

## THE SHOE MANUFACTURE IN THE STRUCTURE OF SUBSECTOR “PROCESSING OF LEATHERS AND MANUFACTURE OF LEATHER ARTICLES”

N. Karev

University of Chemical Technology and Metallurgy  
8 Kliment Ohridsky, 1756 Sofia, Bulgaria  
E-mail: karev\_nk@abv.bg

Received 29 May 2012  
Accepted 12 July 2012

---

### ABSTRACT

*The role of the shoes manufacture in the subsector “Processing of leathers and manufacture of leather articles” and its relations with the other subsectors of the industry have been discussed. The production and the export of shoe articles in quantity and value, the expences for obtaining of long lasting material assets, the manufacture structure and the tendencies for export of the firms working with materials supplied by the client as well as the number of the employees in the shoe enterprises have been analyzed. Conclusions for the significance of the shoes production for the development of the subsector “Processing of leathers and manufacture of leather articles” have been drawn.*

*Keywords: shoes manufacture, subsector, investments, export*

---

### INTRODUCTION

The shoes manufacture is one of the oldest and traditionally important elements of the subsector “Processing of leathers and manufacture of leather articles”. In the past as well as at present, it has an important place in the economic system of the country. The favourable geographic and climatic conditions provide for the development of cattle-breeding and the development of shoes manufacture. The large experience and traditions in the processing of leathers and of the manufacture of shoe articles make them important goods and subjects of trade exchange.

#### **Significance and place of the shoes manufacture in the subsector Processing of leathers and manufacture of leather articles**

The shoe enterprises produce various kinds of shoes: official, everyday, domestic and special, used in the industry, army and sport [1]. In most cases the special kind of shoes are distinguished from the everyday shoes by their construction and the used materials. The shoes designed for the industry must protect the feet from

mechanical hits and wounding, moisture, dust, temperature and sometimes from acids, bases and other chemical substances.

The shoes enterprises have various relations with the enterprises of the subsector “Processing of leathers and manufacture of leather articles” as well as with other subsectors of the industry and have a strong influence on the dynamics of their development. For example, the leathers processed in the leather enterprises are used in the shoe manufacture. On the other hand, the shoes industry is a consumer of textile materials, synthetic leathers and polymer products for shoe soles.

The significance of the shoes manufacturing is also due to the fact that it is a consumer of Bulgarian raw materials and employment is created as a result. In the period 1948 – 1989 there is no official import of shoe articles. However, at present the export is a part of the cooperation of Bulgaria in Europe [2, 3]. So, the shoe manufacture is an important source of foreign currency. Data of the National Statistical Institute show that the shoes manufacture is the unique part of the subsector that has a chance to increase the export (Fig. 1, [4]).

It is seen that there is a decrease in 2008 – 2009, but in 2010 the export is almost restored. However, in 2006 –

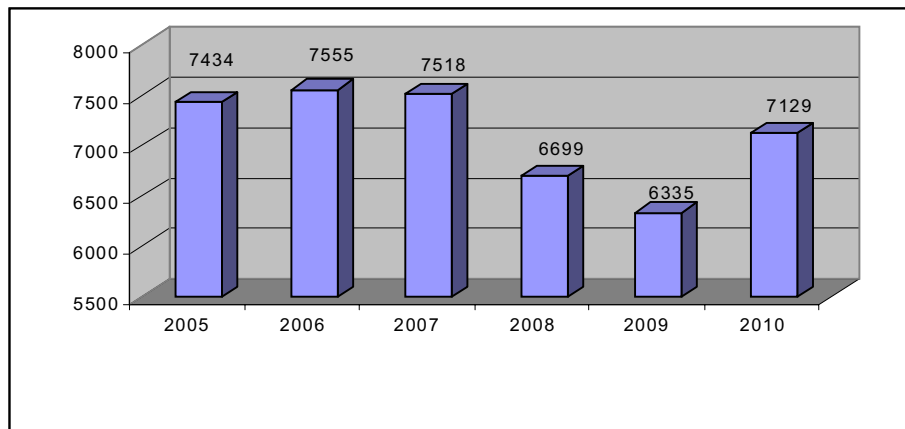


Fig. 1. Export of shoe articles in the period 2005 – 2010 (thousand pairs).

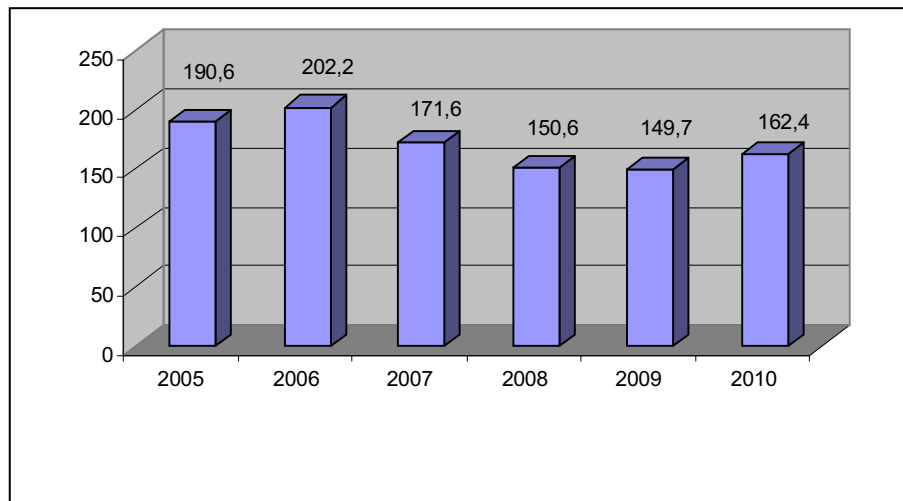


Fig. 2. Export of shoe articles in the period 2005 – 2010 (million BGN).

2009 the value of the export is constantly decreasing (Fig. 2, [4]), which is due to the lower cost of the export production.

The export of Bulgarian shoes has begun in 1956 and till 1992 it has been oriented mainly to the countries of the former Soviet Block. The quantity is approximately 3 million pairs per year while the whole production for the domestic market is about 22 million pairs per year [5]. After 1992 the export is directed entirely to countries of the European Union. In the first years the enterprises worked mainly with materials supplied by the client. At that time a great number of small enterprises worked. However, in the last years only firms with a capacity of 600 pairs per day are preferred and the biggest part of the small firms have been liquidated although that they have shown some priorities over the large firms [6]. This is the

reason for the decrease of the production of shoe articles from 29.3 to 21.8 million pairs in the period 2004 – 2009.

The production and trade of the firms working with materials supplied by the client is presented in Table 1. It is seen that for 2005 the relative part of the export is 97.72 % and in 2009 it decreases to 83.23 %.

The principal markets of Bulgarian shoes are Italy, Holland and Germany (Table 2). The export to Italy is about 80 %. The main clients are the firms „Romanini” and „EFEGL”.

The economic crisis in this country after 1989 had its influence on the development of the subsector as well as on the shoes manufacture. The changes of the management personnel, the loss of traditional markets and the slow restructuring had as a result a decrease of the production.

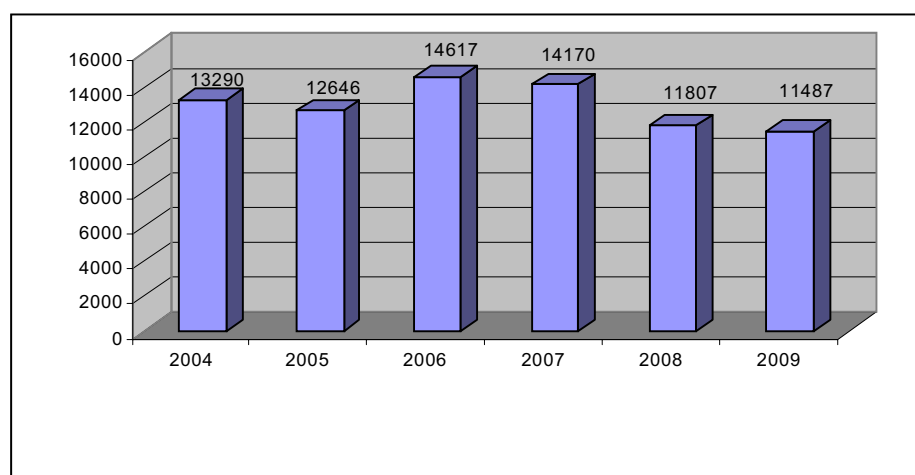


Fig. 3. Shoes production (without sport's shoes) for the period 2004 – 2009 (thousand pairs).

For example, in 1989 the manufacture of shoes was 27468 thousand pairs and in 1996 it was 8168 thousand pairs (a decrease of 3.6 times). There is a similar tendency for the volumes of the produced shoes. In 1996 it is twice lower in comparison with the volumes in 1989. An exception is 1994. Then the increase of the shoes manufacture is the highest as compared to the increase of the whole industry [8]. In the last years the shoes manufacture is relatively stable (Fig. 3, [4]). It is the most stable element in the system of leather processing and manufacture of leather articles.

Moreover the shoes enterprises have significant technological capabilities. In 2007 there are only shoes

enterprises in the first decade of the subsector, as classified in regards to their long lasting material assets. The shoes manufacture holds a high position also in the index "income from selling". Seven from ten firms of the subsector are shoes enterprises [9].

Unfortunately, from 2004 to 2009 the relative part of the long lasting material assets in the branch decreased 1.7 times in comparison with those in the economy as a whole (Table 3).

The average salary of the workers in the shoes industry is lower than those in both the subsector and the industry (Table 4) although the number of the employees in the shoes enterprises is over 70 % of the number of the

Table 1. Structure of shoes production of firms working with materials supplied by the client.

Production	Years					
	2004	2005	2006	2007	2008	2009
Export	95,79	97,72	95,43	96,28	88,43	83,23
Home market	4,21	2,28	4,57	3,72	11,57	16,77
Total:	100,00	100,00	100,00	100,00	100,00	100,00

Table 2. Direction of the export of the firms working with materials supplied by the client (in %) [7].

Countries	Years					
	2004	2005	2006	2007	2008	2009
Italy	76,55	78,42	82,10	74,36	70,82	67,13
Holland	2,59	5,47	6,35	5,60	4,80	4,40
Germany	6,73	4,29	2,93	5,18	7,30	5,80
Other countries	14,13	11,82	8,62	14,86	17,08	22,67

Table 3. Expenses for long lasting material assets [4] ( in million BGN).

Expenses for assets	Years					
	2004	2005	2006	2007	2008	2009
Common for countries	9949,6	13262,5	17742,9	27446,6	29424,2	21274,3
Common for subsector	15,6	14,1	16,0	25,3	28,6	19,6
Relative share for subsector (in %)	0,16	0,11	0,09	0,10	0,10	0,09

Table 4. Average pay per annum in the shoes manufacture, in the subsector “Processing of leathers and manufacture of leather articles” and in the industry.

	2004	2005	2006	2007	2008	2009
Average pay per annum in the shoes manufacture	1994	2100	2400	2800	3600	4100
Average pay per annum in subsector	2037	2178	2503	2920	3816	4159
Average pay per annum for industry	3509	3885	4324	5167	6538	7309

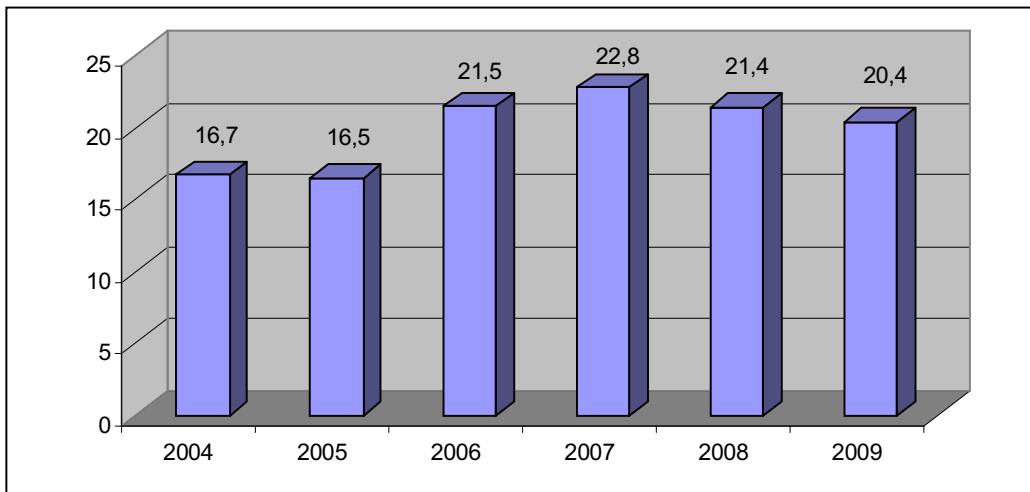


Fig. 4. Number of employees in the shoes enterprises (thousands).

employees in the subsector. This fact causes a negative influence on the labour market and is an obstacle for development of the shoes industry.

The analysis of the information about the number of the employees in the industry and those in the subsector “Processing of leathers and manufacture of leather articles” shows that the number of the employ-

ees in the industry decreases but the relative part of the employees in the shoes manufacture increases [8]. This is due to the fact that a large part of the Bulgarian shoes enterprises work mainly with materials supplied by the client. The clients set a piece of work including a lot of hand operations that can be fulfilled by low educated and low qualified workers and as a result the payment is

low as well. However, this approach causes sometimes a low production quality. For this reason some of the foreign firms dropped out from the Bulgarian market and in the period 1997- 2005 the number of the employees decreased from 22.3 thousand to 16.5 thousand. A tendency for stabilization up to the level 20 thousand – 21 thousand employees is observed in the last years (Fig. 4, [4]).

#### **CONCLUSIONS**

Although in the last 20 years the shoes manufacture passed through some difficult periods, it has the technological potential and resources to satisfy the needs of the domestic and foreign markets.

#### **REFERENCES**

1. P. Tzvetkov, Technology of Shoes and Haberdashery Manufacturing, Technika, Sofia, 1982, 687 – 695.
2. The Industries that Integrate Bulgaria into Europe, Diary Newspaper, November 1<sup>st</sup>2004, 8-10.
3. Annual Statistics 1992, 280.
4. Annual Statistics 2010, 310.
5. V. Bozinova, The Shoes Industry – Beginning, Development and Contemporary Problems, Fabel, V. Tirnovo, 2001, 24 – 38.
6. P. Gechev, N. Karev, The influence of the magnitude of shoes enterprises on their Efficiency, J. Univ. Chem. Technol. Met. (Sofia), **35**, 2000, 241 – 246.
7. Statistical Reference Book, NSI 2010, 106.
8. N. Karev, P. Gechev, Economical results from the privatization of the shoes Manufacture, J. Univ. Chem. Technol. Met. (Sofia), **38**, 2003, 813 – 818.
9. Electronic newspaper of Bulgarian Chamber of Commerce: <http://www.bia-bg.com>.