless, social media training needs were diverse. Help was needed with social media content, but technical issues also caused problems. Artisans may not be technically oriented. In addition, support was desired to take professional photos for social media. Even if Facebook was the most important social media channel for the interviewees, Instagram's importance in marketing was seen to be growing when the respondents were asked about future training needs. While marketing has increasingly shifted to social media, making web-homepages was mentioned twice.

Other training needs were also reported. The artisans were curious about new trends, foresight, and innovations in general. Discussions with representatives of other industries were mentioned as these bring new ideas, broaden the imagination and help people become more attuned to tendencies over time. It was hoped that training would be organized in such a way that the participants would come from a wide range of companies and not just from the craft sector. Often it was mentioned that the best thing on a training course was getting to know other entrepreneurs.

The biggest problem in participating in courses was the lack of time. Many interviewees are self-employed, or their working days were very long. Even though training was considered important, there was often no time for it. Indeed, one interviewee said that she often enrolled on training courses, but once they started, she could not participate on the course due to the lack of time. Despite this, online courses are not a flawless solution since the sense of commonality between entrepreneurs was expected during the training.

## 4. CRAFT ENTREPRENEURSHIP IN THE REPUBLIC OF KARELIA, RUSSIA

The interviewees from Karelia and their companies, products and municipalities are presented in Table 3. The total number of interviewees was nine.

### List of interviewees

Name	Company	Products	Municipality
Ammalainen Ilia	Creative workshop "Zhelezniy vek"	Forged interior panels, stair railings, grilles, visors, author's barbecues, lamps	Petrozavodsk
Poroshina Irina	Irina Poroshina costume workshop	Author's collections of national representative, stage, theatrical and modern costumes, hats and accessories in an ethnic style	Petrozavodsk
Toloshinova Nadezhda		Woven carpets, suits, belts	Petrozavodsk
Prokin Aleksei	Weaving workshop "Hozyaika Severa"	Weaving rugs	Petrozavodsk
Shilova Viktoria	Workshop "Karelian pryanik"	Gingerbreads, Kozuli, Karelian gingerbreads	Petrozavodsk
Malinovskaya Lubov	"Kukla M Ltd", creative center "Little country"	Author's, play, exhibition, souvenir dolls in folk style using traditional materials and techniques	Petrozavodsk
Titov Vladimir Titova Irina		Birch bark products	Petrozavodsk
Vlasova Irina	Workshop I.V.	Bobbin lace, clothing items and accessories	Petrozavodsk
Zharina Ekaterina	Art studio "Trio"	Artist, art teacher	Kalevala

Table 3. List of interviewees

## 4.1. Becoming an artisan

Most of the craftspeople had family roots in applied arts. This did not mean that their parents or grandparents had taught them handicraft skills, but from childhood they had instilled an interest and love for creativity and the study of national traditional crafts. The choice of hobbies was made at school age. The educational institutions our interviewees graduated from were art schools, centers of creativity for children and adolescents, technical art schools, arts and crafts departments of cultural schools, specialized institutes, and universities, including postgraduate studies.

The support and assistance of parents and teachers is also very important in the creative development of children. Most of the craftspeople in the study had undergone vocational education in the arts. It is worth mentioning that some of the artisans had no craft education.

In the early 2000s, the interviewees were looking for ways to get an additional or basic income from crafts, to relieve stress from their main work routine or during maternity leave. They looked for ways to realize their own desires and ambitions. The skills that they received in their childhood from their grandparents had helped them on this path. Their craft created a cosiness and national authenticity which helped them develop their craft skills.

## 4.2 Starting an artisan business

According to the interviewed respondents, an artisan is a person who creates a product or a service with their own hands, or mind, and fulfils orders on time and with a quality guarantee (provides a timely services of the highest quality, at competitive prices). At the beginning, it is important to find a path to develop, an exclusive craft that is in demand and can bring in a steady income.

Almost all the interviewees identified that the main problem was to establish a business. The majority of the interviewed people noted that when they tried to establish their business, 10–20 years ago, there was no support from the government for entrepreneurs in opening and running their business. They only had obligations to watch for legislative amendments and pay taxes, salaries to employees, and submit their tax returns on time. The majority of the respondents who successfully founded their companies said that it was very difficult at the initial stage.

Six out of ten craftspeople had permanent employment and did crafts in their spare time since it is difficult for artisans who create traditional handicraft products in small quantities to earn a stable income from it. All the interviewed artisans mentioned the costs of running workshops (such as utility bills, rental payments), procurement and purchase of materials, and the sales of goods. In handicraft production natural materials are usually used, which must be purchased, harvested or procured (a factor of seasonality) and then carefully stored to preserve the quality of the materials since poor quality materials can affect the quality of the final product. It is also not easy to follow the fashion changes in the production of handicraft products because crafts such as weaving from birch bark, blacksmithing, weaving or making lace on bobbins are a long process that depends on the quality and quantity of the harvested material, and the duration of the production of goods: while an artisan creates a product, fashion can change. The artisans reported that they did not have the ability to produce goods in large quantities and store them in a warehouse because of the additional costs for storage space, and salaries for employees. For this reason, the craftspeople mostly created exclusive products made to order.

Most of the artisans started their business after moving to the capital of Karelia from a smaller settlement. At the beginning they worked from home. After the move, they had the opportunity to participate more in exhibitions, festivals and competitions and engage in research activities in museums. It takes a lot of time and money to find and rent the premises for a workshop, renovate it, buy equipment and materials, study the demand, find buyers and customers, and start production. The craftspeople in this study had the opportunity to get start-up capital through the employment services if they registered as an entrepreneur and drew up a business plan. Two respondents out of ten had established associations for artisans. Four respondents out of ten had permanent jobs and developed their business in their spare time. Four respondents out of ten had created a crafts family business. One out of ten reported teaching crafts on the Internet. From the interviews with the craftspeople, we can draw several conclusions. The secret of success for artisans is both simple and complex. They have to constantly learn, be able to overcome difficulties and failures—partners and clients will appear only when the work is well established and the products need to be produced on time and at high quality. When the craftsmanship starts to bring an income that is more than the main job, the person can leave the job and devote themselves to their craft. Craftspeople who are entrepreneurs also need to comply with tax laws, sanitary and hygienic standards, depending on the line of business. They have to take into account all aspects of production and all the risks associated with it.

### **4.3 Changing handicraft business**

As of today, four out of ten interviewed respondents had workshops on lease. One of them had a home workshop. The Center of National Cultures provides workshops to three out of the ten interviewed artisans and the Union of Artists of Karelia provides a workshop to one of them. Most of the artisans interviewed had purchased tools and materials and installed the necessary equipment for the workshops at their own expense. One artisan has rented a workshop equipped with a full set of tools and machinery required for a blacksmith.

All of the artisans in this study reported that they conduct extensive educational work with people of all ages: they organize thematic craft training courses, master classes for children, youth, and adults, including pensioners. They also organize master classes for tourist and school groups.

All the Karelian artisans reported that they actively participated in seminars, conferences, festivals and exhibitions. Together they discuss achievements and problems of crafts development. They try to learn from their colleagues' experience and help each other. The craftspeople who participated in this study are interested in live communication, meeting colleagues, making new connections and contacts, but there is not enough time for everything. They had a great desire to pass on their experience to the younger generation, but young people are not very keen on folk arts and crafts. People usually come into crafts when they grow up, after the age of 40. Four out of the ten interviewed artisans worked as teachers. They teach children, adolescents and students crafts, trying to find new ways to motivate students: to acquaint children with arts and crafts, involve them in the profession, help students to create interesting handicraft products and to participate in exhibitions, international seminars, and conferences. The artisans noted the low popularity of folk crafts.

Another problem noted by 6 out of 10 the respondents was plagiarism. Most often the quality



of copies is poor, and it affects the image of authentic products. Craftspeople are forced to constantly develop new exclusive products and release new collections every year.

One of the examples of an integrated approach in the craft business (from production to delivery) is the acquaintance of customers with the gingerbread cooking craft, baked according to Arkhangelsk family recipes. The gingerbread cookies are decorated with traditional Karelian patterns made of icing. Friendly and well-qualified staff fulfil orders, pack gingerbread in branded packaging and deliver on time. The craftsperson has a gingerbread workshop and participates in exhibitions and festivals, and sends gingerbread all over the country. Tourists take gingerbread from Russia as souvenirs. The artisan has founded a well-known brand of Karelian gingerbread. She cooperates with travel companies, invites tourists to the gingerbread workshop, and organizes gingerbread cooking master-classes for tourists and schoolchildren. The competition in the market has increased over time and many offers of similar gingerbread from individuals have appeared at lower prices, and it has become more difficult to compete because the price includes taxes, workshop rental expenses and employee salaries.

Russian craftspeople are often enthusiasts who want to revive folk crafts from oblivion and continue to study crafts following their hearts. Four out of ten of the artisans who responded to this study received an invitation to work as master demonstrators in museums on the Kizhi and Solovki islands and this prompted them to research and study crafts from museum exhibits. They tell tourists about the life of people who lived in the territory of Karelia many years ago, show visitors the household items used in those days, and explain how the items were made and how to use them correctly. Some products were made by the artisans on the orders of museums and were used in interactive exhibitions. Cooking master classes are held using traditional dishes made of ceramics, wood, and birch bark in Kizhi. The interior of the workshop is decorated with a national flavour and traditional furniture; folk costumes of the author's work are used. Very often craftsmen are asked to talk about the meaning of the ornaments and why different ornaments are used in certain items.

Another large project called the "Karelian Tea Festival" offers a possibility to present artisans' products. Handmade dolls in national Karelian costumes portray artisans in their workplaces: a weaver working on a loom, a blacksmith in a forge, an embroiderer with embroidery at the table, a woodcarver making a jewellery box and so on. The materials, tools and finished products of craftsmen are also shown. It is very interesting for adults and children to get acquainted with the work of artisans.

Nine out of ten respondents stated that they were interested in studying the topic of national authenticity of clothes, household items, toys, and traditional crafts. There is quite a lot of information on this topic in libraries, in various print and online publications, in expositions and depositories of museums, and in the archives. The artisans noted that that the research work is very interesting and provides many paths for study, including: history, geography, toponymy, linguistics and much more.

As a result, one main task of modern artisans is to preserve and revive what existed in the territory of Karelia in the past. It is not necessary to "reinvent the wheel", much has already been created by the people before us and can be found in the museum's funds. It is important to find, preserve and pass on knowledge to the descendants—this is the main task of artisan researchers.

## 4.4 Product development

Among our respondents three have the title of Folk Craftsman of Russia and Folk Craftsman of the Republic of Karelia. Four are members of the Guild of Masters of Decorative and Applied Art of the Republic of Karelia, two are members of the Russian Union of Artists, one is a member of the St. Petersburg Union of Designers, one is a member of The Union of Watercolourists of Russia and the International Union of Art Teachers.

The high level of professional skills of our respondents has allowed every one of them to create their own craft style: these are household items or national clothes, interior items, paintings, or pastries.

How has consumer demand for artisan products changed? We received very similar answers to this question from our artisans.

Of course, the pandemic has changed our lives a lot. While monitoring the market of handicrafts at fairs, exhibitions, and in tourist places, six out of ten respondents noted that consumers rarely buy common handicraft products and are more interested in exclusive handmade products made by personal order.

For example, earlier, customers came and might buy three dolls at a low price, but now they are willing to buy one but of higher quality and more expensive. Another example concerns birch bark weaving artisans who had created new types of products, but after they put the new items on the market, they understood that tourists preferred traditional, time-tested, utilitarian and ergonomic products.

Sometimes customers find the craftspeople themselves when they need custom-made, high-quality products, and artisans also have regular buyers and customers. The artisans in our study also noted that they make modern items using traditional technology, to develop a folk fashion, authenticity, and individuality in everyday life. They mix different craft techniques, for instance, fabric, lace, embroidery, patchwork and carpet weaving may be combined in one product. For example, gingerbread cookies can be baked using old recipes and decorated with a national Karelian pattern, or they may be baked to individual order in any shape and with any pattern. There is also an option to decorate cakes with varied gingerbread. Of course, all the artisans who responded to this study reported that they target buyers with different income levels. They reported that if the buyer was not interested in buying a finished product made by artisans to their taste at a standard price, then they could order at a negotiated price. Additionally, the artisans reported that they organized master classes for those who want to get a product to their own taste, made with their own hands, reflecting their roots and national characteristics. One example was to offer customers to sew a national costume for themselves based on the traditional style and decor, with correctly selected modern fabrics and accessories. All the crafts that are inherent to the costume can be taught—embroidery, weaving, hand sewing—and everything is done authentically. In this way, people are able to understand the value of craft work.

According to all of the participating artisans, it is worth to remember that handicraft products cannot be cheap.

*If people want to buy real handicraft products, they must be willing to pay for them. Souvenir products, of course, are mass-produced and are cheaper. It is more profitable to sell cheap Chinese products, but if we want people who come to Karelia to*

*take away a piece of our soul and culture, then we need to create handicraft products. Craftsmen need help to develop a line of products that will reflect our national traditions, but at the same time will not be too expensive, so everyone could afford them. To do this, we need a fusion of artisans, people who do business, and managers. (Russian artisan)*

#### **4.5 Marketing of handicraft products**

All the respondents are creative people, and passionate about their craft, which is their life's work. They like to create arts and crafts, draw inspiration from history, and develop new models. The moment their hobby develops to become the meaning of their lives, they want to share their knowledge of the craft with other people.

All the respondents talked about the beginning of their development. At the start they shared their works with relatives, friends, and acquaintances, and asked them for their opinions and preferences. Later word of mouth became the most effective form of advertising, but as one of our respondents noted word of mouth works both ways and can also spread negative feedback very quickly. Therefore, the stable quality of the product, professional choice of materials, the ability to communicate with customers and employees, and financial discipline are all very important, right from the beginning and all the time.

All the respondents noted that in the past pandemic year, a lot of people started to use the Internet. People's attitudes towards online communication and shopping on the Internet has improved. They stayed at home, communicated over social networks and took online classes. Artisans researched the market, materials, and consumer demand. Most artisans reported that the number of Internet orders had increased.

Back in 2003, one of our respondents defended her thesis on a topic related to distance learning in arts and crafts using computer technology. She developed an e-textbook and organized her first online courses. Few people believed in these technologies at that time, but as the Internet developed, various messengers and applications for online communication appeared.

The past year also brought a positive result, many different events, seminars, exhibitions, contests were held online. Today, almost every craftsman we interviewed has a page on the social network VKontakte, two out of ten have a website, five have an Instagram account, four have a Facebook account, two have a YouTube channel, and two have an online store. They post photos and videos of their work with comments, links to publications about artisans, and organize online training and seminars.

Very often at fairs and exhibitions buyers come up to artisans and ask whether they can see their products online. Now online stores are looking for artisans to propose trading agreements. Some artisans try to cooperate with them, but higher online prices often frighten off the customers. Sales are the best when the artisans sell and their crafts themselves and tell people about them. Four out of ten of the respondents reported they were able to produce their products in large quantities. The other artisans make only several models of their crafts for exhibitions, fairs, competitions, festivals. They have no place to keep them and no free time to make large quantities of their goods. Unfortunately, five out of ten of the craftspeople

in this study were unregistered craftspeople who work as individuals at home or in a small workshop. They are deprived of government support. Two out of ten of the respondents independently opened their own business without government assistance, while eight out of ten tried to participate in various government projects, applied for grants for development or business support, and six artisans received it.

The Development Corporation of the Republic of Karelia and the Center of National Cultures and Crafts are interested in creating small and medium-sized craft businesses that preserve and develop crafts in Karelia. An excellent catalogue of the Guild of Artisans of the Republic of Karelia with stories about the best craftsmen of Karelia was recently published. State organizations hold competitions for the best souvenir products, for the best social project, etc. Craftspeople who win may receive a special grant from the State for the development of a website and advertising brochures, leaflets, and business cards. Those artisans who meet the criteria for receiving state support receive targeted payments. State institutions organize seminars on how to start your own business and describe the measures of support provided to small folk arts and crafts business.

The “School of Young Craftsmen” project by the Center of National Cultures and Crafts of the Republic of Karelia made 30 videos about Karelian craftsmen who tell about themselves and their activities. The videos have received thousands of views online.

Our respondents noted that most people learn about national crafts at large festivals, fairs with invited artisans, folklore groups, and a creative programmes.

Karelia is an attractive national region of Russia, where craftsmen are working to carefully preserve and restore national craft traditions and skills. In recent years, the interest of tourists in Karelia as a fascinating travel destination has increased. This opens great prospects for the fully-fledged development of the region: small villages and cities of the republic could become attractive tourist destinations.

Crafts should be accessible to all interested people. It is important to organize craft centers where everyone can try different crafts and come to practice in their free time.

Top of the list of ambitious plans of the artisans who responded to this study came having their own large workshop with all the necessary equipment and space for their creativity. With this the respondents would be able to organize courses, exhibitions and master classes for children and people of all ages. The artisans would like to show videos of educational programmes, conferences, hold exhibitions and open a gallery related to applied art, with the history of the Karelian region. For several years two artisans from our respondents have been creating a collection of birch bark products that were used by peasants in their daily lives in various fields of activity in the past. They hope that in the future they will have a workshop where they can exhibit their handicrafts and a classroom for handicraft courses. Residents and guests visiting Karelia will be able to visit them, learning the most interesting information they have and want to share. The preservation of traditional crafts, culture and history is a national priority.

#### 4.6 Training needs in the handicraft sector

The need for training was a matter that generated a lot of discussion. All the respondents thought that they wanted to develop their craft skills constantly and for that they needed to be able to travel to get the best possible training. One of the artisans was interested in training courses and meeting Finnish craftsmen because she works on a Finnish loom. There are craftsmen in Finland who know weaving technologies that were lost in Russia, they would be very interesting to her.

Another artisan and her colleagues were interested in the support of the government and the development of entrepreneurship. There are many different entrepreneurship support programmes but it is very hard to find information about eligibility. In addition, they would like to study marketing and international sales, and gain knowledge of customs documentation.

One artisan would like to learn marketing and advertising on the Internet and social networks. She has a lot of work and it is difficult to keep up with everything so she has to delegate some of the responsibilities to assistants.

One more important issue raised by several artisans was fund raising. According to them, the lack of knowledge of the right instruments and cooperation possibilities affects their ability to apply for money.



## 5. PRESENTATION OF HANDICRAFT BUSINESSES ON SOCIAL MEDIA CHANNELS

### 5.2 The North Karelian handicraft businesses on social media channels

As the importance of social media was emphasised in the interviews, there was a need to find out more about its use. Information was collected on using the Internet and on which social media channels companies use. The study does not comment on how social media is used, but only indicates whether the social media platform is in use.

Information was found on a total of 61 craft companies in North Karelia (Table 4). 26 per cent of them did not use social media. The most popular social media site was Facebook, which was used either alone or together with others. Instagram was a little more popular than Pinterest. The importance of Facebook is reflected in the fact that for those companies using at least three social media sites each of them also use Facebook.

As previously reported, the interviews concerning social media platforms also highlighted Facebook. Instagram and Pinterest were mentioned, but the respondents felt that Instagram would not increase sales and they suspected that Pinterest was a social media site where product ideas were sought. YouTube was mentioned only once. However, one interviewee noted that the attention of many social media users today is on videos and social media platforms that use them. In addition, the most eye-catching updates focus on the making of the products rather than the products on sale.

Social media use		
Not used	16	26 %
Facebook	7	11%
Instagram	2	3%
Pinterest	2	3%
YouTube	2	3%
Facebook + Instagram	9	15%
Facebook + Pinterest	3	5%
Facebook + YouTube	2	3%
Instagram + Pinterest	1	2%
Instagram + YouTube	1	2%
Facebook + Instagram + Pinterest	4	7%
Facebook + Instagram + YouTube	4	7%
Facebook + Pinterest + YouTube	1	2%
Facebook + Instagram + Pinterest + YouTube	7	11%
<b>Total</b>	<b>61</b>	<b>100%</b>

Table 4. Social media platforms used in North Karelia

## 5.2 Russian handicraft businesses on social media channels

Information was found on a total of 107 craftspeople and companies in the Republic of Karelia (Table 5). 22.4 % of them do not use social media. The most popular social media site is VKontakte and then Instagram. Both channels are used either alone or together with others. In comparison to Finnish craft companies, in Table 5 it can be seen that Russian do not use Facebook much (only 4.7 %). Only one person/company used Pinterest.

It is worth mentioning that many Russian craftspeople used their personal social media account for business purposes, and the content is mixed between personal posts and craft-related issues.

Social media use		
Not used	24	22.4%
Facebook	5	4.7%
VKontakte	47	43.9%
Instagram	12	11.2%
Pinterest	1	0.9%
YouTube	3	2.8%
VKontakte + Instagram	9	8.4%
VKontakte + Facebook	1	0.9%
VKontakte + YouTube	2	1.9%
VKontakte + Instagram + YouTube	1	0.9%
VKontakte + Facebook + Instagram + YouTube	1	0.9%
VKontakte + Facebook + Instagram + Pinterest + YouTube	1	0.9%
<b>Total</b>	<b>107</b>	<b>100%</b>

Table 5. Social media platforms used in the Republic of Karelia

## 5. RECOMMENDATIONS

### Cooperation between handicraft entrepreneurs

Cooperation between entrepreneurs should be promoted. Cooperation could improve aspects such as the effectiveness of marketing and could reduce the purchasing costs of materials for handicrafts (Flanagan et al., 2018). In addition, artisans can jointly develop their products.

The Taitokortteli artisan cooperative in Finland was mentioned in several interviews as a good example of cooperation between artisans. The artisans working there have had joint marketing. They have assisted each other in sales if production needs more attention. It should be considered whether artisans can network in the same way even if the workspaces are not shared.

Several Karelian organizations were mentioned as great examples of a platform for artisan cooperation such as the Development Corporation of the Republic of Karelia and Center of National Cultures and Folk Art of the Republic of Karelia. Joint educational classes, courses, competitions, and projects provide an important opportunity for cooperation. However, in our opinion, the most important factor for cooperation development is when small business owners see cooperation with other small businesses as opportunities, not threats. This helps to grow the network, develops products and leads to a financial win (Paige & Littrell, 2002).

### Entrepreneurship and hiring an employee

The decision to become an entrepreneur is a complex matter. Simoes, Moreira and Crespo (2016) analyse factors that influence individual determinants of self-employment. These include individual characteristics such as gender, age, marital status, family background, personality, human capital, health conditions, nationality and ethnicity, and financial resources. Based on the interviews in this study, in the Russian context, financial resources play a significant role in determining whether the entrepreneurship path could be suitable for a person.

In the context of craft entrepreneurship, the required skills were often learned in the family and, according to the study, an example of self-employment in the family increases the chances of a person becoming self-employed as well (Simoes, Moreira & Crespo, 2016). Especially the formative years of a person are a period of time when the values they have towards crafts are formed. Both the home and institutions play an important role (Kokko & Dillon, 2016).

### Social media in the handicraft business

New reality demands new ways of selling, and small business owners should be where the customers are. This is a big opportunity and a challenge for craft businesses. It requires skills to use social media as a marketing tool and engage existing and potential customers (Luckman & Andrew, 2018). In addition to the skills needed to succeed, it is also a matter of time. Craft entrepreneurs mostly work alone, and it is challenging to hire anyone to manage their social media presence.



The research shows that artisans understand that social media channels are essential for selling and meeting the customers. However, we must admit that there are a lack of social media skills among artisans. Online selling platform opportunities were used only by a few. In addition, many entrepreneurs lacked an understanding of the opportunities offered by different social media channels. They focused only on one or did not take full advantage of the different channels.

## **Fundraising and other forms of financing**

Surprisingly only a few of the Finnish interviewees had applied for financial support to start their businesses. More information on funding opportunities would be needed. Another crucial moment for financing is when the company expands. Many craft companies are wary of expanding their business even if there would be demand for their products. The fund raising issue was mentioned by Russian and Finnish artisans.

## **Understanding your customer**

It is essential to understand customers. Additionally, it is important to see art as a product and this is not self-evident matter for many small creative business owners. One respondent even felt offended when we used such words as “product and service” related to his art. He reacted by saying: “It’s bad that our field of activity is referred to in terms of services and products”. It is important for artisans themselves to understand that like in every service business they should start with the consumer need.

Craft entrepreneurs need information on consumer behaviour. They should also more systematically collect information about their customers and their needs. Training to support this should be provided.

## **Sales channels**

Sales was a problem especially for self-employed artisans without other employees. They did not have enough time for sales and the resources required for sales were limited. For this reason, a common distribution channel should be considered. It could be an international “virtual Skills House”.

## REFERENCES

- Al-Dajani, H., Carter, S., Shaw, E., & Marlow, S. (2015). Entrepreneurship among the Displaced and Dispossessed: Exploring the Limits of Emancipatory Entrepreneurship, *British Journal of Management*, 26 (4), 713–730.
- De Silver, G., & Kundu, P. (2013). Handicraft products: Identify the factors that affecting the buying decision of customers (The viewpoints of Swedish shoppers). Academic Press.
- Flanagan, D.J., Lepisto, D.A. & Ofstein, L.F. (2018). Coopetition among nascent craft breweries: a value chain analysis, *Journal of Small Business and Enterprise Development*, 25(1), 2-16.
- García-Rosell, J.-C., & Mäkinen, J. (2013). An integrative framework for sustainability evaluation in tourism: applying the framework to tourism product development in Finnish Lapland, *Journal of Sustainable Tourism*, 21(3), 396-416.
- Getz, D., & Petersen, T. (2005). Growth and profit-oriented entrepreneurship among family business owners in the tourism and hospitality industry, *International Journal of Hospitality Management*, 24(2), 219-242.
- Kacha, I. (2019). Entrepreneurship in Russia: Problems of its Development in Modern Economy. *Entrepreneurship in Russia: problems of its development in modern economy*. Ekaterinburg, 107-110.
- Kokko, S., & Dillon, P. (2016). Engaging trainee teachers with crafts and cultural heritage. *International Journal of Education through Art*, 12(1), 21-37.
- Kouhia, A. (2016). Roots in tradition: Karelian tradition as a creative resource for Finnish craft designers. *The Design Journal*, 19(5), 725-745.
- Lith, P. (2019). Käsityöalan suhdanne- ja toimialaraportti 2019. Raportti käsityöalan yrityksistä, yritysprofiilista, markkinoista kasvuyrittäjyydestä ja lähiajan suhdanneodotuksista. Käsi- ja taideteollisuusliitto Taito ry.
- Luckman, S. & Andrew, J. (2018). Establishing the crafting self in the contemporary creative economy, in S. Luckman & N. Thomas (eds), *Craft Economies* (pp. 119-128). Bloomsbury London and New York.
- Mathias, B., & Smith, A.D. (2015). Autobiographies in Organizational Research: Using Leaders' Life Stories in a Triangulated Research Design. *Organizational Research Methods*, 19(2), 204-230.
- Nosan, T. M. (2014). Mnogonacionalnaja kultura Karelii i ee tradicii. *Tradicionnoe prikladnoe iskusstvo i obrazovanie*, 3(10), 34-45.
- Oksanen, J., Kuusisto, O., Lima-Toivanen, M., Mäntylä, M., Naumanen, M., Rilla, N., Sachinopoulou, A., & Valkokari K. (2018). In search of Finnish creative economy ecosystems and their development needs – study based on international benchmarking. Prime Minister's Office, Publications of the Government's analysis, assessment and research activities 50.
- Paige, R.C., & Littrell, M.A. (2002). Craft Retailers' Criteria for Success and Associated Business Strategies. *Journal of Small Business Management*, 40(4), 314-331.
- Pret, T., Shaw, E., & Drakopoulou Dodd, S. (2016). Painting the Full Picture: The Conversion

of Economic, Cultural, Social and Symbolic Capital. *International Small Business Journal*, 34(8), 1004–1027.

Pöllänen, S., & Urdziņa-Deruma, M. (2017). Future-oriented reform of craft education. In *TOIMITTAJA Reforming teaching and teacher education* (pp. 117-144). Brill Sense.

Reijonen, H., & Komppula, R. (2007). Perception of success and its effect on small firm performance. *Journal of Small Business and Enterprise Development*, 14(4), 689-701.

Respublika Karelia v cifrah (2020). [https://krl.gks.ru/storage/mediabank/02471\(2\).pdf](https://krl.gks.ru/storage/mediabank/02471(2).pdf)

Romantsev, G. M., Efanov, A. V., Moiseev, A. V., Bychkova, E. Y., Karpova, N. P., & Tide-  
mann, B. (2016). Craft Training in Russia: Theory and Practice of Development. *International Journal of Environmental and Science Education*, 11(14), 7154-7165.

Wilson, C. (2014). *Interview Techniques for UX Practitioners. A User-Centered Design Method*. Elsevier.