

21 Toehold in India: Women Artisans Exporting Leather Sandals

Madhura Chatrapathy

Background

A significant portion of export earnings in India – estimated at US\$2.9 billion in 2004–2005 – comes from products such as curios, fashion accessories, household goods and leather footwear that are handcrafted by artisans in the informal economy. Traditionally, the production of any handcrafted product involves a whole family, with women and men performing different operations in the production process and with men managing markets and finance. Generally, traders control the producers, who fall into debt traps by borrowing from them and are then compelled to produce for a particular trader who has lent them money and accept the minimum price that person offers. The vicious cycle of a trader-dependent market situation is perpetuated and the producer families get caught in a downward spiral.

A number of initiatives have aimed at assisting producer families to gain more independence and develop community-based businesses serving export markets. However, as the role of women in the production process – despite being very significant – is often overlooked, these have tended to be gender blind, with skill-upgrading and other interventions aimed at men.

Ideally, interventions are needed that:

1. Increase competitiveness in export markets;
2. Enable producer families to take control of their own enterprise activities; and
3. Promote gender equality in access to resources/services, in decision-making and in distribution and control of income.

This case study looks at an initiative of the Asian Centre for Entrepreneurial Initiatives (ASCENT) in India that has successfully supported hundreds of artisan families producing traditional *kolhapuri* leather sandals to form their own collaborative organisation supplying domestic and export markets. The women in these families are the main stakeholders, while men also have access to benefits such as training. Whereas many other interventions implemented by NGOs and international agencies have been successful in linking

women micro-entrepreneurs with global markets, they have tended to see women as the producers, with the NGO acting as the exporter and catering largely to fair trade markets. In contrast, the ASCENT initiative provides an example of a successful group enterprise model in which women own and manage an export venture that has been co-created with men as co-entrepreneurs.

ASCENT and Toehold Artisans Collaborative⁵⁰

History and purpose

ASCENT is a social enterprise located in Bangalore that is committed to fostering wealth creation and an entrepreneurial culture in the society. It seeks to instil a spirit of enterprise, self-reliance and self-help in individuals and organisations; to foster a sense of self-worth in people, particularly women; and to enhance the quality and effectiveness of entrepreneurial ventures. ASCENT has implemented a number of projects and programmes in the area of exports and group enterprise, including export-led poverty reduction and export of organic foods from farmers' groups. In all of these, it believes that the entrepreneur, the enterprise and the environment in which they exist need to be addressed together and not in isolation.

In 1998, ASCENT proposed 'Project EnterPrice' – a process of transforming a large group of traditional *kolhapuri* artisans into entrepreneurs. The emphasis was on economic empowerment, with a focus on the artisan family and especially on women. *Kolhapuri* footwear is handcrafted from natural leather that is eco-friendly, being locally bag tanned using vegetable dyes. Athani and Nippani in Northwest Karnataka are the heartland of *kolhapuri* sandals and home to over 400 families or artisans with a rich legacy of this traditional skill. Footwear craft is their only livelihood.

Traditionally, the sandals would be bought from artisans by local traders and then distributed across the country. Up to the mid-1980s, dealers also undertook some exports of the sandals. However, market competition led to *kolhapuris* being marked down in price, in turn leading to lower prices to artisans. Most artisans were then forced to look for lower priced leather, which made for poor quality and even lower prices. The vicious cycle led to increasing poverty among the artisans, with many families having to give up the craft and find alternative employment. Consequently, craftsmanship suffered, with degradation of skills over time. Exports also underwent a severe setback when some shipments were found to be inferior in quality and standardisation, with the result that *kolhapuris* became informally blacklisted by buyers abroad. This in turn squeezed the demand further.

While some skill training and technology up-gradation was made avail-

able to artisans through various government programmes, these were generally inadequate to deal with the problems. In addition, even though women played an important part in the production process – fashioning the intricate uppers while men crafted the hardy soles – their role was largely ignored and the limited amount of assistance available was targeted only at men.

This was the situation that ASCENT's Project EnterPrice sought to address. The overall objective was to ensure that artisans got the right price for their handcrafted footwear and in the process were transformed, particularly the women, into entrepreneurs. The core focus was economic development through distance marketing, including exports, and the core principle was 'build, operate and transfer'. Careful attention was given to the balance between business and social objectives and needs using an equality, equity and inclusive approach.

The outcome of this project – which was implemented between January 1999 and December 2002 with funds from the National Leather Development Programme (NLDP) and United Nations Development Programme (UNDP), technology support from the Central Leather Research Institute, and infrastructure by the Government of Karnataka – was the formation of the Toehold Artisans Collaborative (TAC) in 2002 with its own brand, 'Toehold'. Two hundred women organised into 11 self-help groups form the basis of TAC. Some men have also joined the movement and set up their own self-help groups. A common facility centre provides for selective mechanisation and technical support, and a raw material bank provides access to quality raw materials. TAC was registered as a trust, but it is being converted to a Section 25 company to take care of all business operations, including collective marketing of the produce and development of the artisans as a leather cluster around Athani. While women own the business entity, men participate in all business operations along with them. Women and men receive joint training in design development, entrepreneurial skills and leadership. The project has also facilitated the artisans' direct exposure to international markets through trade fairs and other methods.

Progress

TAC's achievements

TAC is now a prominent player in the international market for ethnic footwear, supplying international clientele in Australia, Italy and Japan. A chief reason for this has been its insightful marketing strategy deriving 'high margins from small volumes', rather than 'small margins from high volumes'. It has delivered commendable business performance, with revenues almost quadrupling between 2001 and 2003. In 2006, export sales exceeded

US\$100,000 and TAC received the Excellence in Export Award (2006) instituted by the Federation of Karnataka Chamber of Commerce and Industry. TAC footwear products have maintained a consistently high level of product quality and have reached designers and designer boutiques, as well as leading retail chains. To the amazement of buyers and critics alike, 200 decentralised home-based production units are able to meet both quantity and quality with minimal or no variations. Rejection rates are less than 2 per cent.

An advance queuing, business-to-business, web-driven model supported by the participation of the artisans has been established, and attendance at international trade fairs has taken *kolhapuri* footwear from obscurity to international fashion markets. The showcasing of over 450 designs through its web catalogue provides testimony to the design and quality capabilities of the artisans and builds confidence among visitors to the site. In addition, IT-enabling among low and zero-literacy women has exploded the myth that 'technology equals men'. The web catalogue is acknowledged as a model for digital bridging and in 2005 <http://www.toeholdindia.com> won the National Manthan Award for e-content in the business category.

Impact on artisans

Before 1999 the artisans could earn a net income of about Rs12–15 per pair of sandals. Today, this has gone up to about Rs40–50 per pair,⁵¹ depending on the design and material. Earlier, they were making a maximum of three pairs a day. Today, they make about six pairs per day and they are occupied about 200 days a year, as opposed to 150 days before TAC was formed. In terms of wages alone, they thus earn on average Rs54,000 per year, as opposed to Rs6,000 before. Apart from this, they also receive a dividend at the end of the year. Forty per cent of the profits go to individual artisan families in proportion to how much they have supplied; 20 per cent goes to the self-help groups; and 40 per cent is retained by TAC for business development. This increased income is used to keep children in school or even send them to a better school. While previously girls were dropping out from the 7th or 8th standard, many more are now going on to higher standards and have ambitions for professional careers such as flight attendants. More than 80 per cent of artisan families now have gas connection and improved stoves, and telephone connectivity. Many have also been able to pay off long-standing debts to local traders and free themselves from 'bonded labour'.

In addition to these economic benefits, there have also been many non-economic benefits. The development of an entrepreneurial spirit within the groups has yielded a greater sense of self-worth among the artisans. They seem less fearful of authority and more courageous in taking control of their

own destinies. For example, having saved money through their own savings and credit groups, the women have gained the confidence to approach banks to negotiate loans. The spirit of entrepreneurship has also fostered innovation among the artisans, who feel free to express their creativity in coming up with new and radical sandal designs. Direct exposure to export markets has increased their understanding of international customers and what is required in terms of quality, delivery commitments and design.

Lessons learned and future directions

Lessons learned

One of the determinants of TAC's success is its carefully targeted marketing approach. As noted above, the philosophy has been to derive 'high margins from small volumes'. It positions itself in the international market for authentic, limited edition designer footwear with the added value of being handcrafted, high quality and eco-friendly. In doing so, TAC has rejected the 'sympathy' or ethnic market and has entered a very highly competitive and discerning high-end international market that is design and quality sensitive. Commitment and contractual behaviour have brought special credit to the group.

Another determinant of success is the intense market exposure of the producers – both women and men. Artisan couples have participated in international shoe fairs at the national level in New Delhi and internationally in Dusseldorf and Shanghai. This, combined with the women's natural flair for design and increased opportunities to hone their skills, has led to international designers coming to their doorstep to work with them and offer co-branding.

Gender equality and women's ability to own and manage their own business enterprise has been promoted by ensuring opportunities for women in exposure and training in all aspects of the export business, including the use of ICT. This is needed to ensure that women (and men) artisans are conversant with the entire production and marketing chain and not just the production side. Similar initiatives elsewhere in India, while achieving outstanding export performance and noteworthy improvements in design and quality, have not brought about significant changes in gender relations as the projects have remained focused on men. The export benefits have accrued to the exporting company owned by the Government, while the artisans have remained a supply source and glorified wage earners. The main differences between the ASCENT model and the conventional approach to linking microentrepreneurs/artisans with global markets are outlined in Table 21.1.

Table 21.1 Conventional approach to export promotion versus ASCENT approach

Conventional approach	ASCENT approach
Product-focused	People-centred
Only craft/trade focus	Enterprise focus
Technical skill inputs	Technical and business skill inputs
Experts working the markets	Artisans and professionals working markets together
Limited/no market exposure	Intense market exposure
Skill training for individual male artisans	Skill training through groups of women
Men exclusive training activities	Women exclusive group, men inclusive training activities
No financial support, market and bank borrowing, resulting in defaults and bonding to traders, further lowering of self-esteem and confidence	Self-help group for savings and credit, freedom from borrowing and bonded work, better self-esteem and confidence
Welfare approach	Empowerment approach
Decision by external support system	Decision by artisans through participatory process
Absence of leadership	Growing leadership
Male domination issue not addressed	Women taking charge of institution-building process in equal partnership with men
Mass market, high volume, with low margins resulting in non-viable enterprise	Class marketing, low volume with high margins, resulting in more viable enterprise
Generic brand – identified as tough-wearing rough footwear	New own-brand image, design and comfort combined with tough wearing
Income generally from wages, occasionally from actual profits	Income from profits shared between artisans and Collaborative, in addition to factoring labour costs to artisan's credit
Artisans not much known to outside world	Artisans better known and drawing media attention

Specific measures are needed to ensure that the quality and delivery demanded in export markets are maintained and the brand name is protected. In the case of Toehold this was achieved in two ways:

1. Increasing the artisans' understanding of the need for quality control and timeliness of delivery through intense exposure to international buyers;

2. Training a woman from each self-help group, who acts as a quality monitor.

This unique model of enterprise, owned and run by the artisans through women's self-help groups, has taken the humble *kolhapuri* to 'couture' status in the trendiest mainstream international fashion markets. This can act as a learning model for similar efforts in other sectors/products.

Future directions

Plans for the future of Toehold are to:

- Enter the domestic market, especially high value segments. One of the challenges of domestic retail is that the business is on the basis of consignment sales. Normally, this means that payment is made when the goods are sold, with unsold goods being returned. This has major implications, such as having to accept back shop-soiled goods that have no value. Small artisans cannot afford this. To overcome these constraints, there is a proposal to set up Toehold's own retail outlets. This will require a large amount of capital and will be a major challenge.
- Enlarge the producer base and institutionalise people's organisations. As the market expands, more producers will be required to increase capacity.
- Expand the product range. This is a long-term plan and the details are being worked out with fashion designers and marketing experts.
- Build the Toehold brand through a variety of image-building initiatives, in addition to existing activities such as road shows and participation in trade fairs.
- Establish a skill development centre to improve processes and skills and build human capital.
- Target niche markets as an ongoing effort.
- Build the capacity of the next generation,⁵² in both the craft and the business side, and strengthen the role of artisan women as business leaders.

