

**Integration of thread and trees  
makes a strong women's enterprise:  
towards solidarity economy development**

**by**

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## Contents

<b>Panmai as a social enterprise</b>	<b>3</b>
<b>Look back and look ahead</b>	<b>7</b>
<b>Conclusion</b>	<b>10</b>

**Integration of thread and trees  
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Panmai group was initially established in 1991<sup>2</sup> by women weavers in Roi-Ed province located in the northeast of Thailand. Panmai means various kinds of plants; the group name is “Panmai” because its members are weavers who produce traditional hand woven silk and cotton with natural dyes. They dye their products with raw materials from various kinds of plants and trees.

Northeastern people are farmers who grow rice with no irrigation system. Their farming relies on natural rain. Unfortunately, their lands are not fertile, are prone to drought, and their production yields are quite low. Income that they earn is not adequate for household expenses. Men need to migrate to big cities such as Bangkok to look for temporary or permanent jobs as taxi drivers and construction workers. Women, older persons and children are left at home waiting for income from their husbands or sons. But these women have weaving and sericulture skills passed along from their ancestors.

In 1985, the Appropriate Technology Association (ATA), an NGO promoting participatory technology development, came to support those who were then developing hand woven products with natural dyes. Their products are made from silk and hand spun cotton thread woven with hand loom. They use many kinds of plants and trees in the surrounding area as dye sources. After a few years of experimenting on which parts of trees, bark, wood, leaves or fruits could give beautiful and fast dyed color, these weavers could produce quality products with new design and were able to market in the city. They are quite proud of their handicraft products produced from chemical -free materials and with artisanal skill.

They started to market their products in late 1989 and found two main issues: firstly, they could not control the price of the products because the

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<sup>2</sup> Panmai leaflet, 2005

middleman was the one who controlled the price. This made returns from their products unable to compensate for their hard work. Second was the question of “sustainability” for the future. After a year of discussion, these women formed a social enterprise group called “ Panmai”.

### **Panmai as a social enterprise**

Panmai is a community based enterprise consisting of 272 women weavers from eight communities around Kaset waisai, Suwannaphumi and Pratumrat District in Roi –Ed province<sup>3</sup>. Panmai is an informal group, not registered with the government agency but its practices are like those of a cooperative. Each member needs to be a share holder. One share costs 100 baht. Each member cannot hold more than 10 shares and she can have only one vote. Panmai acts as a marketing unit for its members. Panmai will place orders to members and sell through various kinds of channels: retail sale at its showroom and exhibitions, whole sale through other social enterprises, and consignment through handicraft shops that they can trust. With support from academe and ATA, Panmai leaders received several training to manage their business such as quality control, design, bookkeeping, accounting, pricing and marketing.

From 1991 to the present, Panmai has been operating its business continuously for more than 20 years. Its business outputs are not always good every year but its members learn lessons and try to improve despite constraints. Some years, Panmai had lots of inventories and some years it had good returns. Fortunately, Panmai’s leaders and members could develop their management practices linking women with an agricultural background to a modern marketing system. With trial and error in business management, Panmai members established a management system that helps in maintaining and strengthening their cohesion as social enterprise group. Keys and rules for a successful management system are as follows:

#### **1. Participatory management**

Panmai set up participation as key strategy to manage its business. In each small group, members elect their group committees. The executive board members are nominated from different zones and different small groups so that members can easily raise their opinions through their representatives. The executive committees are in charge for three- year term. Panmai hired three

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<sup>3</sup> Interview Mali Kongsudee, July 2013

staff members to take care of its business in Kaset Wisai and Bangkok. Staff and the committees meet every three months to develop, monitor and assess the organization's implementation of its plans. Every year, these staff produces profit and loss statement and balance sheet. The committees develop annual plans, propose dividend fund, and share their proposal with members at the annual meeting. Members follow up Panmai business through the annual meeting and from their leaders who work as committee members.

Every year, Panmai determines orders and shares among members. Orders are placed according to different types of weaving skill in order to generate engagement of all members. Pricing is reviewed periodically in the context of the economic situation and cost of raw materials. Weavers and leaders together collect data of all costs of a piece of product such as cost of materials, labour cost and fixed cost. Pricing is set after considering these data and market price. Through this process, Panmai performance can provide members' benefits. It is said among leaders, staff and members of Panmai that the principal goal of its business need not be to gain lots of profit, but to maintain its business. Panmai can survive and go on if members are employed and are fairly paid.

## **2. Quality control and guaranteed natural products**

The leaders of the group committee divide their roles as production committee and marketing committee. If members cannot produce sufficient raw materials, these leaders together with Panmai staff will look for raw materials, such as silk, cotton and hemp, lac dye and yellow wood to serve members' needs and to obtain good quality and chemical-free raw materials. If members need any help regarding the production process, the committee members provide consultancy and training for them. Before all the products are sent to market at the Panmai showroom, marketing committees check product quality and grading. They believe that business opportunity of Panmai should come from quality of natural products, so all members should take responsibility to produce such products.

## **3. Members' commitment**

To produce traditional hand woven and naturally dyed products, weavers need skill and patience. It takes time to prepare silk thread and to do the dyeing process. In order to prepare silk thread for weaving, weavers need to collect plants or tree branches, burn these to get ash, and make alkaline water for degumming silk thread from that ash. After degumming, they have to check whether the thread is clean or not. If not, they need to pull out the dirt. Twisting is the last step-- weavers need to twist the silk yarn to make it strong enough for weaving.

The dyeing process also needs time. Weavers have to collect leaves or bark of the trees, dry them in the sun and soak them for at least one night to allow the color to come out. Then the dyeing and mordant process is done to fix the color. All these steps need time and are labor- intensive. For some colors such as black which need to be ebony dyed, dyers need to put silk yarn into a dye pot and dry it in the sun again and again, from morning till evening. Sometimes, many days are spent to get the desired black color. If the weavers use chemical dyeing or factory yarn, they can finish the process in a short time. Without any doubt, to complete a piece of traditional hand woven with naturally dyed product, Panmai members need to work with their heart, commitment and patience. If they cheat by using factory silk yarn or chemical dyestuff, consumers will stop supporting their products.

Grading system is also developed to help them develop their skills. If they produce high grade quality they will earn more than if just produce average products.

Last issue involving commitment refers to the rule that Panmai members cannot sell their products individually to consumers. They need to sell through the Panmai system and Panmai markets their products at guaranteed prices. Normally, middlemen will try to buy only quality products and leave behind poor quality products with Panmai. This rule helps low- skilled weavers to have opportunity to practice and help Panmai to have both high and low quality products for the market. Low skilled weavers then gradually develop their skill. However, to practice this rule, it needs Panmai members' commitment.

#### **4. Collective bargaining and Fair Trade Approach**

More than 25 percent of Panmai products are exported to other social enterprises or fair trade organizations in Europe and Japan. Some 50 percent of the products are sold to other social enterprises within the country<sup>4</sup>. Bargaining on price is made collectively at group level and backed up with data from members. Economic situation, price of raw materials, and other related issues are considered. Members cannot bargain individually with consumers. Even though Panmai does not have a certification from Fair Trade Organizations, it practices Fair Trade principles.

## **5. Sharing benefits fairly**

Panmai has developed a system of sharing benefits fairly at all levels. Once Panmai purchases members' products, 8 percent of the purchasing price will be returned as group management cost<sup>5</sup>. To this amount of money is added another 2 percent from individual sale amount. The group will keep this 10 percent from members and Panmai as group fund. This fund will be divided for three purposes: firstly, transportation expense, stationery cost, and other costs related to group management activities; secondly, sharing among the group committee for their hard work in product development, quality control and working with Panmai. The third part will be kept in the group for other purposes such as donating to a social activity in the community.

The Panmai board members receive honoraria for meetings and accident insurance fee from the Panmai Group. If any of the members have new designs for products which can lead to good sale for Panmai Group, this member will get special pay for her design. If Panmai staff can run a good business, they will be considered for bonuses and salary increases. The system of sharing benefits at all levels keeps Panmai business going until today.

## **6. Transparency and accountability**

To maintain its transparency and accountability, every year Panmai staff prepare a financial statement and send this to external auditor. The audited financial statement is shared among board members and at the annual meeting.

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<sup>4</sup> Sale report of Panmai Group, 2010

<sup>5</sup> Interview Mali Kongsudee, July 2013

## **7. Communication with consumers**

Generally, Panmai group would like to sell their products with stories in order to communicate and educate consumers about various issues such as the value of social enterprise, environmental friendly products, sustainability development and women' empowerment . Through these products, awareness of consumers is raised. Therefore, a product of Panmai is not only a handicraft product but also a product that raises awareness on social, environmental, women and development issues.

## **8. Networking with other informal workers**

Panmai group does not stand alone. Linkage between Panmai members and the other informal workers in Thai society is important. Panmai group applied to be members of Homenet Thailand 10 years ago to share their experience with others and scale up the issues of informal workers at policy level. Panmai together with other Homenet members advocate for social protection such as expansion of social security scheme to cover informal workers.

### **Look back and look ahead**

With more than 20 years of experiences, Panmai Group faced a lot of successes and failures. Learning to overcome constraints and expand success has been drawn from its practices through observation, discussion, interview and survey. Today, the group can claim their success in the following aspects:

#### **1. Creating jobs and income security from traditional cloth**

Panmai members can raise their income regularly from weaving activity. Normally, in a cycle of one year, they work on rice farming for six months and the other six months; they spend their time in weaving activities. In 2012, on average<sup>6</sup>, each member earns 20,000 THB<sup>7</sup> while average income per capita of

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<sup>6</sup> Interview Mali Kongsudee, July 2013

<sup>7</sup> 30 THB = 1 USD



the northeast people surveyed by the National Statistic Office (NSO)<sup>8</sup> in 2510 is about 50,000 THB. Normally, the northeastern households grow rice for home consumption, and sell what is left over. Main income comes from men who migrate to work in big city. Earning from weaving at home makes women proud and they enjoy having this income because they can help the family economy. They spend this money to send their children to school, invest in farming inputs, or for home consumption.

In addition, Panmai members need to buy raw materials such as silk yarn and hand spun cotton from other women producers who are small farmers in the surrounding area. These women also earn extra income from these materials. Economic situation of Panmai members improve while other women in the value chain in the surrounding areas are empowered through weaving activities.

## **2. Raising the capacity and changing the status of women.**

Panmai members are initially women weavers who maintain their stereotypical reproductive roles such as cooking, washing and taking care of their children. Some of them have no opportunity to go out to the big city. Using their knowledge to create economically gainful work helps them develop their self confidence. They have the opportunity to receive training, go out of their village, and communicate with consumers. They are gradually changing their mind set and practice. They can exchange ideas with others, express their opinions in public, and come out from silent society. Women weavers say they get trust and acceptance from their family members who listen to their opinions, and they have more voice.

In some families, when women are busy with their orders, men come to help in household work or work related to weaving which in the past men would never do. At the community level, women weavers have the opportunity to increase their involvement. In some villages, women donate their group money for public works and in other villages; women play their role in community activities. One head man of a village said “If a community activity has no women to take part, it’s hard to get success.”

Furthermore, some Panmai leaders can develop their status at decision making level when they are elected as community committees. It can be said

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<sup>8</sup> [www.nso.go.th](http://www.nso.go.th)

that women can raise their capacity and change their status through joining Panmai Group.

### **3. Raising environmental awareness**

Consumers have learned to support environmental conservation while deciding to purchase products from Panmai Group. These products are different from factory products; they have earth tone color and simple design. It means most of the consumers purchasing Panmai products show that they would like to support environment - friendly products.

For producers, there is a question whether Panmai members destroy the community forest or preserve trees and the environment. In the beginning, weavers cut tree branches or get tree roots to get quality dye materials. Later on, after a series of discussions and monitoring, Panmai members learned how to use parts of trees and preserve trees for future use and growing new trees. They experiment to get color from leaves and barks or parts of branches in a manner which does not destroy trees. At present, trees are more valuable for them<sup>9</sup>. They know that trees give them food for growing, herb for health, wood for house, an umbrella to protect them from sunlight, clean air and more importantly can give them color to dye silk and cotton yarn. They pay more attention to taking care of trees. In the past, they get allergies from chemical dyeing. Nowadays, dyeing process does not harm their health.

### **4. Developing relations with governmental agencies**

Pammai members are located in remote areas. In the past they hardly get access to government support or they have bad experience with government agencies. After forming a strong organization, they go out and display their products through several exhibitions; their story is published in many women's magazines. The government agencies came to them and provided support in marketing. Government agencies provide marketing space to Panmai group when they organize an OTOP (One Tambon One Product) sale. Relations between women members and governmental authorities are increasingly being improved. Panmai Group members have learned to work with local authorities and expand their relations to cover other aspects which help them have more access to government resources and support.

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<sup>9</sup> Panmai Group from <http://www.ganesh.co.uk/profiles/Panmai.php>

Panmai Group still needs to move forward. Without any formal registration, Panmai still faces some issues, for instance:

### **1. Property issue**

After 20 years of operation, Panmai leaders have planned to buy land for building their own office. They need a juridical personality to hold the property. In fact, they plan to register as a cooperative but bureaucratic system in the governmental agency in charge of cooperatives makes them hesitant to register.

### **2. Product development and product design**

To maintain marketing volume, the Panmai Group needs to develop various types of finished products which are beautiful and can be utilized by consumers.

### **3. Need for generational continuity**

Even though Panmai members have worked for many years with tangible results and impact, young generation still do not want to be trained in weaving and natural dyeing techniques. They prefer to find work in big city than work in rural area. The group needs to work hard to pass their history and knowledge to a new generation of weavers.

## **Conclusion**

The experience from Panmai Group shows that to establish a social solidarity economy takes time and needs a holistic approach. Creating employment for the working poor is one aspect, at the same time social and environmental development towards sustainability should be integrated. Panmai members show that commitment, trust and participation in production, management and marketing system are really important. They share benefits to actors at all levels. They believe that "If members can survive, their organization can also survive." Collective work can develop economic, capacity and raise the status of rural women.

Working towards solidarity economy can give positive impact which goes directly to women weavers, their families and community. On the other hand, linkage between producers and consumers and between the working poor and governmental authorities can also be created to foster respect for human dignity. We need to help each other to promote as many social solidarity enterprises in our globe. Social solidarity economy will reduce the social gap and create understanding, mutual help, sharing and collective bargaining between consumers and producers.

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