PRACTICES AND SUSTAINABILITY OF HANDCRAFTS CO-OPERATIVES IN KENYA: LESSONS FOR EMERGING BAMBOO FARMING ENTERPRISES

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Abstract

Wood carving industry has positively impacted on many Kenya communities especially, the Akamba community who traditionally own the skill. This paper is based on a survey of three wood-based, handicraft cooperatives in Kenya: (i) Wamunyu handicraft Cooperative Society Ltd in Machakos County; (ii) Nairobi Handicraft Industrial Cooperative Society Ltd; and (iii) Akamba Handicraft Cooperative Society Ltd in Mombasa. The objective of the study was to assess the handicraft cooperatives’ marketing systems in Kenya and identify best practices that should be replicated in the upcoming bamboo production and processing cooperative enterprises in South Nyanza for former tobacco smallholder farmers undergoing transformation. The primary data was collected through participatory observations, stakeholder interviews and review of secondary data sources. The study established that handicraft co-operative movements started in the early 1930s, and over the years, have remained competitive and vibrant, courtesy of strong cooperative rules and bylaws that guide governance of the cooperatives. The study also indicated that the cooperatives have diversified sources of incomes that stretch beyond their core business of handcrafts making. Again, for sustainability reasons, the cooperatives collaborate with one another through established linkages and working partnerships in conducting their business and for quality control especially in international marketing. All cooperatives displayed gender representation disparities with the marginalization of women and youths. Scarcity of quality raw materials, poor rural infrastructure, competitive local and international market conditions, cooperative management and governance, political instability and insecurity are the key challenges facing handicraft cooperatives in the country. The sustainability of the wood-based handicraft cooperatives therefore demands, environmental conservation practices, use of alternative curving materials, especially bamboo, integration of best management and governance practices and improvement of national security among others.

Key Words: Handicraft, Curving, Co-operatives, Sustainability
Background

Handicraft including wood carving and weaving have been practiced by many Kenyans for many years, with products like “kiondo” (African Basket) and other wood curving artifacts from Kenya now gaining presence all over the world (Mutinda and Kiumbuku, 2014). The wood carving industry has greatly impacted many Kenyans, the gains include the provision of employment opportunities that has improved the living standards of different people. In many ways these activities have contributed to the tourism industry, both internationally and domestic (Mutinda, 2014). But most importantly, these practices have provided alternative livelihood to many households especially in most part of Ukamabni in Eastern Kenya, where the skills are widely exploited and where the arid and semi-arid conditions have greatly compromised other economic activities like farming and livestock keeping. A majority of these communities would have otherwise, been rendered jobless and idle. These communities have also been able to form cooperative societies through which many other benefits like saving and credit and others can accrue. These cooperatives have a greater potential of propelling the industry to grater achievements; in fact, under the recently revised Kenya Cooperative Act, 2004, cooperatives movements, of all forms, have been identified as the best vehicle for promoting self-reliance and harnessing people’s power of attaining economic development.

Several findings expose the huge economic potential in the industry; the United Nations through a UNESCO report acknowledged the creative economy as an ever-stronger driver of development (UNESCO, 2013), this economy includes the handicraft industry. A study by Harris (2014) reports that the sales of handicrafts from certified fair trade organizations worldwide was estimated at over US$25 million in 2010, with Africa, accounting for US$14 million. The same report also reveals that Kenya’s handicraft sector grew by approximately 70% between 2001 and 2007, and had an estimated worth of over US$12 million in 2007. Furthermore, apart from the economic gains, the curving industry has played an important role in promoting tourism in Kenya as well as diversifications of exports and in a way brought exposure and expanded interactions between local producers and foreign buyers (Okrah, 2002; Block & Webb, 2001).

Despite the great potential in wood carving, the wood carving industry faces numerous challenges in Kenya including; market and marketing constraints, poor access to financing for capital, limited available appropriate technology, managerial weaknesses, and the overall weakness in institutions that should bolster the industry. Currently, the greatest challenge for the industry is in the shortages of raw materials whereby producers experience shortages of important supplies (Mutinda, 2014). The curving industry is highly dependent on hardwood indigenous tree species, which act as the important raw materials. Some of these hardwood species have other competing uses too, and they take longer periods to mature (between 100-150 years) (Mutinda, 2014; Kibwage et al., 2011). Over the years, there has been selective harvesting of these preferred tree species, leading to a decline and, locally, to a collapse of the tree population and contribute to the degradation of forests and woodlands which are serious environmental concerns.

The depletion of raw materials is a problem that has been widely cited as one of the great challenges facing the industry even in other African countries, for example, a study by Matose (2006) from Zimbabwe revealed that the industry which once was vibrant, is facing decline due to the reduction in the sources of raw materials. In both cases, it was realized that trees have been over-exploited and no replacement has been done; marketing has also been a challenge
due to increased competition especially from competitors and intermediaries; either competition from other handicraft enterprises doing similar individual activities, wood based, stone based or maybe synthetics remain a big problem in marketing of the products. Some of the sustainable options thus available for these cooperatives include the adoption of environmental/forest conservation practices, use of alternative curving materials especially bamboo, integration of best management and governance practices as well as improvement of national security (Kibwage, 2011).

**Problem statement**

The opportunities in bamboo farming cannot be overemphasized, bamboos farming enterprise is emerging as a viable alternative land use systems for sustainable farming. The utility of bamboo products is enormous, and the speed of growth high, making its payback time quicker. On the other hand, the old indigenous handicraft industry has grown over the years, advancing from local based practices with localized resource base to a globally recognized enterprises contributing significantly to the national foreign exchange as well as boosting many rural livelihoods significantly. The industry presents significant good practices and lessons for other related industry based activities like the bamboo farming practice. However, no work has been done to evaluate and document critical lessons and best practices from the handicraft industry worth an option by the emerging bamboo enterprise and value chain.

**Objectives of the study**

The main objective of the study was to undertake an assessment of handcraft cooperatives’ marketing systems in Kenya and identify best practices that should be replicated in the upcoming bamboo production and processing enterprises in South Nyanza for former tobacco smallholder farmers.

Specific objectives

a) To analyze and document the basic structure, management design and membership requirements of handicraft cooperatives

b) To assess the sources of finances and raw materials for the handicraft cooperatives

c) To assess the marketing strategies and opportunities for the handicraft cooperatives

d) To analyze the role of gender mainstreaming in the activities of the handicraft based cooperatives

**Methodology**

The study adopted a case study approach, whereby personal judgment was relied upon in deciding which members of the population to include in the sample. Purposive sampling procedure was used to select three cooperatives based on their diversity in terms of history; proximity to urban centers as major market destination of products; geographical setting-a proxy indicator of agro-ecological endowment and hence determinant of livelihoods of the locals; and popularity in the sector.

Based on these factors, the following three (3) out of the eight (8) handcrafts cooperatives in Kenya were selected for this study:
1. Wamunyu Handicraft Cooperative Society Limited based in Machakos County.
2. Nairobi Handicraft Industrial Cooperative Society Limited. in Nairobi city, and
3. Akamba Handicraft Cooperative Society Limited. in Mombasa City

The above were selected because most of the final products may have to follow the same marketing value-chain system. Observation, interactive participatory approach through personal or informal interviews; and use of questionnaires were the main techniques used to collect primary data. Relevant secondary data sources that supplemented data for the study included published and unpublished works, cooperative By-laws and internal records of the cooperatives surveyed.

Results and Discussions

The major findings of the study revolve around the following key areas of discussion in the sub-headings.

Basic characteristics of handcraft cooperatives surveyed

The basic characteristics of the cooperatives surveyed are included in table 3. Wamunyu Handicraft Co-operative Society Ltd. was founded in the 1930s but was officially registered in 1965 (Masera D. (2000). It is the oldest in wood carving in Kenya, a skill associated with Kamba tribe and believed to have originated from a wood carver of ceremonial sticks, MutisyaMunge (c1892-c1936) who was a soldier during WW I in the British colonial army near Dar-es-Salaam, Tanzania (see Plate 3 below). He shared his knowledge with his family and some friends among the Akamba tribe who took up commercial carving as a culture and tradition in major towns in Kenya. The Akamba Handicraft Cooperative Society Ltd. in Mombasa City on the other hand was founded in 1963 and later registered the same year.

Table 4: Basic characteristics of handcraft cooperatives surveyed

<table>
<thead>
<tr>
<th>Indicator/Issue Investigated</th>
<th>Wamunyu Handicraft Co-operative Society Ltd</th>
<th>Nairobi Handicraft Industrial Cooperative Society Ltd</th>
<th>Akamba Handicraft and Cooperative Society Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Started</td>
<td>1930s</td>
<td>1970</td>
<td>1963</td>
</tr>
<tr>
<td>Year Registered</td>
<td>1965</td>
<td>1970</td>
<td>1963</td>
</tr>
<tr>
<td>Total Membership</td>
<td>2,008</td>
<td>329</td>
<td>2,800</td>
</tr>
<tr>
<td>Active membership</td>
<td>423 (21%)</td>
<td>150(46%)</td>
<td>1,500 (54%)</td>
</tr>
<tr>
<td>Number of Women</td>
<td>80 (9.5%)</td>
<td>11(3.3%)</td>
<td>100 (6.7%)</td>
</tr>
<tr>
<td>Active Women</td>
<td>76%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Registration Fee</td>
<td>Ksh. 5</td>
<td>Ksh.5</td>
<td>Ksh.300</td>
</tr>
</tbody>
</table>
Some 826 members from the Akamba community also founded the Nairobi Handcraft Industrial Cooperative Society in 1970 and it was registered the same year. The main objective of these cooperatives was to promote the well-being of its members financially through making handicraft products and selling them collectively both locally and internationally. Over time, the Kenyan government and various international donors have financially supported the development of handcraft cooperatives in the country.

Membership requirements and Society composition
The three cooperatives surveyed had a common qualification or entry requirements for membership. Some of the requirements include one being 18 years and above, undergoing a training from skilled carvers for a continuous period of not less than 6 months, skilled in wood carving or other artwork skills, be of good conduct and sound mind, pay a registration fee and purchase minimum share capital besides a capability to pass an interview test. The members work in the cooperative all the weekdays as from 6.30 am to 6.00 pm except on public holidays. Of late, membership has decreased or stagnated due to natural attrition through death, disappearance of superior tree species for carving, inadequate space for expansion in-terms of carving space and display, high market competition and fluctuations in the local tourist numbers due to poor national politics and inter-tribal conflicts, especially those experienced in the 2007 post-election violence. The Society’s management committees competitively do the recruitment of staff.

Organizational structure and decision making process
The decision making process depends on the nature of the decision of the members of the supreme body of the cooperative. They ratify all the decisions. Three forms of meetings; Annual General Meeting-AGM, Special General Meeting-SGM, weekly Management Committee meetings, are organized for easy decision-making process. Management Committees comprise of Seven (7) members i.e. Chairman, Vice Chairman, Secretary, Treasurer, Two (2) Committee Members and the Manager.

To ensure good attendance in meetings, rules and by-laws are in place by the cooperatives. The management committee comes up with policies or issues tabled before members for discussion and approval. The management makes some decisions, which are more of a daily routine. However, major decisions have to be made by the members during the AGM. Other decisions also emanate from outside the Co-operative for instance, change of the Co-operative constitution instated from the Commissioner of Cooperatives office.
Role of the Ministry of Cooperatives and Marketing

As their legal mandate, the Ministry of Cooperative officers provide extension technical advice on cooperative management, governance and leadership skills and marketing skills to the management committee, cooperative education and training to all members, arbitration of disputes and promotion of other co-operative income generating ventures. The Ministry of Cooperatives also offers free periodical/annual financial auditing services and HIV/AIDS sensitizations.

Sources of finance and other support

The study indicated that the cooperatives have diversified sources of incomes which stretch beyond their core business of handcrafts making. Major sources of finance for the cooperatives include commission (15-20%) from products sales; rent from hired premises; registration fee; share capital; sale of seedlings and sale of wood sourced from private woodlots and government forests. Other sources of finances include donations/ grants from politicians/individuals, NGOs and Government agencies; gate entry collections from visitors/tourists; loans from financial institutions; income generating activities like retail shops for drinks; parking charges; selling of portable water during dry season, and micro-financing/ loans to members; fines and other levies, and sell of wood chips/ waste materials.

Major expenses incurred by the cooperatives surveyed include: capital expenditures, staff wages, travel, transportation of materials, postage and communication, power and water bills, commissions payments to artisans, repairs and maintenance, payment of loans borrowed, dividends, donations to members in need during sickness and death, and as part of corporate social responsibility or community development.

Linkages and working partnerships among cooperatives

The cooperatives collaborate with one another through established linkages and working partnerships. Occasionally, they sub-contract one another when some international urgent orders of products are overwhelming. They also assist one another in handling certified goods on behalf of the other cooperatives.

Sourcing of raw materials

Cooperative members can either buy wood raw materials individually by moving from place to place looking for suitable trees or in most instances, the logs were procured by the Society from private woodlots or government forests and then sold to members at a small profit. Where a private supplier is engaged, the Society raises a Local Purchase Order (LPO), indicating the types and amounts of logs required. It is the responsibility of the private supplier to obtain a woodcutting and transport permit. Materials are delivered using a delivery note accompanied by an invoice for payment. Assessment of the wood at the cooperative premises is done based on the type of wood, diameter and length, the buying price is determined.

The cooperative societies also use other materials like hides/skins, beads, scrap metals and plastics, and sisal. These are used in efforts of diversifying the products (apart from wood carvings) being made by respective cooperatives. Some of these other products include drums, bows, arrows and arrow holders, variety of ornamentals, musical instruments, etc.
Product diversity
Products made include human and animal sculptures, birds, decorative accessories, functional carvings (ash trays, wooden baskets, bowls, book holders, etc) and special master carvings. Diversity ranges from utility products like walking sticks, cooking sticks, stools etc to decorations of animals, bangles etc. Currently, utility products are more preferred than those with decorations. Preference is largely gender influenced whereby women prefer beauty-enhancing products like bangles and kitchen related products like bowls and cook sticks. On the other side, men are more interested on the animals and security related products like the shield etc. A few bamboo products were spotted in the showrooms; however most carvers have no exposure to the utilization of bamboo in the handcraft industry. From the observation, bamboo will be a better substitute to wood in the carving of combs, bowls, walking sticks, letter openers, stools, baskets, decorative weapons, etc.

Product making procedures
The product making procedure has eight (8) major stages:

a) Purchase/ sourcing of raw material
b) Determining the product (determined by the market and the skill/ talent)
c) Cutting the logs into manageable sizes
d) Splitting of the material
e) Drying and treatment of the Materials
f) Real carving
g) Finishing e.g. filing, sand-papering, treating, painting and decorating
h) Display in the showroom and packaging for sale

Quality control and packaging
The quality of products are ensured through thorough selection of raw materials, inspection, proper curing and use of artisans with lots of expertise. Packaging is accomplished in special cartons or special wooden crates.

Marketing of Products
Both local and international markets exist. Marketing of the cooperatives products is achieved through advertisement by posters, catalogs, brochures, business cards and telephone. The Akamba Handicraft Co-operative Society Ltd has also ventured into establishment of a website for on-line marketing (see http://www.akambahandicraftcoop.com/). The other Societies are yet to open up active websites in order to go global. Outlets include: the Agricultural Society of Kenya (ASK) and local open trade fairs and regular exhibitions. A product is displayed in the showroom for sale to customers or taken to some of the market outlets mentioned once they are finalized. About 30% of products are exported to Europe, Japan, North America and South Africa. Another 30% is sold through showrooms (see Plate 5 below) directly to customers and the remaining 40% to other curio vendors in major urban centres in Kenya, especially Nairobi. Despite some challenges like market competition and scarce raw materials (wood), the market for handcrafts is huge locally and internationally as indicated by those in the business.
Product price control

In most cases, price is determined by individual members depending on the cost of production, competition and the quality of final product. A good practice was in place at the Mombasa-based Akamba Handicraft Co-operative Society Ltd, which has established very strong Price Control Department, which determines standard prices for all products and services. To avoid the inconveniences caused by the fluctuation in the international money markets, pricing is done in Kenya shillings, though payments may be done in US Dollars or Euros. Changes in prices have been occasioned by competition, change in the species of the raw materials, changing standards of living, and rising cost of raw materials.
Members’ payment procedures
When the product has been sold from the display; a commission of 20% is deducted from the total income and the member is given the remaining amount of money. Members are paid once a week. Depending on the type of clients, payments may be made through cheques, cash and bank transfers. When the client is far away, letters of credit are used. When orders are made, a down payment of 50% of the total order is required as deposit and the balance is paid during the collection of the merchandise.

Gender and youth representation
The by-laws of the three cooperatives surveyed are silent on gender aspects. The current management committees are entirely composed of men (being the majority carvers). The current leaders claimed that women have no interest in running the affairs of the Cooperative Society. However, some women interviewed indicated that they had never been given a chance to be part of management and they do not want to create a problem in fighting for leadership, which traditionally has been reserved for men. There is also a general fear of women taking up leadership responsibilities due to their minority nature. While carving is strictly a man’s vocation, women have a specific role in the production of woodcarvings. After the artisan (Fundi) carves, the piece is sent to women for polishing, painting, varnishing and decorating. Women also specialize in baskets (Kiondo) making which are sold through the cooperatives alongside other carvings. Almost all women who are members are active in the Society activities. Most of women members are those that inherited shares from their deceased husbands or close relatives since Society by-laws provide for inheritance of shares.

Challenges facing handcraft cooperatives
Major and common challenges facing the cooperatives surveyed are:

a) Scarcity of quality raw materials (mainly wood) due to over-exploitation, curving artisans are currently exploring the use of other types of raw materials, planting trees to cater for future needs and working near the source of the raw material

b) Acquisition of raw materials is also constrained by poor condition of roads into private farms and government forests, lack of working capital to purchase enough raw materials for stocking and acquisition of permits by the wood suppliers from Kenya Forest Service

c) Competitive market and lack of expertise in marketing, especially at the national, regional and international levels by using modern technology like internet, facebook, etc

d) Competition from private individuals who sell their finished products directly to customers

e) Competition from other handcraft enterprises doing similar activities, either wood based, stone based or synthetics

f) Attraction, remuneration and retention of management staff with good skills in cooperative management, financing, accounts and marketing

g) Inadequate storage facilities for raw materials (wood, skins, etc) which lead to deterioration from adverse weather conditions
h) Organizational constraints e.g. conflict of duties / responsibilities between offices i.e. cooperative employees and management officials
i) Lack of fulfillment of orders where members take orders from clients and disappear
j) Poor attendance in cooperative meetings if by-laws are weak and not enforced by cooperative management
k) Limitation in skills especially in new designs which negatively impacts on the marketing of products
l) Fluctuations in the number of tourists visiting the country due to the poor political climate in the country
m) Limited government and NGOs financial support and interference to potential donors
n) Environmental constraints e.g. the hot weather disfigures products by cracking them
o) Political interference during elections and on management of cooperatives

Conclusions and Lessons Learned

Wood carving industry has greatly affected positively including the provision of employment opportunities that has improved the standards of living of different people. However, the scarcity of raw materials is becoming an impediment in many Cooperative Societies. Trees have been over-exploited and no replacement has been done. Marketing has also been a challenge due to increased competition especially from individual competitors and intermediaries. Competition from other handcraft enterprises doing similar activities, although remains a big problem in marketing of the products.

The study revealed that for the smooth running of the cooperatives, sound computer, management and administrative skills; expertise in product marketing; familiarization by cooperative members with the cooperative law and respect of by-laws and need for good relations with local and international marketing agents must be cultivated within the members of the cooperative. The study further indicated that in the emerging bamboo industry in South Nyanza, bamboo cooperatives have a high potential to support business undertakings of farmers and small traders and small-scale manufacturers particularly in the procurement of bamboo raw materials and other inputs. The cooperatives also have a high potential in the development of marketing infrastructure for bamboo products, and facilitating access to other productive factors and services on bamboo production-technology adoption, skills training, information sharing on bamboo markets, pricing and financing.

From the above study, several lessons and/or best practices were learned for the newly established four (4) Bamboo Cooperative Societies for smallholder tobacco farmers that are in the process of switching to bamboo farming and production in South Nyanza. These include the following:

   a) The Kenya Government through the Ministry of Cooperatives have a well-developed policy and extension services that will foster the creation and growth of bamboo cooperatives as the best vehicle for promoting self-reliance and harnessing the project beneficiaries' power for attaining economic development in the tobacco growing region.

   b) The main objective of the new cooperatives should be the promotion of the wellbeing of its members financially through harvesting bamboo poles and making bamboo products and selling them collectively both locally and internationally.
c) Over time, the Kenyan government and various international donors will financially start supporting further development of the bamboo cooperatives initiated.

d) The bamboo cooperative must set clear qualifications for one to be a member in terms of age, required skills, personal conduct, admission procedures, business background, etc.

e) Recruitment of staff should be through an open competitive system by the Societies’ management Committees in order to attract the right human resources with good computer, management and administrative skills; and expertise in product marketing.

f) Clear organizational structures and specific responsibilities and functional decision making systems must be in place.

g) For sustainability purposes, the cooperatives must in future diversify the sources of incomes which should stretch beyond their core business of bamboo production and marketing.

h) The cooperatives must collaborate with one another through established linkages and working partnerships.

i) All bamboo culms in individual farms should collectively be sold through the cooperative to avoid exploitation by private businesses and market brokers.

j) The cooperatives must develop systems of accountability and systems of governance.

k) The products made in terms of type/diversity, quality, quantity and design should be dictated by the existing market conditions.

l) Bamboo can be a better substitute to wood in the carving of several handcrafts due to the scarcity of wood in the country.

m) Due to the existing scarcity of wood for curving, bamboo has a big potential as one of the most sustainable alternative because of its high rate of regeneration.

n) Carving of handcrafts is a profession acquired through talent, inheritance or long-term training of 6-12 months or more for some individuals.

o) Quality of products must be high due to the high competition in the market from various sectors.

p) Marketing of bamboo products locally and internationally should be intensive by using all forms of media and Trade Fairs by embracing modern technology like mobile telecommunications and internet.

q) Each cooperative must establish a Price Control Department/sub-committee, which determine standard prices for all raw and processed bamboo poles, products and services.

r) Members’ payment procedures, policies and regulations must be established to ensure timely payments of dues on a regular (1-2 weeks) basis.

s) The by-laws of the cooperatives should ensure gender equity and equal representation in all aspects and operations of the societies.

t) For the smooth running of the cooperatives, there is need for adequate familiarization by cooperative members with the cooperative law and respect of by-laws and need for good relations with local and international marketing agents.

u) Management must watch out on political interference in cooperative affairs and put mitigation measures in place through strong by-laws.
To acquire good skills in bamboo handcrafts making/curving, one needs a professional training of not less than six (6) months unlike trainings on bamboo furniture, seedlings propagation, use of bamboo in housing construction and in toothpicks making which require about two (2) weeks.

Marketing of bamboo products will largely depend on their quality and prices.

High quality handcraft businesses will be the leading market value chain for the sustainability of the newly formed cooperatives.

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