

Problems and Needs of the Jewelry Industry of Ilocos Sur

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Abstract

A prospective business that has existed in Ilocos Sur long ago but has not been paid attention to is jewelry making.

Thus, this study was conducted in order to identify the problems related to the financing, production, and marketing of jewelry which beset the operators/owners/workers of the jewelry business. Of the 40 owners/operators/workers, 38 were from Bantay; and two were from Candon.

The greatest problem in financing was raising capital. As to production, the foremost problem was the increasing cost of raw materials. High competition and seasonal demand for the product were two major problems along the marketing aspect.

The jewelry operators/owners/workers expressed the following needs: common raw materials purchasing, technical skills upgrading in servicing, linkage with GOs/NGOs to act as liaison coordinating body to support the needs of the industry, technical skills upgrading in pricing, assistance in locating export market, common packaging facilities, and marketing assistance.

By addressing the needs/problems besetting the owners/operators/workers of the jewelry industry of Ilocos Sur, further stagnation/decline in the performance of the enterprise could be abated.

There are reasons for reviving the jewelry industry of Ilocos Sur. First, this business oozes with potentials and it could create more employment and bring social benefits through the government. Second, there is no way the Ilocanos will give up their passion for "alahas". Jewelry is part of the Filipino heritage.

Introduction

Background of the Study

Every Filipino desires a decent and peaceful life; the Ilocano is no exception.

The province of Ilocos Sur has economic problems; that is a fact. One of them is unemployment. Many of its people are poor and jobless. To attain a fairly good life, many residents find work in other provinces and abroad due to lack of employment in their communities.

It is a fact that the economy of our province has not improved much in terms of the interest of the masses. Many are looking for jobs; some want to put up small businesses. But while it is the social responsibility of the provincial government to provide job or business opportunities for the masses, it is also the moral obligation of the people to be self-reliant, creative, hardworking, and productive.

A successful province has one major attribute that sets it apart from unsuccessful ones, i.e., effective leadership, one that offers its people a good life and an increasing productivity in our economy arousing in the people the spirit of entrepreneurship. One step towards this end is creating jobs and putting up small businesses.

A prospective business that has existed long ago but has not been paid attention to is jewelry making. Many jewelry makers in Ilocos Sur specifically in the municipality of Bantay claim that they lack capital and skills to make their craft grow into a bigger enterprise. This is not a big problem. The provincial government with the help of the private sector can provide financial and technical support to this income-producing venture. The jewelry enterprise can create more employment and bring social benefits through the government.

Taking into consideration the potential of this income-generating enterprise, attention should be given to the needs and problems besetting the jewelry making industry operators/owners and workers to ensure its development.

Despite the passage of the much ballyhooed Republic Act 8502, otherwise known as the Jewelry Industry Development Act (JIDA) and the Jewelry Development Act of 1998, the glitter of the local jewelry business remains elusive.

The jewelry industry oozes with potentials considering the country's huge gold deposits which is the second largest in the world next to South Africa. Yet, it remains a small-type business operation which caters mostly to the domestic market. The popularity and assembly of jewelry in the north particularly in Ilocos Sur is diminishing.

The Ilocano's inherent love of jewelry and ornamentation goes back a long way. Long before colonization, there already existed a tradition of fine jewelry in Ilocos Sur. And there's no way the Ilocana is going to give up her passion for "alahas". The Ilocos-made "alahas" used to go as far as La Union, Abra, Ilocos Norte, and Cagayan Valley. The business used to be alive because it had good quality and the price was affordable to many. Jewelry has been an industry providing means of livelihood for many Ilocanos.

Taking into consideration the potential of this income-generating enterprise, attention should be given to the needs and problems besetting the jewelry industry operators/owners and workers to ensure its development.

This study, then, hoped to further improve the operations of the jewelry industry of Ilocos Sur. The immediate beneficiaries of the findings will be the following:

1. **The operators/owners of the jewelry business.** By knowing the constraints that hinder the growth of their business, they would be guided in the formulation of policies which will be responsive to their needs including their employees and customers.
2. **The workers.** This is an opportunity for them to air their problems/needs especially in improving their skills or craftsmanship.
3. **The government agencies tasked with assisting the indigenous cottage industries of the province.** By knowing the problems that beset the jewelry industry, they would give assistance to bail the jewelers out from stagnation.
4. And finally, it is hoped that it will help accelerate the socio-economic and cultural development of Ilocos Sur, in particular, and the country, in general.

Thus, this study endeavored to identify the culprit in the stagnation or decline of this business in Ilocos Sur. If the decline in the performance of the jewelry industry were not abated, the province might lose one of its profit earners.

Objectives of the Study

This study attempted to identify the problems related to financing, production, and marketing that beset the operators/owners/workers of the jewelry business of Ilocos Sur. The study sought to answer the following questions:

1. What are the problems encountered by the operators/owners/workers along financing, production, and marketing?
2. What are the needs of the jewelry industry of Ilocos Sur?

Scope of the Study

This research work looked into the problems and needs of the operators/owners/workers of the jewelry industry of Ilocos Sur after which recommendations were made for the improvement of the industry.

Methodology

Only five jewelry businesses in Ilocos Sur were duly registered with the Department of Trade and Industry (DTI). Of the 40 respondent-operators/owners/workers 38 were from Bantay and two were from Candon. Based on their answers, most of the operators/owners have been operating for several years; the longest was 60 years and the shortest, 10 years. During the time of the study, nine of them employed one to five persons; one owner/operator had six employees, while the rest were on self-employed basis. Their capital came from their personal savings and from loans. Most of them refused to reveal their actual capital and income. Majority of the owners were sole proprietors while few were partners. In this study, the respondent-operators/owners were at the same time workers and they sold their products to middlemen or direct buyers.

The descriptive-survey method of research was used to identify the problems and needs of the jewelry business in the province. Data gathering was done by means of a questionnaire. Statistical tools used were means.

Definition of Terms

For clarification purposes, the following terms are defined according to the sense in which they are used in this paper.

Entrepreneurship Training. Schemes to develop persons for self-employment, or for organizing, financing, managing an enterprise.

Financing. This involves financial planning, analysis of financial condition, and supervision of financial operations.

Goldsmith. A craftsman who works on gold.

Industry. The section of an economy concerned with manufacturing; a group of business firms offering similar goods or services.

Jeweler. Someone who trades in or makes jewelry.

Jewelry. This refers to the ornaments people wear like bracelets, brooches, earrings, necklaces, and rings.

Marketing. Designing, promoting, pricing, and distributing goods and services to satisfy the needs and wants of users/buyers.

Operator/Owner. In this paper, the operator is usually the owner, at the same time the worker.

Production. The creation of anything of value such as goods, services, or ideas that people want and are willing to pay for. With reference to manufacture, production is the processing of materials into new expected form/finished goods.

Discussion of Results

Based on the collected data, the respondents were facing problems in financing, production, and marketing.

Problems on Financing

Table 1 presents the extent of problems in financing encountered by respondent-operators.

Table I. Extent of the problems in financing encountered by the respondent-operators.

PROBLEM	MEAN	DESCRIPTIVE RATING
1. Difficulty in raising capital	1.95	Moderate extent
2. Unavailability of sources of capital	1.42	Moderate extent
3. Long duration of loan processing	1.32	Moderate extent
4. High interest rate	1.28	Moderate extent
5. Too many paper requirements	1.02	Moderate extent
6. Collateral requirements	0.82	Little extent
Overall Mean	1.30	Moderate extent

Among the six problems in financing, five were found to be of moderate extent. They are hereby presented with their respective means: difficulty in raising capital (1.95), unavailability of sources of capital (1.42), long duration of loan processing (1.32), high interest

rate (1.28), and too many paper requirements (1.02). This implies that the respondents did not find these financing aspects their foremost burden. The aspect which was found to be of little extent was on collateral requirements (mean = .82). This implies that whenever they availed of loans, collateral was not a requirement.

Taking the problems on financing as a whole, they were found to be of moderate extent (mean = 1.30).

Problems in Production

Among the problems in production (Table 2), only one was deemed to be the utmost concern of the jewelry makers - the increasing cost of raw material. This could be attributed to the peso devaluation. Jewellers bought gold in dollars. If there was high value of input, the output would be sold at a high price. Production is paralyzed if there were no available raw materials. Secondary problems along production were the following; unavailability of raw materials, limited technical know-how, poor quality of raw materials, low level of technology, lack of production control system, insufficient supply of skilled workers, and limited knowledge in designing. The problems encountered to a little extent were low productivity of workers and limited knowledge in packing.

Table 2. Extent of the problems in production encountered by the respondent-operators.

PROBLEM	MEAN	DESCRIPTIVE RATING
1. Increasing cost of raw materials	2.02	Great extent
2. Unavailability of raw materials	1.48	Moderate extent
3. Limited technical know-how	1.40	Moderate extent
4. Poor quality of raw materials	1.38	Moderate extent
5. Low level of technology	1.35	Moderate extent
6. Lack of production control system	1.22	Moderate extent
7. Insufficient supply of skilled labor	1.18	Moderate extent
8. Limited knowledge in designing	1.10	Moderate extent
9. Low productivity of workers	0.72	Little extent
10. Limited knowledge in packing	0.58	Little extent
Overall Mean	1.24	Moderate extent

Problems in Marketing

Table 3. Extent of the problems in marketing encountered by the respondent-operators.

PROBLEM	MEAN	DESCRIPTIVITERATING
1. High competition	1.95	Moderate extent
2. Seasonal demand for product	1.95	Moderate extent
3. Limited demand for product	1.58	Moderate extent
4. Limited market	1.38	Moderate extent
5. Lack of knowledge on export procedures	1.38	Moderate extent
6. Poor credit collection	1.35	Moderate extent
7. Lack of knowledge about export market	1.32	Moderate extent
8. Shipping problems	1.22	Moderate extent
9. Inadequate up-to-date market information	1.22	Moderate extent
10. Limited knowledge on servicing	1.12	Moderate extent
11. Poor channels of distribution	1.08	Moderate extent
12. Limited knowledge on pricing	1.02	Moderate extent
Overall Mean	1.38	Moderate Extent

Among the marketing problems (Table 3), two were considered foremost, namely: high competition and seasonal demand for product. The other problems of lesser extent are: limited demand for product, limited market, lack of knowledge on export procedures, poor credit collection, lack of knowledge about export market, shipping problems, inadequate up-to-date market information, limited knowledge on servicing, poor channels of distribution, and limited knowledge on pricing.

Needs of the Jewelry Industry

Table 4 shows that the immediate needs of the jewelry operators/owners/workers are: (1) common raw materials purchasing; (2) technical skills upgrading in designing; (3) existence of producers' association; (4) technical skills upgrading in servicing; (5) linkage with GOs/NGOs to act as liaison/coordinating body to support the needs of the industry; (6) technical skills upgrading in pricing; (7) assistance in locating export market; (8) common packaging facilities; (9) marketing assistance; (10) assistance in the preparation of a feasibility study; (11) liberal loan terms; and (12) technical skills upgrading in packing. All these needs were considered to a moderate extent.

Table 4. Extent of the needs of the jewelry industry.

NEED	MEAN	DESCRIPTIVERATING
1. Common raw materials purchasing	2.00	Moderate extent
2. Technical skills upgrading		
a. packing	1.15	Moderate extent
b. designing	1.92	Moderate extent
c. pricing	1.60	Moderate extent
d. servicing	1.68	Moderate extent
3. Existence of producers' associations	1.70	Moderate extent
4. Linkage with GO/NGO to act as liaison coordinating body to support the needs of the industry	1.68	Moderate extent
5. Assistance in locating export market	1.52	Moderate extent
6. Common packaging facilities	1.38	Moderate extent
7. Marketing assistance	1.32	Moderate extent
8. Assistance in the preparation of a feasibility study	1.30	Moderate extent
9. Liberal loan terms	1.22	Moderate extent
Overall Mean	1.54	Moderate extent

Summary of Findings

At the time of this study, the jewelry industry of Ilocos Sur was facing problems along financing, production, and marketing. The greatest problem in financing was raising capital. The foremost problem in production was the increasing cost of raw materials. The two major problems along the marketing aspect were high competition and the seasonal demand for the product.

The jewelry operators/owners/workers expressed the following needs: common raw materials purchasing, technical skills upgrading in designing, existence of producers' association, technical skills upgrading in servicing, linkage with GOs/NGOs to act as liaison coordinating body to support the needs of the industry, technical skills upgrading in pricing, assistance in locating export market, common packaging facilities, and marketing assistance.

Conclusions

1. The jewelry industry of Ilocos Sur is beset with financing, production, and marketing problems.
2. The decline/stagnation of the jewelry industry is due to these problems faced by

the operators/owners/workers.

3. By addressing the needs/problems besetting the owners/operators/workers of the jewelry industry of Ilocos Sur, further stagnation/decline in the performance of the enterprise could be abated and this could generate more employment and more social benefits through the government and NGOs, contribute to more equitable distribution of income taxes, ease social unrest making life more decent for every citizen. These various social and economic contributions of jewelry industry make it imperative for the province of Ilocos Sur to revive this enterprise.

Recommendations

In order to abate the decline/stagnation of the jewelry industry and at the same time address the needs of the owners/operators/workers, the ensuing recommendations/solutions are offered.

1. Inadequate financial assistance to the jewelry industry is a constraint that should be removed. The provincial government should emphasize/encourage need-based financing and development banking. Officials of financing institutions and banks, government or private, should be exposed to the needs of the jewelry entrepreneurs. Such exposure will result to changes in attitude - it will make them more development-oriented and motivate them to improve their credit extension mechanism enabling jewelers to avail of loans easier and faster. The hannonious relationship between the entrepreneurs and financing agencies will not only revive the old jewelry business but may bring about new business. This scheme can be beneficial to both parties. It can open opportunities for the jewelry entrepreneurs to link in with other investors to launch or venture into new enterprises along jewellery.

2. The government is in the best position to formulate policies and design programs and projects aimed at encouraging and developing entrepreneurship. The government of Ilocos Sur through its agencies sets the overall economic direction of the province of entrepreneurship to flourish. Various offices like the Department of Trade and Industry (DTI) and the Department of Tourism (DOT) have programs and projects that are geared towards helping and developing businesses. The provincial government through its agencies should provide assistance to the jewelry industry not only to revive and improve its operations but also to ensure its continued existence. The assistance could be along the aspects of financing, production, and marketing.

3. A small jewelry enterprise is often managed by one of two persons who perform a number of functions, usually without formal training in entrepreneurship. In short, the small jewelry entrepreneur has little knowledge of modern jewelry enterprise management. His business is often plagued with poor management of cash, poor inventory of production materials, poor management of marketing processes, difficulty in identifying appropriate technology, and securing technical assistance from qualified resource persons. He also

lacks problem-solving ability, thus, his business suffers.

Only the government has the people, money, and facilities to promote entrepreneurship development. So, to minimize if not to eradicate the jewellers' problems on financing, production, and marketing, the powers of government with the help of NGOs can be used to influence and launch the following activities favoring small jewelry businessmen: (1) training schemes for small entrepreneurs along financial management (capital procurement, funds allocation, capital structuring, profit administration); (2) production management (tools of production management such as product planning, plan layout, production methods, production and quality control); and (3) entrepreneurship skills training for technology transfer and information exchange.

4. Measures should be initiated by the provincial government to address the needs of the jewelry industry. Putting up a local jewelry producers' association can mean the difference between the success and the failure of the enterprise. There are many benefits the association can give to the industry. Through the organization, the jewelry entrepreneurs can link in with suppliers of raw materials for common purchasing by the jewelers. Technical upgrading in designing, packaging, pricing, shipping, and servicing can be availed of by the association members. Through tie-ups with national associations like the Guild of Philippine Jewellers, Inc. (GPJD) the local association members could request for various assistance such as locating export markets, upgrading technical skills of jewelry makers through technology transfer on jewelry appraisal, jewelry care, handling and choosing raw materials better, jewelry auctions, crafting modern pieces, and jewelry exhibits showcasing beautiful designs, bringing in or hiring consultants to train local goldsmiths/silversmiths on the job especially on the use of modern technology in making jewelry.

5. In support of entrepreneurship, the UNPCBAA, being a business educator, can do the following: (1) teach and train students to become businessmen based on the moral standards and values of society; (2) develop and distribute reading materials oriented towards jewelry making and selling such as books, pamphlets, how-to-guides and manuals on starting and managing a jewelry business; (3) encourage research and development in order to discover alternative materials and to solve the problem of scarcity and high cost of raw material; (4) support students with entrepreneurial potentials particularly jewellery; they should be encouraged. This way, there will be CBAA graduates who will be not only job-seekers or jewelry workers, but also become self-employed in a jewelry business of their own.

The provincial government of Ilocos Sur through the Department of Trade and Industry and the Department of Tourism should do its share in the efforts to revive the jewelry industry because there is no way the Ilocano will give up his/her passion for "alahas". Jewelry is part of the Filipino heritage.

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