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# Capacity-Building for Community-Based Artisan Groups in Thailand.

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## Capacity-building for Community-based Artisan Groups in Thailand.

According to EFTA (European Fair Trade Association), in a 1998 consumer survey, 37% of the French general public is prepared to pay more for products which are being traded fairly. In the UK this figure is 68% of consumers and in Sweden 64%. In the UK 86% of consumers are now aware of fair trade, in Sweden the figure is 84% while in the Netherlands and in Belgium 66% and 62% respectively are aware of fair trade labelled products.\* Even 6 years ago, Fair Trade, it seems, had become well-recognised, in Europe and in other parts of the North, at least, even if it is associated more with food than with non-food products. In another more recent poll in Germany, when asked what Fair Trade is about, consumers said that above all, it meant paying a fair price to producers.

Fair Trade is not just about paying a fair price, though this is vitally important for the dignity and welfare of all who work.

Fair Trade is not just about battering the portals of the WTO (World Trade Organisation), though this is absolutely necessary if we are to achieve justice and equality with fair, rather than just free, systems in which to trade.

For me, Fair Trade is more than that; much more. Not only do we need to make the consumers in the North (and increasingly in the South) aware of why they should support Fair Trade (by buying Fair Trade products) and why our governments must be conscious and active about what constitutes a fair trading system between the nations of the world, but we need also to ensure that marginalized producers (our target beneficiaries) themselves are equipped with the tools to take advantage of improved conditions of market access and consumer response. In a nutshell, it is pointless advocating Fair Trade if, at the grass roots, we are not providing the means by which producers can properly and effectively supply the market. Remember, real markets are governed by consumer tastes such as style, fashion, function and presentation as well as by availability, quality and, of course, a competitive price. Markets are not governed by the social circumstances of producers and Fair Trade! Those latter considerations come only after all the former ones are satisfied.

**I believe Fair Trade is essentially about empowering people, in particular the marginalised.** We must strive to empower them to be able to trade on more equal terms and, as such, elevate them to a level at which they have a fair chance to participate and succeed in the markets of the world. How can the billions of people in our world, Artisans du Monde states 3 billion (a number virtually impossible to conceptualise), who earn less than two dollars a day have that chance, even in the most ideal of trading situations, if they do not have the knowledge and capacity to do business and to know about the markets into which they need to enter?

It seems an almost impossible task but that is what we are trying to do in practising Fair Trade. Maybe we can mobilise other forces in the world to understand that we all need to have Fair Trade. Here's my list why:

a) Altruistically,



because we all share this world and for most of us happiness and fulfilment is not achieved if we take advantage of others and they consequentially suffer.

b) Realistically,

because **security** in the world depends on fair access to and the sharing of resources for all and mutual respect for all people and peoples.

c) Ecologically,

because, as the world's resources become depleted, so the access and sharing of those resources becomes more difficult and the respect for people and other creatures is forgotten.

d) Educationally,

because if we can all be part of a process of improvement, we can maximise our potential to find ways to solve most the world's troubles and

e) Economically

because the two billion earning less than two dollars a day are not a problem but a huge opportunity. If they could earn a decent wage to support themselves, then they will also be consumers positively contributing to the economies of our world. Trade that depends on the exploitation of the most marginalized is not sustainable.

ThaiCraft is an agency created in 1992 that endeavours to adhere to Fair Trade principles. Its trading company is supplying handmade craft products from independent small village cooperatives and micro-enterprises to Fair Trade organisations, like Artisans du Monde, as well as to commercial wholesalers and retailers in the North. We also organise local craft fairs at which a wide range of products made by dozens of small groups from all over the country can sell to the public at large or to targeted consumers, such as yourselves at this conference! Our aim is to create an opportunity for these groups to access a suitable market and gain enough experience for successful and sustainable sales of their products that leads to eventual self-reliance. In a miniscule way, we hope to reduce the number of marginalized families, helping them to become economically and socially able to contribute to the economy and to enjoy an improved standard of living.

ThaiCraft's role is to add value to the marketing chain, making it possible for producer and consumer (either directly or through intermediaries) to become linked. Through transparency, each is introduced to the other, normally through information materials, but also in no better way than consumers visiting the village artisans in person – through our sister tour company.

ThaiCraft works with groups as a means for individual artisans to work more effectively and efficiently and also to economise by sharing resources, both tangible and intangible. Well-organised groups foster the capacity to fulfil orders in quantity, obtain raw materials and, by definition, members can and will support each other. Working in groups helps to cement and develop shared cultures and traditions that benefit communities.

**But, in order to sustain and expand trade in an increasingly competitive market environment, globally as well as locally, ThaiCraft has found it necessary to find ways to effectively increase the capacities of the producers in three main areas, namely, management, productivity and the development of quality products.** These areas of



improved business skills need to be addressed within the production groups themselves with new ideas introduced that are compatible with the ethics and principles of Fair Trade.

We also recognise that improvements in the skills and function of ThaiCraft itself are also needed and must be addressed simultaneously. Altogether, for marketing in fair trade to be a practical reality, there is a need to create an efficient trading chain that involves all parties working in harmony and partnership and also **professionally**. This is the only way that the more developed and successful division of fair trade in coffee, tea and bananas, for example, has been able to succeed. Fair Trade craft products, although they have been around a long time, still have not generally reached the stage of professional marketing that they both need and deserve.

More recently, the rapid march towards globalisation brought about largely by the revolution in communications presents both an opportunity and a threat. It has opened up new market possibilities but it also brings new supplier and buyer competitors around the world that challenge the capacities and business abilities of traditionally based and organised artisans, many of whom have not yet caught up with the latest in communications and still have no knowledge of the outside world where their potential markets lie.

In short, **ThaiCraft and its partner producers have to respond to increased competition and increased demands from the market if they are to survive.**

Strengthening production capacity (the 3 Qs: quality, quantity, quickly) will go a long way to meeting this challenge and increasing efficiency to reach more competitive prices is crucial.

To meet this challenge ThaiCraft is launching a new programme to address eleven key issues for business improvement. They are all issues which ThaiCraft has experienced directly with artisan groups. Most of the issues are common to all groups but, because of the diversity in the stages of development and ability of each group, no two groups needs to focus on all the issues in the same way. The programmes will be immediately practical and relevant to each group individually, and are not carried for academic study but for business survival.

The main issues for examination are:

1. **Management:** production efficiency, raw materials procurement and management, financial planning and work organisation
2. **Finance and Investment:** use of finances and controlling cash-flow, accounting, inventory control systems and ensuring transparency within the group. Identifying ways to find funding support through grants, loans and member-share systems. Organising savings and credit schemes for group members and their families.
3. **Product design and development:** creating new product ideas and samples based on skill diversity, traditional patterns (which can make a product distinctive), and raw material availability. Understanding trends and fashion in your product's market by own research and/or by listening to ideas input from customers, etc. Making investment of time and finances available for this a priority. Identifying who are the designers in your group and how new product development should be done (especially when production for existing orders is in process). Responding very fast to product development requests (as is expected by today's customers) which increases chances of orders.
4. **Cultural and Community Restraints:** assessment of real production capacity and restraints that may affect production, including seasonal variations. Making this known to market



- partners so that do-able orders are sought for and received. Customers need to know about realistic delivery times and possible restraints before ordering.
5. **Language and Interpretation:** some basic Central Thai and English language skills is advantageous to understanding orders, product ideas, trends, etc. Also the understanding of technical terms so as to interpret instructions correctly.
  6. **Transport and Communication:** The cost of transport services has increased considerably. Even the remotest group must find efficient and reliable methods of sending products and receiving raw materials, etc. both to keep costs down and to ensure timely deliveries. Quality packing is also essential because any goods can be spoiled in transit for a variety of reasons. Managers must learn that regular communication keeps people informed on order progress as well as any problems. Silence is the fastest way to lose a customer.
  7. **Health and Safety:** While perhaps one of the most important factors in any production process, scant attention is often made in micro-enterprise situations to making sure artisans are using safe methods in production. Working often at home, with small children and animals around, even a dropped needle can cause harm. Because artisans have high skills, safety is often ignored even when some production utilises dangerous machines. Personal health of craftspeople and their families can be endangered by, for example, their use of toxic dyes or bleaches in yarns or in other raw materials. Work needs to be done on a case by case basis to instil safety precautions and awareness in workplaces that often double as homes or as public areas for other activities.
  8. **Human Resources:** even though, by definition, families and closely-knit communities are usually in control of a micro-enterprise or cooperative group, the needs and rights of individual workers can easily be ignored, albeit unwittingly. Issues of adequate remuneration, reasonable work conditions, job security, social security, equality at work, freedom of association, child labour and even freely chosen employment are all “Fair Trade” issues which, if not addressed, can lead to business as well as social difficulties. Micro-enterprises must be aware of these issues and be committed and are not overlooked even though the labour authorities may not normally check in this business sector. Few make provision for additional skills training of its workers perhaps not understanding that this could significantly help the group develop and better prepare for the future. Families often expect and require their children to join the work process before considering the right of the individual to choose, or have them working unsuitably when still too young.
  9. **Environment:** many artisans rely on environmental factors to sustain their work, just as they must do when they are farmers. Unfortunately, not all are aware of the affects that methods they use may have and carelessly do damage in procuring or disposing of raw materials. The use of acidic chemical dyes, for example, does not only cause ill-health and possible skin cancer, if it is not disposed of carefully can cause problems to waterways and underground water purity creating infertile soil just where there is human activity and vegetable and fruit growing. ThaiCraft does not support groups that knowingly use endangered or irreplaceable flora or fauna in their products. However, groups must be responsible for causing improvements in their environment. Awareness and concern is not always as easy as it sounds but it goes a long way to finding ways to solve these issues.
  10. **Training:** while there are sometimes opportunities for group leaders or individuals representing a group to take part in training, seminars and workshops organised by ThaiCraft or other agencies, not all that is learned, discussed or shared is conveyed to others



in the group, often leading to misunderstanding later on. Training to all members of a group in their own location is quite rare and yet it is essential if all members are to feel integrally part of the group's activities and to share in creating policy.

11. **Customers needs, perceptions and education/understanding:** Producers who can understand their customers and can visualise their needs correctly are more likely to succeed in supplying products that will please. Conversely, customers who are made aware of the circumstances around the production of a craft product are more likely to appreciate the skill and the traditions and will value a product more fully.

To address these needs, ThaiCraft has acquired two vital partners – and, may I add, that they needed very little persuading that this was a worthwhile programme!

**The International Labour Organisation (ILO)** is providing the majority of the funding as well as a wealth of training resources and assessment tools.

**Dhurakijpundit University (DPU)** will provide trainee-consultants (chosen graduate students) to spend six months initially with 4 or 5 artisan groups partnered with ThaiCraft. Each trainee-consultant will work individually with one group, but will also come together to share assessments, experiences and resources and to plan training programmes that meet common needs of the groups concerned. All this will be under the supervision of senior professors at DPU. ThaiCraft will offer guidance and advice, particularly emphasising the participatory involvement in the entire process by the artisans themselves. Members of the artisan groups will conduct their own assessments, planning development and evaluation using formats developed elsewhere. Individuals within each group or community will be identified and trained, as necessary, to undertake tasks and duties of responsibility within the business process. Each group will develop and start implementing its own business plan.

While many details of this process are still being worked out, there is excitement about the concepts that lie behind such a programme as this and the expected outcomes are:

- Village artisans groups will be able to organise themselves into more professional production units with the capacity to supply reasonable commercial needs of the market, locally and internationally, either by working directly with end customers or through wholesale agencies, particularly ThaiCraft.
- It will enable micro-production units to grow, as may be appropriate, and for them to become more market driven in developing business plans, their management structures and their products.
- Improved business systems in each group should enable ThaiCraft to pursue its marketing of products from these assisted groups with more confidence, leading to significantly increased sales. It will also reduce ThaiCraft's administrative costs which, in turn, should enable more competitive prices to be offered, in addition to the Fair Trade assurance.
- The trainee-consultants will gain unique experience in analysing a micro-business and directly enabling it to benefit from their learning and expertise, guided by their former lecturers, and putting theory learned into practice. Furthermore, these consultants will gain an in-depth understanding of and empathy for village (or city slum) life in their own



country and of the problems that face such communities as they strive to improve their way of life through hard work and enterprise. It is only through this understanding that real long-term solutions can be found to solve poverty and these people can start a movement to lead to policies that can effect the necessary changes leading to Fair Trade.

- The programme will offer a new opportunity for Dhurakijpundit University (DPU) to work directly to the benefit of the wider community in Thailand, particularly having a direct and positive impact on the poorer sector of society.
- If successful, similar interventions will be introduced to other groups later, with modifications made from the experiences learnt this time. This will also be dependent on finding funding support, but if successful, other agencies will hopefully wish to support a successful formula.

To conclude, I offer the premise that Fair Trade is indeed about a fair price and fairer trading rules, but it is also essentially about empowering the poor with the professionalism to compete in our increasingly commercial world.

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