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Tradesmen and Craftsmen in Food Sector: Current Situation, Problems and Solutions for Turkey

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Abstract:

Tradesmen and craftsman in Turkey have a share of 98% in total businesses, 60% in total employment, 37% in total production and 26% in total investment. Identifying the current situation of tradesmen and craftsmen and presenting solutions to their problems is important for them to be supported by long-term, realistic, feasible and sustainable policies to keep pace with the changing economic conditions. In this article, the current situation and problems of the tradesmen and craftsmen who are operating in the food sector have been examined and SWOT analysis has been revealed according to the research findings and solution proposals have been developed according to the current problems.

Keywords: Tradesmen and craftsman, food sector, turkey

1. Introduction

The small-scale business concept is a concept used for businesses with a small number of workers and with low turnover in small-scale investments. The criteria specified in defining this concept may differ according to the country, sector and business branch. While some countries have a high number of employment and high amounts of turnover in their definition, some countries keep these criteria at lower levels. This situation varies according to the economic structure of the countries, depending on the overall size and sociological structures of the enterprises (Bourgeois and Dulipovici, 2003).

There are many definitions about tradesmen and craftsmen made by different institutions and organizations in Turkey. Although these definitions differ in general, the concept of tradesmen is expressed in which the business in service and trade sector, but cannot be seen as a "merchant" because of their income level according to their small gains and established with small capital. The concept of craftsmen refers to businesses that operate in the manufacturing sector, who perform an art, but are not as big as the 'industrialist' in terms of manufacturing capacity ratios, capital and revenues they acquire.

The concept of a tradesmen and craftsmen in Turkey has taken its place in the Constitution. Article 173 state that "the state, take protective and supportive measures for tradesmen and craftsmen". With this general framework outlined in the Constitution, protection, supporting and watching of tradesmen and craftsmen in terms of economic, social, administrative and political respect is foreseen. Thus, tradesmen and craftsmen as defined by the Constitution have seen the presence and authenticity and adopted as an accepted social sectors in Turkey.

In Turkey, the definitions of tradesmen and craftsmen in different laws have been made, and in some respects, the differences in these definitions are noticeable as a problem. Nevertheless, according to the law, the most inclusive definition of tradesmen and craftsmen was a fundamental law "Tradesmen and Craftsmen Law" with numbered 507 which is made in 1964. However, this definition has caused confusion. Therefore, it was revised and the definition was reconstructed as "Law of the profession of tradesmen and craftsmen" with numbered 5362. According to law,

"Tradesmen and craftsmen: it is the people involved in the tradesmen and craftsmen's branches and based on its economic activity with its capital and its body work. Tradesmen and craftsmen are the ones who are tax exempt, with the amount that will not ensure the nature of the merchant or industrialist, and those who are taxed in a simple manner and are subject to the business account basis".

Tradesmen and craftsmen can be evaluated in two different categories, namely the professions related to manufacturing and repair and the professions related to the service. This classification is presented in the following table.

A	Manufacturing and Repair Branches
1	Hardware and machinery
2	Automobiles and other motor vehicles
3	Electrical and Electronic Tools
4	Goods from other metals
5	Wooden Goods
6	Leather and Leather ware
7	Building arts
8	All kinds of weaving, clothing, textile and knitting goods
9	Paper, stationery and printing arts
10	Sports Equipment and sanitary materials
11	Foodstuffs
12	Rubber, plastic, Polyester and other goods
13	Glass goods
B	Service Branches
1	Services related to foodstuffs
2	Transportation services
3	Communication, recreation, housing and entertainment services
4	Health, cleanliness, beauty and care services
5	Clothing and packaging services
6	Paper, stationery and press services

Table 1: Branches of Tradesmen and Craftsmen in Turkey

2. Tradesmen and Craftsman in Food Sector

Nutrition is one of the fundamental functions in the protection of public health, in the economy of the country and in development. The food sector is defined as the industry, which transforms the plant and animal raw material from the agricultural sector into a long and ready-to-consume product, with one, or more of the processing applied (Smil, 2001). The professions of tradesmen and craftsmen operating in the food industry are given below.

2.1. Flour and Bakery Products

- Bakery
- Flour, dandruff and feed
- Retail sales for bakery products

2.2. Grocery, Dealer and Buffet

- Spice sellers
- Grocery, dealer and buffet
- Water sellers
- Scholl cafeteria
- Nuts and dried coffee sales

2.3. Butchery

- Fishery
- Drover
- Butchery and variety meat
- Delicatessen
- Poultry

2.4. Catering

- Restaurants
- Fast-food restaurants

2.5. Vegetable Market

- Greengrocery
- Middlemen
- Vegetable market

Within the above-mentioned occupational groups, a total of 353.062 tradesmen and craftsmen are active in the food sector in Turkey. As summarized in the Figure below, a large part of the food industry is composed of groceries, vegetable marketers and restaurants. Nearly half of the tradesmen and craftsmen in the food sector are groceries, dealers and buffets (165.543). Vegetable marketing and restaurants were also the most common occupational groups after this occupation (58,626 and 42,266 respectively).

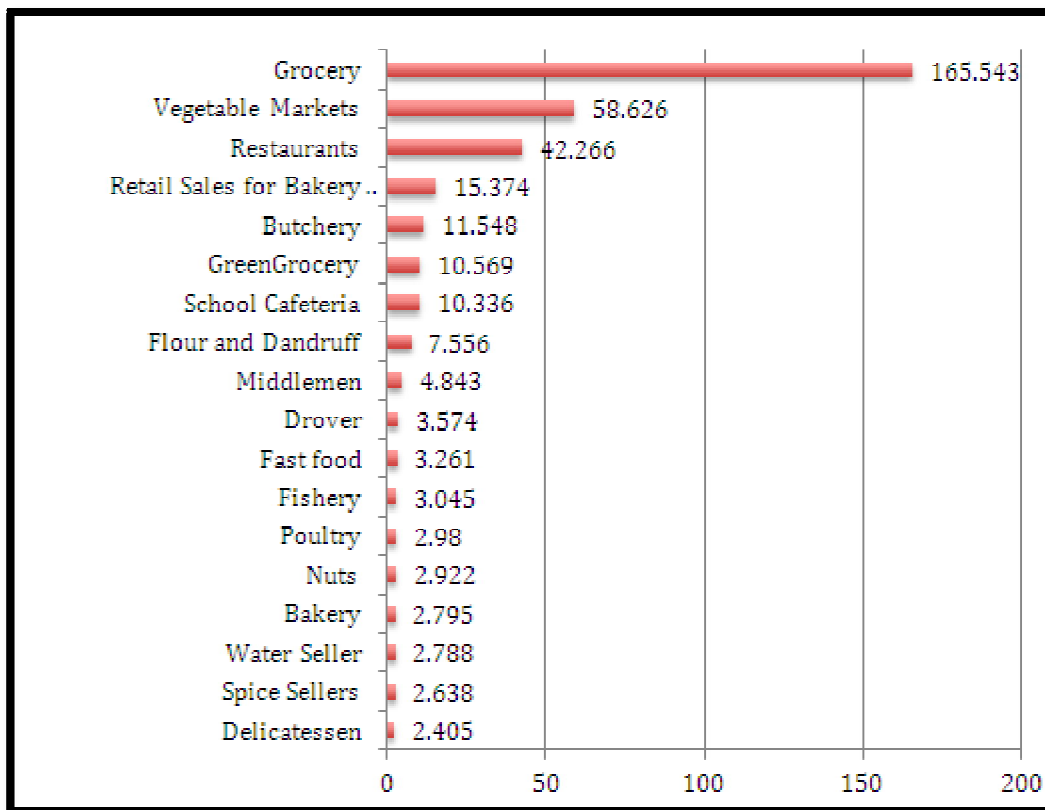


Figure 1: Number of Tradesmen and Craftsmen in Food Sector According to Their Professions
Source: [Http://Esnaf.Gtb.Gov.Tr/Data/5a57494bddee7d1fa8b584aa/Gida%20.Pdf](http://Esnaf.Gtb.Gov.Tr/Data/5a57494bddee7d1fa8b584aa/Gida%20.Pdf)

3. Main Problems for Tradesmen and Craftsmen in Food Sector

The change in production and consumption habits starting with the industrial revolution is driving people to produce more and consume more. In line with increased demand, the supply is increasing and many businesses are continuously expanding their current capacity. In this context, many large companies are emerging in the business world and this situation is faced with harsh competition conditions which are companies doing micro-level work (Kuchler and Stewart, 2008).

In Turkey similar situations are experienced. Tradesmen and craftsmen, who are not only commercial, but also have cultural value, are struggling with many problems in Turkey. In this context, the problems faced by tradesman and craftsmen struggling to survive under harsh competition conditions have been discussed in terms of production, marketing, financing, human resources, R&D, relations with other institutions and the main topics of legislation.

3.1. Productions and Marketing

- Tradesmen and craftsmen are unable to renew and develop themselves against the technological developments in the field of production as compared to their competitors,
- Lack of marketing benefits, such as brands and images, inability to follow consumer trends, not being given enough attention to consumer satisfaction,
- Not to care about quality in the production of services, not to be made in the investment of the value-enhancing,
- The transition to E-commerce is weak due to problems arising from access to education, cost and technology,
- Inability to create visual beauty, not to fully comply with the rules of hygiene, not to establish good dialogue with customers,
- The ecosystem of tradesmen and craftsmen is damaged by the AVM and chain stores and there is no clear satisfactory regulation on the subject,
- Lack of after-sales service and support mechanisms,
- Lack of professional managers and skill employee

- Artisans do not have the power to compete in the face of large capital. In the meantime, the regulatory rules of the competition are not sufficient to protect this sector.

3.2. Finance

- Lack of equity capital and operating capital,
- Credit cooperatives have a high amount of collateral in the issue of bail.
- The possibility of obtaining a loan from banks is very limited because the financial registry forgiveness is not fully implemented by the banks,
- Lack of special financing support for tradesmen and craftsmen
- To have difficulties in reaching support and loans because they do not have legal status. They are mostly performing their activities under the sole proprietorship.
- The inability of professional organizations to play an active role in issues related to credit and collateral,
- Lack of knowledge about Credit Guarantee Fund,
- Professional institutions do not adequately inform tradesmen and craftsmen about public support.

3.3. Human Resources

- Tradesmen and craftsmen are not a profession preferred by the new generation.
- Inability of the education system to improve vocational education,
- Problems experienced in the presence of apprentices and qualified staff,
- Craftsmen, assistants and apprentices are insufficient for product design.
- Lack of adequate level of cooperation of the Ministry of Education and Vocational institutions in the issuance of Mastery Certificate
- Problems in apprentice training

3.4. Research and Development

- Difficulties in access to new technologies and innovative applications,
- Resistance to innovative approaches in tradesmen and craftsmen,
- Inability to access technological applications such as computers, barcodes, internet access and e-commerce for lack of financial reasons,
- High cost of modern equipment used in production,

3.5. Relationship with other institutions

- The inability of local governments to collaborate with tradesmen and craftsmen, not to engage in business activities and non-standard applications,
- In particular, tradesmen and craftsmen operating in the food sector are dealing with multiple ministries in matters such as control, supervision and education, and the deficiencies in the coordination of these ministries (Ministry of Food Agriculture and livestock, Ministry of Health, Ministry of National Education, Ministry of Customs and Trade)

In the context of the problems discussed above, various measures must be taken to ensure that tradesmen and artisans survive in harsh competition conditions. These measures must be assessed in the context of implementation and legislation. In terms of practice, activities of tradesmen and craftsmen are most related with local administrations. In this context, local governments must take important steps to solve problems.

4. SWOT Analysis

Within the scope of the research, all information obtained from focus group meetings, examples of good practices, large company reviews, questionnaires and overseas reviews on artisans and craftsmen operated in the food sector the strengths, weaknesses, opportunities and threats can be summarized as follows:

4.1. Strengths

- Increase in food demand in Turkey due to population growth rate
- Existing agricultural product diversity in Turkey
- Increase in modern food production facilities in Turkey,
- The Turkish food industry has a potential structure that is not externally dependent and diversity of agricultural raw materials
- Increased investments due to the consumption of food products,
- Maintain dynamic structure by rapidly responding to changes in consumption and purchasing behavior.
- Ensuring compliance with the EU in the field of food legislation in technical terms.

4.2. Weaknesses

- Price instability in many food products
- Low-capacity, and low technological-level enterprises
- Lack of branding
- Lack of skilled workforce
- Insufficient control and unfair competition caused by unregistered companies.
- Lack of control
- Lack of hygiene
- The quality and quantity of demand for food products is affected by the lack of full consumer consciousness and the imbalance of consumer income level
- Lack of intermediate element (master-apprentice) for the development of the sector,
- Lack of satisfactory levels of food safety and quality management system applications
- Inability to benefit from university-industry cooperation and insufficient R&D culture

4.3. Opportunities

- Growth in the tourism sector has increased consumption in the food and beverage sector.
- Increased demand for different kinds of food products (organic, frozen, local etc.)
- Rapid adaptation to technological developments
- High export potential
- New marketing techniques (such as e-commerce)
- Emerging to new and fast market areas for products with customer-oriented market strategies
- Support and incentives for R&D and branding in overseas markets
- Laws and related practices that have been applied in order to comply with the EU

4.4. Threats

- Adverse effects of economic and political crises on the sector
- High energy and raw material costs
- Small and medium-sized enterprises cannot compete against large companies
- Lack of master and apprenticeship education
- Continuous unstable changes in agricultural policies

5. Conclusion and Recommendations

As in all countries, the presence of tradesmen and craftsmen and their shares in the country's economy is very important in terms of the healthy functioning of the economy in Turkey. In the United States, the European Union and other developed countries many support mechanisms have been developed for tradesmen and craftsmen. At the same time, various laws have been implemented to protect existing tradesmen and craftsmen and to encourage the opening of new ones. While these laws and support mechanisms are being created, many features that tradesmen and craftsmen have and distinguish them from other businesses must be considered.

As a matter of fact, tradesmen and craftsmen who are investigating in this article and operating in the food sector have various common problems such as traditional form of management, the lack of cash and human capital, R&D deficiency, lack of financial planning and accounting issues, difficulties in access to loans, lack of qualified staff, modern marketing and sales techniques, lack of competitive power and legislation, difficulties in bureaucratic processes.

In general, when the current situation of trades and artisans is examined, there is no systematic support mechanism for this sector in Turkey. Various public institutions and organizations carry out the existing support mechanisms. Since these support mechanisms do not have a specific standard, a small number of artisans and craftsmen can benefit from these supports.

For example, the support conditions of institutions and organizations that provide support mechanisms such as the "Small Business Support Agency" are too heavy for trades and craftsmen to fulfill. At the same time, the heavy bureaucratic procedures and lack of cooperation and coordination in practice are also a separate problem. In this context, the financing problems of tradesmen and craftsmen will be solved only by providing support mechanisms and credit opportunities that taking into consideration their current status and capacities.

Another problem arising in the current situation is the problems experienced in supplying qualified labor. In this context, the inability of apprenticeship education is a major obstacle. The most important reason for the emergence of this problem is the lack of coordination in the execution and implementation of the established vocational education policies. Important developments have been made in the apprenticeship education system with the statutory regulations, but the development of the system according to the current conditions is an important requirement. In order to improve the apprentice system, the infrastructure and personnel deficiencies of the vocational training centers must be improved. In

addition to this, apprenticeship programs need to be updated continuously according to the needs of the tradesmen and craftsmen and current conditions. Finally to provide quality education an effective auditing system must be established.

The definition of artisans and craftsmen must be updated in order to operate in a more dynamic structure in the developing economies and the increasing competition environment. In addition, this definition must include all activities of tradesmen and craftsmen to bring an inclusive contemporary qualification.

The other issue is that the Law No. 5362 on "Tradesmen and Craftsmen Organizations" should be revisited and structured to fit more than 200 occupational definitions. As a matter of fact, the removal of these uncertainties from tradesmen and craftsmen, who are subject to different laws under a single law, will ensure that problems related to the legislation are eliminated in an important way.

In order to ensure that tradesmen and craftsmen can compete equally under heavy competition conditions, it is necessary to provide training and consultancy services to them on issues such as marketing, management, sales, promotion, customer relations, communication, cost accounting and quality. It is also important to increase their level of awareness and providing information on supports for these areas.

Informality is a very important problem especially for tradesmen and craftsmen operating in the food industry. In addition to the informality, the high amount of taxes and social security payments puts them in a difficult situation. Therefore, they are subject to the payment of tax and social security in proportion to their economic conditions will be an important step in terms of improving their current situation.

It is also one of the priority areas to restructure of the professional organizations of tradesmen and craftsmen to provide a more effective service and to find a solution to the problems of their members.

The most important reasons behind the large number of tradesmen and craftsmen opening and closing as in the sub-sector of grocery are; decisions to open a business without supervision, and the opening of businesses easily by non-professional people. In order to prevent this situation, it will be useful to establish "location selection" rule, which is applied in the opening of pharmacies together with trainings and consultancy services for establishing business before the establishment of enterprises.

It is of great importance to develop and support the cultures of tradesmen and craftsmen to work together and to act jointly in order to adapt to today's competitive conditions. For this purpose, models such as joint procurement, cooperatives and clustering should be developed for tradesmen and craftsmen and special support and incentive mechanisms should be established for these purposes.

Shopping malls, hypermarkets, chain stores and mobile markets, especially in the food sector, create a serious unfair competition against tradesmen and craftsmen. Supermarkets, hypermarkets and chain stores are buying products in large quantities at a cheaper price, so they are offering products to consumers with lower prices. In addition, these markets are collecting money from manufacturer firms under shelf rental and similar names, and they can reduce the operating expenses. Besides, they also play the role of producer of basic consumer goods. Considering that the government and local governments on a variety of issues encourage them, they can sell at a much lower cost than tradesmen and craftsmen who naturally operate in the food sector. As in the EU and developed countries, the absence of legal regulations on the rules of operation hours of these stores and their location in the city center, a great danger to tradesmen and craftsmen in the food sector.

It is aimed that commercial activities should be continued in a contemporary environment taking into consideration the norms of the EU and developed countries in accordance with the legal conditions of the commercial life, the protection of the public interest and the competition law and the legal ground of tradesmen and craftsmen and big stores. This unqualified work and the unfair competition environment created as a result must be brought to a certain level.

As a result, all these problems, which are summarized above, and the reasons for solutions that cannot be put into practice anymore; tradesmen and craftsmen are entering into the process of extinction and becoming impoverished. Therefore, it is important to examine the problems summarized above in detail, and to find solutions to the proposed actions. In order to achieve this, it is necessary to establish "Sub-Sector Specific Commissions" under the management of the General Directorate of Customs and Trade where all public institutions and organizations related to the sub-sectors, NGOs, representatives of related professional organizations, representatives of tradesmen and craftsmen and universities are involved. Moreover, it is most important that these commissions are involved in practices that are based on "solution" rather than "problem" oriented work.

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