



8-1991

## **An economic analysis of craft cooperatives in Appalachia**

Cynthia Andre Evans

Follow this and additional works at: [https://trace.tennessee.edu/utk\\_gradthes](https://trace.tennessee.edu/utk_gradthes)

---

### **Recommended Citation**

Evans, Cynthia Andre, "An economic analysis of craft cooperatives in Appalachia. " Master's Thesis, University of Tennessee, 1991.  
[https://trace.tennessee.edu/utk\\_gradthes/7074](https://trace.tennessee.edu/utk_gradthes/7074)

This Thesis is brought to you for free and open access by the Graduate School at TRACE: Tennessee Research and Creative Exchange. It has been accepted for inclusion in Masters Theses by an authorized administrator of TRACE: Tennessee Research and Creative Exchange. For more information, please contact [trace@utk.edu](mailto:trace@utk.edu).

To the Graduate Council:

I am submitting herewith a thesis written by Cynthia Andre Evans entitled "An economic analysis of craft cooperatives in Appalachia." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Economics.

Charles L. Cleland, Major Professor

We have read this thesis and recommend its acceptance:

Accepted for the Council:

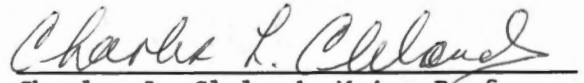
Carolyn R. Hodges

Vice Provost and Dean of the Graduate School



(Original signatures are on file with official student records.)

To the Graduate Council:


I am submitting herewith a thesis written by Cynthia A. Evans entitled "An Economic Analysis of Craft Cooperatives in Appalachia". I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree Master of Science, with a major in Agricultural Economics.

  
Charles L. Cleland, Major Professor

We have read this thesis  
and recommend its acceptance:

Accepted for the Council:

  
Associate Vice Chancellor  
and Dean of the Graduate School

**AN ECONOMIC ANALYSIS OF CRAFT COOPERATIVES  
IN APPALACHIA**

**A Thesis  
Presented for the  
Master of Science  
Degree  
The University of Tennessee, Knoxville**

**Cynthia Andre Evans  
August 1991**

AG-VET-MED.

THESIS  
91  
.E855

## TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION . . . . .	1
Historical Background of the Appalachian Craft Industry . . . . .	3
Problem Statement . . . . .	8
Objectives . . . . .	9
Literature Review . . . . .	9
Data and Procedure . . . . .	14
II. CHARACTERISTICS OF APPALACHIAN CRAFT PRODUCERS	16
Race . . . . .	17
Marital Status and Household Size . . . . .	19
Age and Sex . . . . .	19
Education . . . . .	22
Craft Education . . . . .	25
Craft Marketing . . . . .	25
Attitudes Towards Cooperatives . . . . .	27
Craft Fairs . . . . .	30
Production . . . . .	30
Craft Finance . . . . .	39
Total Craft Sales and Income . . . . .	43
III. CHARACTERISTICS OF APPALACHIAN CRAFT COOPERATIVES	49
Introduction . . . . .	49
The Selection Process . . . . .	51
Cooperative Characteristics . . . . .	52
Marketing . . . . .	55
Member Services . . . . .	59
Finances . . . . .	60
IV. SUMMARY, CONCLUSIONS AND IMPLICATIONS	62
Summary . . . . .	62
Conclusions and Implications . . . . .	64
Need for Further Study . . . . .	65
LIST OF REFERENCES . . . . .	67
APPENDIXES . . . . .	73
APPENDIX I. TABLES . . . . .	74
APPENDIX II. APPALACHIA . . . . .	79

CHAPTER	PAGE
APPENDIX III. INTERVIEW SCHEDULE FOR COOPERATIVE MANAGERS . . . . .	81
APPENDIX IV. QUESTIONNAIRE FOR CRAFT PRODUCERS . . . . .	87
VITA . . . . .	93

LIST OF TABLES

TABLE	PAGE
1. Federal Agencies And Area of Activity With Handicraft Programs . . . . .	6
2. Racial Composition of Appalachian Craftspeople . .	18
3. Racial Composition of the Appalachian Region, 1980 . . . . .	18
4. Marital Status of Craftspeople . . . . .	20
5. Household size of Craftspeople . . . . .	20
6. Age of Appalachian Craftspeople . . . . .	21
7. Sex of Appalachian Craftspeople . . . . .	23
8. Educational Levels of Appalachian Craftspeople . .	23
9. Dropout Data by Appalachian Region . . . . .	24
10. How Craftspeople Learned Their Craft . . . . .	26
11. How Craftspeople Advertised Their Products . . . .	28
12. Craft Production by Sex . . . . .	32
13. Description of Crafts . . . . .	33
14. Hours Per Month of Craft Production by Craft . . .	35
15. Where Craftspeople Purchase Production Inputs . .	37
16. Number of Assistants of Craft Producers . . . . .	37
17. Number of Full Time Assistants of Craft Producers . . . . .	38
18. Methods of Payment of Assistants by Craft Producers . . . . .	38
19. Where Craftspeople Sold Their Products . . . . .	41
20. Sources of Finance for Craftspeople . . . . .	42
21. Pricing Methods of Craftspeople . . . . .	44



TABLE	PAGE
22. Total Craft Sales by Level of Household Income for Independent Craft Producers with One and Two Income Contributors . . . . .	46
23. Total Craft Sales by Level of Household Income for Cooperative Craft Producers with One and Two Income Contributors . . . . .	47
24. Types of Crafts Marketed by Appalachian Craft Cooperatives . . . . .	67
25. Services Offered by Cooperatives . . . . .	70
26. Income and Expenditures of Craft Cooperatives in 1986 . . . . .	71
27. Funding Sources of Appalachian Craft Cooperatives . .	72

## CHAPTER I

### INTRODUCTION

The handicraft industry in the United States has been enjoying a resurgence of popularity as evidenced by the existence of the magazines Americana, Country Journal, Country Living, Colonial Home and many others that evoke another time in history and a style that requires an extensive use of craftwork to achieve the look. Within these magazines are advertisements for reproductions of furniture and houseware that can be purchased to give the house the "antiqued" quality. Craft fairs and festivals are being promoted by the tourist boards in almost every state and some have become huge tourist attractions as well as apparent money makers for the craftspeople involved. These fairs provide another outlet for quality traditional crafts that people are interested in buying and they are also indicative of the growth of interest in working with one's hands and creating beautiful as well as useful items.

Not much is known of the handicraft industry in the United States as it has not been studied as rigorously as have other industries. It was estimated by Ely, based on a survey in his 1978 publication, "The Cooperative Approach to Crafts", that as many as 83 million people engaged in some craft production in the U.S., although a part of this is therapeutic and for purposes of self-fulfillment. Perhaps 250,000 to 350,000 people work in craft production for income. From these estimates it is easy to see that the craft industry is not large but it is one that is having a

substantial impact on the aesthetic lives of people in the United States today.

Appalachia is a region that has been defined by politics, at least in relation to its boundaries, as defined by the Appalachian Regional Commission (ARC) and the federal government that created the commission (5). It is a region that has been characterized as "backward" but that backwardness, or rather isolation of the area because of the rugged physical terrain, kept alive many of the arts that had died out in other less isolated areas of the country (22, 33, 61). The economy of the region was built on the abundant natural resources of the area. Unfortunately, during its boom coal and timber days most of the money was taken out of Appalachia and invested in other places instead of being reinvested in other economic enterprises in the region. As a result there would be "depressions" in Appalachia when other parts of the country were going through recessions. Despite the millions of dollars of development money from federal, state and private sources, some of the nation's poorest counties, highest unemployment, and highest percentage of people with less than a high school education have always been in Appalachia (5, 20).

Part of the private and federal aid that has historically come into Appalachia has been concerned with small business enterprises and also in the area of the production and marketing of crafts (2, 31, 59, 60). Volunteers in Service to America (VISTA), a federal agency that was created to be a "Peace Corps" within the United States, sent many volunteers in to the Appalachian region during

the 60's and early 70's. These volunteers, as part of their community development projects, helped to set up many craft cooperatives in the area. They were helped by ARC, The Commission on Religion in Appalachia (CORA) and The Office of Economic Opportunity (OEO). The craft cooperatives and cottage industries that they helped to start were part of the third crafts revival that had come to the United States (15, 23,45, 59, 60).

#### Historical Background of the Appalachian Craft Industry

During the late 1800's the Arts and Crafts Movement came to the United States. It was a movement that started in Britain, a revolt, in fact, against the industrial revolution. The movement was not just a desire for men to be creative but it had its own economic and social goals. John Ruskin, one of the founders of the movement, stated;

It is not that men are ill fed but that they have no pleasure in the work by which they make their bread, and therefore, look to wealth as the means of pleasure. It is not that men are pained by the scorn of the upperclasses, but they can not endure their own, for they feel that the kind of labour to which they are condemned is verily a degrading one and makes them less than men. 52

The Arts and Crafts Movement had a definite effect on Appalachia but it came in a rather indirect way. The arts and crafts movement coincided with the onset of missionaries into the region. Many of these missionaries were people who came from middleclass and upperclass families who were being influenced by John Ruskin, William Morris, Robert Owens and other "christian utopian" thinkers of that time.

Missionaries came to Appalachia and founded schools and one college that still carry on the traditional handcrafts that they discovered when they arrived in the late 1800's (22, 45, 59). Missionaries were not the only ones who discovered these crafts but rich philanthropists also became interested in the crafts of Appalachia. The most notable was Mrs. Vanderbilt who encouraged people who lived at the Vanderbilt estate in Asheville, North Carolina to engage in woodcarving and weaving. She provided teachers and materials for people when she helped to institute these crafts. This was of course in keeping with the thoughts of that time. Since women were discouraged from working outside the home, they were encouraged to engage in philanthropic works.

The Penland School, Tallulah Falls Industrial School, The Berry Schools etc... were just a few of the "settlement" schools that were founded by churches and philanthropic organizations to educate the white natives of Appalachia (22, 59). Along with an industrial education they introduced quality and design control as well as saving some of the crafts that were dying out and cataloguing and preserving older designs that were not being made anymore.

At this time the mythology of Appalachia was being built. A mythology that celebrated the alleged Anglo-Saxon and Teutonic heritage of the mountaineer while completely ignoring the Indian and African Americans that had lived and worked in the Appalachian mountains since, in the case of the Indians, before the white man "discovered" the area (12, 14, 22, 59). These schools and their

founders helped to foster this mythology of a completely white Appalachia by segregation and ignoring the contributions that these two groups made to craft design in the area. European styles of craft production were introduced when they imported European teachers to teach the "traditional" mountain crafts in the settlement and folk schools.

The great depression saw another revival of interest from the outside in Appalachian arts and crafts. The federal government, (Table 1), through the USDA, established the "Division of Subsistence Homesteads". Along with resettling people in productive rural areas on government land they also encouraged the manufacture of handicrafts. The development of "home industries" was an integral part of the homestead division. Tennessee Valley Authority (TVA) included training people in different crafts and the manufacture of crafts as part of its community development work. TVA and other government agencies helped to create the Southern Highlanders Inc., a group of cooperatives that had stores at the Norris and Chicamauga Dams as well as a permanent exhibit and sales room at the International Building, Rockefeller Center in New York City (22).

The Bureau of Indian Affairs, The Department of Interior and the Division of Self-Help Cooperatives of the Federal Emergency Relief Administration were all active in south, central, and northern Appalachia encouraging craftwork as a viable income producing occupation for the people of the region. They did this

TABLE 1. Federal Agencies And Area of Activity With Handicraft Programs

Agency	Roles				
	Research <sup>a</sup>	Education <sup>b</sup>	Development <sup>c</sup>	Preservation <sup>d</sup>	Demonstration <sup>e</sup>
U.S. Departments					
Agriculture	X	--	--	--	X
Commerce	--	--	X	--	--
Defense	--	X	--	--	--
Housing and Urban Development	--	--	X	--	--
Interior	X	X	X	X	X
Labor	--	X	--	--	--
State/AID	X	--	X	X	--
Other Federal Agencies					
East West Center	X	X	--	--	--
Federal Information Center	X	--	--	--	--
National Archives	X	--	--	X	--
Historic Document Program	--	--	--	X	--
National Endowment of the Arts	X	X	--	X	--
National Endowment of the Humanities	X	X	--	X	--
National Science Foundation	X	--	--	--	--
Smithsonian Institution	X	X	--	X	X
Action	--	X	X	X	--
Library of Congress	X	--	X	X	X
Historic Preservation Trust	--	X	--	X	--
Appalachian Regional Commission	--	--	X	--	--

Footnotes continued.

TABLE 1 (continued)

<sup>a</sup> includes both grants to individuals and institutions as well as providing general support services.

<sup>b</sup> includes support for institutions such as schools, art institutes, museums and grants to students.

<sup>c</sup> includes job training programs and assistance to cooperatives and individuals.

<sup>d</sup> includes collecting, preserving and exhibiting all types of crafts.

<sup>e</sup> includes travelling and permanent exhibits as well as interpretive programs at national parks, refuges, monuments and other public lands.

Major Source: Linda C. Coe, Folklife and the Federal Government (Washington, D.C.: American Folklife Center, Library of Congress 1977).



by providing training, small grants and technical assistance in the development of cooperatives (22).

Appalachia faded out of the nation's eye during the war years, at least, until the Kennedy administration. A very strong foundation had been laid for the handicraft industry as a means for community development. Some of the organizations that had been started in the 1800's with the Arts and Crafts Movement were still in place and working when the 1960's War on Poverty and VISTA descended on Appalachia to bring it into economic step with the rest of the United States. Some of the cooperatives that participated in this study were founded by VISTA volunteers.

#### Problem Statement

Cooperatives have been promoted by several agencies working in Appalachia, missionaries from various denominations, The Commission on Religion in Appalachia, The Tennessee Valley Authority, VISTA and many others. These organizations felt that the cooperative structure of business would help to generate income for the craftspeople involved and help to stabilize the economies of families and therefore the community.

These organizations have described and worked on an economic model of Appalachia as a "third world" (economically exploited) region in America and as such have tried mechanisms that were being used in third world countries to stimulate the economy. Unlike third world countries where projects would be analyzed in an ongoing fashion, there have been no long term systematic studies to find out if this theory of economic growth is true and if it is

feasible to assume that labor intensive work, i.e. cottage industries, would have an impact on the economic life of a community and its members.

### Objectives

The general objective of this study is to provide knowledge of the current economic status of craft cooperatives and craft producers in the handicraft industry in Appalachia. The study focuses primarily on the marketing techniques of cooperatives and producers, identification of the constraints in marketing and the production strategies of craft producers and cooperatives.

The specific objectives include:

1. Identify the marketing techniques of craft cooperatives and producers and determine their pricing systems.
2. Determine craft producers attitudes towards marketing cooperatives.
3. Evaluate the effectiveness of craft cooperatives and craft production as a means of income generation.
4. Evaluate the extent to which cooperatives practice racial discrimination.

### Literature Review

There has been very little economic research conducted on the handicraft industry in Appalachia and practically nothing about the role of cooperatives in the industry. The studies that have been done have focused primarily on the sociological characteristics of producers in the Southern Appalachian Handicraft Industry.

Rural development commissions and community organizers have lately been pushing small business development, i.e. cooperatives, local entrepreneurs, etc... as a means of creating jobs for the economically distressed counties in Appalachia, counties that had not been touched by the economic recovery that occurred during the Reagan years (5, 28). This philosophy of community development is an echo of a strategy suggested by Arthur E. Morgan in an editorial for Mountain Life & Work (40). He suggested that rural communities should encourage entrepreneurs among the members of the community instead of giving land and tax breaks for industries. He felt that with the proper backing, a local business would grow and provide jobs for the young people in the area. This editorial was a forerunner of the economic ideas that have been coming from grassroot coalitions and research institutions that have been looking at the problems of the rural economy.

Timmons, Broehl and Frye (56) in an article in Growth and Change discuss a program for the development of Appalachian entrepreneurs. This program was started in the late 70's and had some successes in helping business people develop managerial skills that would make their businesses competitive. Shaw and Rubin (53) outline in a report the benefits that would come from assisting locally owned businesses and the need to look in the area for jobs for people instead of chasing after a limited number of large industries. They also described several small industries that have been helped by such development programs. The Panel on Rural

Economic Development (28) points out that recruitment of new manufacturers has often been viewed as the only means for rural communities to attract outside capital and create new jobs. However, ideas of community entrepreneurship and halting the shutdowns of many industries has not been given serious consideration. The report states that cooperatives and small businesses can create jobs that fit the needs of the community more effectively than a manufacturing plant that may come in and create jobs that (1) pay poverty level wages, (2) lay people off seasonally, (3) are hazardous to the health of workers and pollute the community, (4) bar workers from joining unions, and (5) create other problems that make some rural jobs at best a mixed blessing.

Ulmer (58) in his 1969 study of southern cooperatives found that forces outside of the cooperatives, inadequate housing, illiteracy, racism and lack of power had powerful effects on whether or not a cooperative could succeed or fail. There were also internal forces such as poor management, lack of long-term development capital and short-term operating funds as well as low morale among the membership that, along with the tremendous outside stresses, could hasten the demise of a cooperative. Ulmer also added that with help cooperatives could serve the community by providing jobs and become a political and influential tool for its powerless members.

Marshall and Goodwin (30) in their 1968 study on cooperatives and rural poverty essentially found the same problems facing cooperatives that Ulmer (58) found in his study. They point out

that without a strong economic base, a cooperative will not be able to fulfill any non-economic objectives. The handicraft cooperatives that were identified by Marshall and Goodwin provided mostly supplemental incomes to farmer's wives. They also credited the success of the five Appalachian cooperatives to the longer institutionalized handicraft tradition as compared to the newer cooperatives that were started up in the deep south.

The few economic studies that have been done on the handicraft industry have focused primarily on the various marketing channels utilized by crafts people and organizations. These channels include selling through fairs, retail shops, contract and catalogue sales.

Brooker and Yetley (10) conducted a survey in 1978 of Tennessee craft organizations that market crafts and 183 craft producers. They found that more than 75% sold part of their crafts through retail outlets and 86% of these outlets are located in Tennessee. Craft fairs proved to be an important sales channel with 59% of the craft producers reporting fairs as a sales channel. More than two-thirds participated in more than one fair. Personal retail shops, contract sales and catalogues provided only a minor sales channel for craft producers.

Although all craft producers surveyed were members of craft organizations, almost half of them did not sell crafts through their organizations. They did utilize the production services and social functions that the organizations provided, however.

Brown, et al., (11) surveyed Appalachian craftspeople in 1984 and found that full time craft producers used an average of 3.0 marketing channels with the most important being fairs and festivals (26.1%) and direct studio sales (24.4%). Other channels included non-cooperative retail outlets (15.6%), co-op or guilds (15.3%), commission (8.2%), catalogues (2.7%) and others (6.9%). Part time producers averaged 2.1 marketing channels with guild, coops and retail sales as most important with fairs, festivals and studio sales following. They also found out that producers belong to craft organizations for reasons other than marketing.

Brown, et al., (11) found that the average craftperson received specialized training in his/her craft area and was relatively well educated. This could be because the southern highlands have been known since the 1930's as a region for handicrafts and there has been a large influx of people from different parts of the U.S. into the region that he surveyed. There are also many schools in the southern Appalachians that are famous for their courses in handicrafts, i.e., The Penland School, Berea and the John C. Campbell folk school to name a few. It would be an error to characterize Appalachian craftspeople as illiterate white mountaineers who cling to their traditional folkways.

Cogswell (19) found that some craftspeople on public support programs who supplement their income by craft sales were in violation of those programs (Social Security, AFDC, etc...). Because these people were on a fixed income, some of them tried to supplement their income and not report it. He says this situation

threatened many craftspeople in Tennessee and Kentucky by putting them (1) under economic control of buyers who knew that they were in violation of the law and (2) in danger of being put in jail for welfare fraud if found out by their social workers. Most public assistance programs have a minimum amount of money that a person can make and still be on the welfare roll.

Cogswell also suggests that this is a problem generally recognized by government agencies and people involved in folk craft. This is borne out in part by Brown, et al., (11) who found that the median hourly income of fulltime craft workers was between \$4.00 and \$5.00 per hour and the average yearly income was \$12,112 while part time craft workers had a median hourly income of \$2.00 and a total net income of \$2,417. These figures suggest that craft production is not a very lucrative field.

#### Data and Procedure

The data included in this study were obtained from two surveys. The first questionnaire was designed for craft producers and was a mail survey. The second survey was for the managers of craft cooperatives and was conducted by phone. Problems arose on two fronts: (1) identifying craft cooperatives in the Appalachian region and (2) getting their membership lists. A list of thirteen craft cooperatives was compiled with the assistance of the USDA, The National Cooperative Bank, The Bureau of Indian Affairs, various state art commissions, Berea College, The Southern Highland Handicraft Guild (SHHG) and Marketing Traditional Appalachian Community Handicrafts (MATCH).

A total of 300 questionnaires for craft producers was sent to ten cooperatives. Because of the extreme reluctance of most of the cooperatives to make their membership lists available, questionnaires were either sent with the return envelope attached or the questionnaires were placed in envelopes so that the respective cooperatives could address them and send them to their members. In either case anonymity of the producers was assured. More questionnaires were not sent out due to a lack of funding for this project.

Questionnaires were also handed out at the 1987 SHHG craft fair in Asheville, North Carolina and at the Berea Craft Fair in Berea, Ky that year. This was done because of a reluctance of the guilds to release their membership lists. It also provided the study with a profile of craft producers in this region who are not associated with craft cooperatives. Fairs in other states were not attended due to financial constraints.

The survey of craft co-op managers was conducted by telephone. Of the thirteen cooperatives identified, only twelve could be contacted.

The survey forms for craft producers were mailed from July through November, 1987. The questionnaires requested information on marketing techniques, production practices and financial information for 1986 from both the cooperatives and the craft producers. The forms for the craft producers also contained questions on their attitudes towards craft cooperatives.



## CHAPTER II

### CHARACTERISTICS OF APPALACHIAN CRAFT PRODUCERS

It has been estimated by the Department of Agriculture that there are between 250,000 and 350,000 people who make crafts for a living. It is not known how many of these people reside in Appalachia. Since the population of craft producers is unknown, a survey containing a random sample of the total population of craft producers was not possible.

The data gathered for this chapter were compiled from two groups of craft producers. The first group attended the handicraft fairs in Asheville, North Carolina and Berea, Kentucky in 1987. These fairs were put on by the Southern Highland Handicraft Guild (SHHG) and Berea College. The second group was contacted through craft cooperatives. A total of five hundred survey forms was distributed to the two groups of craft producers. Three hundred questionnaires were mailed out to ten Appalachian craft cooperatives of which forty six were returned. A second mailout was not attempted due to financial constraints. Two hundred questionnaires were distributed at the SHHG fair and the Berea craft fair. Of these two hundred forms given out seventy-seven were returned.

There were attempts made to contact cooperatives in Maryland, Mississippi, Ohio, South Carolina and Alabama but they were unsuccessful. Either there were no known cooperatives or they did not respond to mail and phone inquiries. The Freedom Bee Quilting

Cooperative was contacted. It is located in a county in Alabama that is at the border of the Alabaman Appalachian counties. Members of the cooperative who lived in Appalachian counties participated in the survey.

Analysis of the data was facilitated by use of the SAS program. There were 123 questionnaires used in the analysis. The data were divided into people who belonged to a cooperative and those who did not for analysis. Questions were asked concerning the marketing, production, and financial methods of craft workers as well as certain demographic characteristics.

#### Race

One hundred and seventeen people responded to this question on race. Table 2 shows the racial breakdown of Appalachia and Table 3 contains the racial makeup of those responding to this survey. There were a total of 16 people of color who were included in this survey; 5 African Americans, 9 American Indians, 1 Asian and 1 Other. No hispanics were in the group. All 9 American Indians were from the Qualla Indian Cooperative and the 5 African Americans came from the cooperative in Alabama.

What is truly remarkable is that cooperative managers indicated that there were few or no people of color in the area from which they drew their membership! If the census data for the various counties in which these cooperatives are located are to be believed, however, it can indicate that the policy of "benign neglect" that is shown to all minorities in Appalachia is alive

TABLE 2. Racial Composition of Appalachian Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
Asian	1	1.4	0	0.0
African American	0	0.0	5	9.6
Indian	0	0.0	9	17.3
White	67	94.3	34	65.3
Other/no response	3	4.2	4	7.7
Total <sup>a</sup>	71	99.9	52	99.9

<sup>a</sup>Does not equal 100 due to rounding.

TABLE 3. Racial Composition of the Appalachian Region, 1980

	Population (in thousands)	
	Number	Percent
Asian	6,206	.3
African American	1,821,169	9.3
American Indian	161,412	.8
White	17,022,841	87.5
Hispanic	119,742	.6
Other	260,157	1.3
All races	19,451,347	100.0

Source: U.S. Bureau of Census twentieth decennial census.

and well in these limited resource cooperatives (4, 13, 14). A few of the respondents took exception with the race question and did not answer but stated that it was (a) offensive or (b) white should have its own separate ethnic categories. Six people did not respond to this question.

#### Marital Status and Household Size

Table 4 Shows that thirty-two of the respondents were single (26%) and 87 were married (70.7%). The average size of the households for both groups was 2.7 (Table 5) with the independent craftsmen's household being slightly smaller at 2.5 and cooperative craftsmen households slightly larger at 3.3.

#### Age and Sex

The data in Table 6 shows the age of craft producers. A plurality of the craft producers were in the 30 to 39 year age range; 28 (39%) independent craft producers and 16 (30%) of the co-op craftspeople. The second largest age group was 40 to 49 with 22 (31%) independent and 13 (25%) co-op. Fourteen of the independent and 15 cooperative craftspeople were in the 50 and over category, 19% and 28% respectively. This group will of course grow larger if the 30 to 49 year olds stay in this field.

From the percentage of young people entering in the industry, in this study, (7% independent and 9% cooperative) it does not appear to have the growth potential or drawing power that other industries do at this time. In the 1960's the "hippie" movement

TABLE 4. Marital Status of Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
Single	20	28.2	12	23.1
Married	50	70.4	37	71.1
No answer	1	1.4	3	5.8
Total	71	100.0	52	100.0

TABLE 5. Household Size of Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
1	11	15.5	8	15.7
2	31	43.7	9	17.6
3	12	16.9	15	29.4
4	13	18.3	10	19.6
5 or more	2	2.8	9	17.6
No response	2	2.8	0	0.0
Total	71	100.0	51	99.9 <sup>a</sup>

<sup>a</sup>Does not equal 100 due to rounding.

TABLE 6. Age of Appalachian Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
10 to 19	0	0.0	1	1.9
20 to 29	5	7.0	4	7.7
30 to 39	28	39.5	16	30.8
40 to 49	22	31.0	13	25.0
50 to 59	9	12.7	8	15.4
60 or more	5	7.0	7	13.5
No answer	2	2.8	3	5.7
Total	71	100.0	52	100.0

and a growing dissatisfaction of people with society helped the craft industry grow, as young people tried to get back to their "roots" and away from a "plastic" society. Apparently, this industry does not provide a viable career alternative for young people in the United States.

Table 7's data are cooperative and independent craftspeople by sex. Women were the majority in both groups. There were 42 women in both groups, 59% of the independent and 80% of the cooperative. Twenty-six men were independents (36%) and nine men with the cooperatives (17%). Four crafts people did not respond to the question.

#### Education

Seventy-two percent of the respondents were educated beyond the high school level and only 10% had not finished high school. Of the seventy-one independent craft workers who answered the education question 7% did not go beyond high school while 48% went on to graduate study beyond college. For the 51 co-op craft workers who replied to this question 53% had completed no more than high school while 15.3% had gone beyond the college level (Table 8).

Although, the Appalachian region has one of the highest dropout rates in the country and education does not seem to be very important in this region, the educational level of the craftspeople is interesting because it does not fit the norm (Table 9). One reason for this could be that many of the people in the survey, while currently residing in Appalachia, are not from Appalachia.

TABLE 7. Sex of Appalachian Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
Female	42	59.2	42	80.8
Male	26	36.6	9	17.3
No response	3	4.2	1	1.9
Total	71	100.0	52	100.0

TABLE 8. Educational Levels of Appalachian Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
Less than 8	1	1.4	2	3.8
8 to 11 years	0	0.0	10	19.2
High school	4	5.6	16	30.8
1 to 3 years college or technical school	19	26.8	13	25.0
Completed college	12	16.9	2	3.8
Some graduate school	19	26.8	7	13.5
1 or more graduate degrees	15	21.1	1	1.9
No answer	1	1.4	2	3.8
Total	71	100.0	52	101.8 <sup>a</sup>

<sup>a</sup>Does not equal 100 due to rounding.



TABLE 9. Dropout Data by Appalachian Region

	Reported 1983-84 dropouts as a percentage of grades 7-12 enrollment	Reported 1983-84 dropouts as a percentage of grade 7 enrollment	1980 census data ages 18-24
Northern	2.2	13.2	19.1
Central	5.2	26.5	38.0
Southern	4.5	23.8	30.0
Total for Appalachia	3.4	19.3	25.3
Total for USA	--	--	23.9

Source: Appalachian Regional Commission.

Rather, they moved here because of jobs or because certain areas of Appalachia are "meccas" for artisans.

#### Craft Education

Craft producers were asked how they learned their craft. Many of the respondents checked more than one category (Table 10). The most frequent response of both cooperative and independent craft workers was that they were self-taught; 32% for the independents and 26% for the co-ops. Workshops and local classes were only mentioned by (18%) of the independent craft producers and for the co-op artisans it was 16%. Surprisingly, learned from relatives was only 3.2% for independent craft workers. It was 21% for co-op workers. It was thought that "learned from relative" would constitute a higher percentage for both groups of craft producers due to the fact that this area has been famous for its craft heritage and traditional folkways and has many schools and organizations that have focused on craft production for decades. High school was the least used method of learning a craft with 3.2% for independent and 5% for cooperative. Apprenticeship was another method that was not highly utilized by craftspeople 11.2% for independents and 5.0% for cooperative members.

#### Craft Marketing

Advertising by craftspeople does not take the "traditional" route of billboards, radio television or newspaper advertisements but is done on a more casual basis than for other small businesses.

TABLE 10. How Craftspeople Learned Their Craft

	<u>Independent</u>		<u>Cooperative</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
High school	4	5.6	6	11.5
College	28	39.4	6	11.5.
Workshops	23	32.4	20	38.5
Apprenticeship	14	19.7	6	11.5
Self-taught	41	57.7	31	59.6
Learned relatives	4	5.6	26	50.0
Learned friends	6	8.5	22	42.5
Other	4	5.6	1	1.9
No answer	1	1.4	1	1.9
n=	71	-- <sup>a</sup>	52	-- <sup>a</sup>

a

Craftspeople checked more than one answer.

Craft producers were asked how potential customers learned about their products. Craft fairs and "word of mouth" were the methods by which most people learned of their work (Table 11), Ninety-four percent of the independent craft producers "advertised" at fairs as did 56% of the cooperative producers. The use of magazines (20% independent, 17% co-op producers) and catalogues (22.5% independent producers, 25% cooperatives) did not figure as a major avenue for advertising. Cooperatives and guilds promoted the works of their members indirectly by taking out advertising, travelling to craft fairs and having publicity done on the cooperative or guild as a whole. One-fifth of the independent and about two-thirds of the cooperative craft people had their work promoted this way. Museum exhibits and/or museum gift shops comprised publicity outlets for both types of craft producers. Over half of the independent craftspeople (38) were able to have their crafts displayed this way. Twenty-two percent of the cooperative craftspeople had their goods displayed in museum exhibits and/or the gift shops. Retail stores handled sales for 23% of the co-op producers and 58% of the independent. Other methods utilized were trade shows, art consultants, galleries, architects and interior designers. Craft producers usually used more than one method for advertising their skills and products.

#### Attitudes Towards Cooperatives

Fifty two craftspeople sold their goods through a cooperative and they were asked what were the advantages or disadvantages they

TABLE 11. How Craftspeople Advertised Their Products

	Independent		Cooperative	
	Number	Percent	Number	Percent
Word of mouth	53	79.6	34	22.5
Own store	15	21.1	3	1.9
Retail stores	41	57.7	12	7.9
Catalogues	16	22.5	13	8.6
Museum exhibits or gift shops	38	53.5	11	7.3
Craft fairs	67	94.4	29	19.2
Co-op/guild	35	49.3	35	23.2
Magazines	14	19.7	9	5.9
Other	7	9.9	5	3.3
No answer	2	2.8	0	0.0
n=	71	-- <sup>a</sup>	52	-- <sup>a</sup>

<sup>a</sup> Respondents checked more than one answer.

saw in selling through them. The most common advantages listed were larger markets, more exposure, source of special orders, working with people, percentage taken from craft sales was less than galleries or retail stores, control of display and work, participating in the cooperative functions and the provision of an opportunity for work during the winter months when unemployment is higher.

The disadvantages noted were; time spent working for the cooperative, giving up a percentage of sales, long wait for orders and material to come in, does not function on a professional level and to quote one craftperson who summed up the disadvantages that he felt were part of dealing with a cooperative;

"Co-ops usually have members as sales personnel and are generally unsupervised, often inadequately trained, resulting in; in house theft, bad bookkeeping, poor management and under capitalized"

Because most cooperatives in this area are limited resource cooperatives it would not be unusual for them to have poor management and poorly trained personnel. During the sixties when many cooperatives were established in poverty stricken areas of the United States, poor management and the lack of technical assistance were two of the major reasons that cooperatives set up by VISTA, and other organizations did not survive.

A plurality of producers was pleased with the markets and the other advantages that they perceived the cooperatives as giving them. Only 10% were not pleased.

### Craft Fairs

Seventy-nine percent of the crafts people reported craft fairs as a marketing technique. Craft producers handed out business cards or small pamphlets with the history of their operation or facts about their crafts. Craft producers travelled in many of the Appalachian states and three states outside of Appalachia plus the District of Columbia. Sixty-five producers listed one or more craft fairs while 36 did not list any. A small number of producers did not go to fairs per se but sent goods with their cooperatives.

### Production

The production capabilities of the crafts people interviewed varied widely. Unlike some small industries, the product is not homogenous and the production facilities can range from a room in one person's house to a small factory. The areas of craft production went from broomcraft to wrought iron sculpture. Nine categories of craft are used in this survey. The producers were given 19 categories in which to classify their work but some items have been combined due to low response rates, i.e. fabric (needlework, rug making, knitting, weaving, clothes making, batik, and crochet). The category "other" includes leather, painting, brooms, paper, calligraphy, flint knapping, beadwork, glass, candles and pipe-making.

Craftspeople were asked to double check their most important craft and check any other ones in which they engaged. Twenty eight

percent of the craftspeople shown in Table 12 worked at more than one craft and not all of these crafts were related. Candles were one craft person's principal craft but she also wove baskets. The quiltmakers generally worked in other fabric crafts as well.

Men predominated in woodcarving 17.1%, jewelry 11.4% and furniture 8.6%. No men were listed in the toys category although some of the woodcarvers did make toys. Fourteen women (17%) made toys and all 14 made some type of doll. Fibercrafts held the largest percentage of women (46%) and 26% were quiltmakers. Pottery had 15% of the women and 37% of the men. Basket weaving was also women dominated with 8 women (8%) and three men (8%) producing these. "Other" which held a variety of crafts had 34% of the men and 18% of the women.

A description of craft production was requested (Table 13). Choices given were "one of a kind, mass production, limited reproduction and other". More than one category was checked by 18% of those surveyed. Fifty of the co-op crafts people and all (71) of the independent craftspeople answered this question. One of a kind and limited reproduction designs were used equally by cooperative craftspeople (26% each). Two toymakers, one quilter and one weaver (7%) mass produced their crafts. Other was seldom explained by either cooperative or independents. Statistically other was 15% for cooperatives and 1% for independents. Four co-op members checked two descriptions. Most of these craftspeople made more than one craft; 7% of them produced one of a kind and limited



TABLE 12. Craft Production by Sex

Craft	Independent		Cooperative	
	Most Important <sup>a</sup>	Other	Most Important <sup>a</sup>	Other
<b>Male</b>				
Toys	0	0	0	0
Woodcarving	6	1	4	0
Jewelry	2	1	0	1
Metal working	1	0	0	1
Baskets	1	1	1	0
Fabric	1	1	0	1
Other	5	3	3	1
Furniture	1	1	0	1
Pottery	6	2	0	1
Quilts	0	0	2	0
<b>Female</b>				
Toys	5	0	4	6
Woodcarving	0	0	0	1
Jewelry	3	2	0	1
Metal working	0	1	1	2
Baskets	2	1	3	3
Fabric	15	2	8	14
Other	6	0	3	6
Furniture	1	0	0	1
Pottery	8	2	2	1
Quilts	1	0	14	8

<sup>a</sup>Craftworkers checked more than one answer and double checked the most important craft.

TABLE 13. Description of Crafts

	<u>Independent</u>		<u>Cooperative</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
One of a kind	22	31.0	14	26.9
Mass production	8	11.3	4	7.7
Limited reproduction	19	26.8	14	26.9
Other	1	1.4	8	15.4
Two designs	18	25.3	4	7.7
No answer	3	4.2	8	15.4
Total	71	100.0	52	100.0

reproduction and 9% of them produced one of a kind and mass production.

Thirty percent of the independent craftspeople made crafts with a "one of a kind" design; 26% were limited reproduction, 11% mass production and 25% of the independent craftspeople checked more than one design category. Three of the craft producers combined "one of a kind " with mass production. The other 15 did more than one of some of the things they produced.

Questions were asked concerning the monthly production rate of workers and the number of hours a month they worked on craft production. This was done to obtain an estimate of the yearly production average and the wage rate that workers paid themselves. Unfortunately, such estimation was not possible because a number of producers did not answer the questions asking for the number of goods produced or they answered with "varies" or "fluctuates". Neither did they answer the question on their total craft sales for 1986. Therefore, a number of things could not be estimated. Table 14 shows the reported number of hours per month for production per month. In some cases this number will be double counted because craft producers checked more than one craft. Fabric, pottery and "other" worked the longest number of hours per month. Craftspeople who worked in fabric averaged 80 to 119 hours per month, "other" averaged 30 to 49 hours per month and pottery 20 to 29 hours per month. Those who did metal work, furniture and baskets reported the fewest number of hours worked. These craft workers averaged less than 10 hours per month.

TABLE 14. Hours Per Month of Craft Production by Craft

Craft	Hours Per Month						
	Less than 10	10 to 19	20 to 29	30 to 49	50 to 79	80 to 119	120 or more
Pottery	1	1	0	1	3	2	15
Toys	1	1	1	3	2	0	7
Furniture	1	1	0	0	0	1	3
Jewelry	0	0	0	2	1	0	8
Woodcarving	1	1	1	2	1	1	6
Quilts	1	2	2	4	6	1	8
Metal work	1	0	0	0	1	2	3
Baskets	1	2	0	1	2	2	4
Fabric	2	4	0	5	8	5	19
Other	2	1	1	5	3	3	14

Where craft workers bought their materials and if it was in or out of the Appalachian region was an area of considerable interest (Table 15). Craftspeople were asked to give the city and state of the places where they purchased materials. One hundred and seventeen producers answered this question but only forty eight wrote down the city and state where they bought materials. Sixty eight craftspeople (31.1%) bought materials wholesale, nineteen buying them in Appalachia with Knoxville, TN and Asheville, NC being the places most frequented. Nineteen percent of the craftspeople purchased goods from retail stores with 18 of these being in Appalachia. Mail order goods were almost always purchased outside of Appalachia and 16.1% of the craftspeople bought goods in this fashion. Two craftspeople in this category purchased materials outside of the United States. Sixteen percent of them gathered their own materials with the majority of these being the basket weavers although broom makers and some carvers did this also. Only 18 craftspeople (8.3%) purchased material from a co-op or guild. This number was much lower than expected since fifty-two of the respondents belonged to cooperatives and a plurality of the craftspeople belonged to a guild.

Forty-two people had assistants either paid or unpaid (Tables 16,17,& 18). Seven cooperative craft producers had assistants and three had full time assistants. One of the craft producers stated that she did not pay her worker(s). Three paid piece rate and three paid by "other". Thirty-five independent craft producers had assistants and 15 had fulltime (21.1%). Two did not pay their

TABLE 15. Where Craftspeople Purchase Production Inputs

	Craft Producers	
	Number	Percent
Cooperative or guild	18	14.6
Mail order	35	28.5
Retail suppliers	42	39.1
Wholesale suppliers	68	55.3
Other craftsmen	9	7.3
Gather your own	36	29.3
Other	10	8.1
n=	123	-- <sup>a</sup>

<sup>a</sup> Craftspeople checked more than one category.

TABLE 16. Number of Assistants of Craft Producers

	Independent		Cooperative	
	Number	Percent	Number	Percent
0	36	50.7	45	86.5
1	18	25.4	3	5.8
2	10	14.1	1	1.9
3	2	2.8	0	0.0
4 or more	5	7.0	3	5.8
Total	71	100.0	52	100.0

TABLE 17. Number of Full time Assistants of Craft Producers

	Independent		Cooperative	
	Number	Percent	Number	Percent
0	56	78.9	49	94.2
1	11	15.5	0	0.0
2	2	2.8	0	0.0
3	0	0.0	0	0.0
4 or more	2	2.8	3	5.8
Total	71	100.0	52	100.0

TABLE 18. Methods of Payment of Assistants of Craft Producers

	Independent		Cooperative	
	Number	Percent	Number	Percent
Do not pay	2	5.7	1	14.2
Varies with skill	6	17.2	0	0.0
What they're worth	4	11.4	0	0.0
Minimum wage	2	5.7	0	0.0
Piece rate	11	31.4	3	42.9
Other	10	28.6	3	42.9
Total	35	100.0	7	100.0

assistants; 17% paid according to their workers skill level, 6% paid their workers minimum wage, 11% paid "according to what I think they're worth" 31% paid piece rate and 29% paid by other. One craft worker who paid by "other" explained that the assistants were the worker's children and their pay was deposited directly into their bank accounts.

### Craft Finance

The financial workings of craft workers was an emotional issue for them. Many craftspeople did not respond to any questions that had to do with income. This was more frequent with craftspeople connected with a cooperative than those who were not.

Managers of craft cooperatives also warned that these questions might not be answered because their members might think any federal programs that they were on (AFDC, Social Security, etc...) may be jeopardized. Robert Cogswell (19), Director of the Tennessee Arts Commission, stated in a speech at the Smithsonian that many people in the arts and crafts field did not realize the extent of this problem among traditional artisans.

Sixteen people did not answer the questions on finance, a number that was lower than expected due to the warnings about people's secretiveness regarding money. Producers were asked to give the percentage of last year's (1986) craft sales from each source. Later it was discovered that this information, as interesting as it was, was of little value in achieving the objectives of the study, because the percentage answers could not be used in



SAS to illustrate where craftspeople obtained the majority of their income. The answers were then used to show how craftspeople disposed of their products (Table 19). Craft workers checked more than one answer. Craft fairs and retail stores were the two avenues most utilized for craft sales (29% and 23%) respectively. The other methods of selling crafts (contracts, commission, own place of business and other) were used about as heavily as the retail stores and craft fairs. Fifty two people (19%) sold on contract, 36 (13%) had their own place of business, 16 (6%) marketed their goods through phone and/or mail advertisements and 26 (9%) sold by "other" which was primarily craft cooperatives.

Start up, production and expansion costs are part of all businesses. Craft production, although it can be a small business that many practice in their homes, entails all of the types of business expense that a business outside of the home may have. Whether or not the costs are counted by the craftspeople, they are still there. Craft workers were asked how they financed their individual businesses. Table 20 contains the distribution of the various methods reportedly used to pay for their production costs.

The majority of the craftspeople did not need any type of financial assistance (32 independent and 21 cooperative artisans). Sixteen independent craftspeople (23%) received loans from banks and 1 used other personal loans for their production needs. Six co-op craft workers took out bank loans but they did not use "other" personal loans for their production costs. Eighteen independent craftspeople (25%) and 7 co-op members (14%) used

TABLE 19. Where Craftspeople Sold their Products

	Number	Percent
Mail/phone advertisements	16	13.0
Own store	36	29.3
Retail stores	60	48.8
Contract/commission	52	42.3
Craft fairs	76	61.8
Other	26	21.1
n=	123	-- <sup>a</sup>

<sup>a</sup>Craftspeople checked more than one answer.

TABLE 20. Sources of Finance for Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
Bank loans	16	22.5	6	11.5
None needed	32	45.1	21	40.4
Own savings	18	25.4	7	13.5
Other	3	4.2	10	19.2
Fellow craftspeople	0	0.0	3	5.8
Family/friends	10	14.1	3	5.8
Other personal loans	1	1.4	0	0.0
No answer	0	0.0	12	23.1
n=	71	-- <sup>a</sup>	52	-- <sup>a</sup>

<sup>a</sup>Craftspeople checked more than one answer.

their own savings for production purposes. Ten independent(14%) but only 3 co-op members (6%) received loans from family or friends.

Pricing methods of craft producers ranged from pure guess to formulas that included material, labor, time, overhead and profit. The craft industry can be characterized as a market of monopolistic competition, where we have a large number of producers whose products are close substitutes but producers try to differentiate the products in the minds of the consumers. By doing this, producer's prices can be similar but do not have to be identical. Therefore, some sellers will sell their products at a higher price than their competitors. The craftspeople in this study at first glance do not seem to price their goods logically in that they do not take into account material, labor, overhead and profit, but they are dealing with very imperfect information.

The majority of cooperative and a large number of independent craftspeople price their goods by material and labor cost only (26% independent and 40% cooperative). Fifteen percent of the co-op producers and 33% of the independent producers just demanded what people will pay. No one set prices at just material cost. "Some formula such as: double the cost of material" was the lowest of the five pricing techniques with only 7 independent and 2 cooperative producers using this method. "Other" turned out to be a combination of the techniques above and a few new ones that craft producers used to come to a "fair" price: 14% of the independent and 28% of the cooperative craftspeople checked this

answer. Nine (11%) independent craftspeople checked more than one answer. Of these 8 "demand and material and labor cost" were checked by three craftspeople, "demand and other" were checked by four, one marked "material labor and other" and the last person marked every one. Other, which was 14% for independent and 28% for cooperative craftspeople, basically was a mixture of demand, material and labor cost. Two craft producers said that they had tried every method and there was, in their opinion, no fair way to arrive at a price. One craft producer differentiated between the buyers and gave discounts to children and senior citizens. In the majority of comments people stated that it was difficult trying to establish prices. The totals in Table 21 are based on responses.

#### Total Craft Sales and Income

The 1986 household income average for independent craftspeople was in the \$25,000 to \$29,999 range and the average for cooperative craft people in this study, was in the \$10,000 to \$14,999 range. Since the majority of craft producers had more than one person contributing to the household income, total craft sales, income and the number contributing to a households' income were analyzed to see what kind of monetary impact craft sales had on the income of a household. Table 22 shows the total craft sales (TCS hereafter) by income controlling for the number of people contributing to household income (CH hereafter). In the first group (CH=1) income = \$9,000 or less had the majority of people with 7 craft workers

TABLE 21. Pricing Methods of Craftspeople

	Independent		Cooperative	
	Number	Percent	Number	Percent
Demand what people will pay	32	38.1	8	14.54
Material cost	0	0.0	0	0.00
Material and labor cost	23	27.4	21	38.19
Some formula such as:				
Double the cost of material	10	11.9	2	3.63
Other	16	19.0	15	27.27
No response	3	3.6	9	16.37
n=	71		52	

TCS in the \$5,000 to \$9,999 range. Of these seven; 4 were in \$9,000 or less income range; 2 were in the \$10,000 to \$14,999 income range and 1 was in the \$25,000 to \$29,999 income range. Seven people also made TCS of \$10,000 or more in 1986; 4 of these people made between \$15,000 and \$49,999 in income in 1986. Table 22 also includes those craftspeople in households where two people contributed income. Only one person was in the income category of \$9,000 or less and he was in the \$100 to \$1,999 TCS category; 2 people were in the \$10,000 to \$14,999 income bracket, 1 was in the \$100 to \$1,999 TCS bracket and the last was in the \$10,000 or more TCS bracket. Income category \$15,000 to \$19,999 had 3 respondents and all 3 reported craft sales of \$10,000 or more. There were 19 people in the \$50,000 or more income category and 4 were in the \$5,000 to \$9,999 TCS bracket; 1 sold between \$2,000 and \$4,999 and 14 sold \$10,000 or more goods for 1986.

Cooperative craftspeople did not do as well financially as the independent craft producers. Table 23 does not have as many people in the income brackets of over \$20,000 a year. The top of Table 23 contains only those craft producers living in households with just one person with income. In this first category of income \$9,000 or less, there are four craft producers 3 of whom had craft sales between \$100 to \$1,999; 1 who made between \$2,000 to \$4,999 and 1 who made \$10,000 or more.

The largest number of people were in the second income category (\$10,00 to \$14,999). Of these 6 people, 4 had craft

TABLE 22. Total Craft Sales by Level of Household Income for Independent Craft Producers With One and Two Income Contributors

Total Craft Sales	Total Household Income						
	\$9,000 or less	\$10,000 \$14,999	\$15,000 \$19,999	\$20,000 \$24,999	\$25,000 \$29,999	\$30,000 \$49,999	\$50,000 or more
<b>One Income Contributor</b>							
\$1.00 to \$99.00	0	0	0	0	0	0	0
\$100 to \$1,999	1	0	0	0	0	0	0
\$2,000 to \$4,999	0	1	0	0	0	0	0
\$5,000 to \$9,999	4	2	0	0	1	0	0
\$10,000 or more	1	0	0	0	1	1	0
<b>Two Income Contributors</b>							
\$1.00 to \$99.00	0	0	0	0	0	0	0
\$100 to \$1,999	1	1	0	0	1	0	0
\$2,000 to \$4,999	0	0	0	0	1	1	1
\$5,000 to \$9,999	0	0	0	2	1	2	4
\$10,000 or more	0	1	3	1	2	8	14

TABLE 23. Total Craft Sales by Level of Household Income for Cooperative Craft Producers With One and Two Income Contributors

Total Craft Sales	Total Household Income										
	\$9,000 or less	\$10,000 \$14,999	\$15,000 \$19,999	\$20,000 \$24,999	\$25,000 \$29,999	\$30,000 \$49,999	\$50,000 or more				
<b>One Income Contributor</b>											
\$1.00 to \$99.00	0	0	0	0	0	0	0	0	0	0	0
\$100 to \$1,999	3	4	0	1	0	0	0	0	0	0	1
\$2,000 to \$4,999	1	0	1	0	0	0	0	0	0	0	0
\$5,000 to \$9,999	0	0	0	0	0	0	0	0	0	0	0
\$10,000 or more	1	2	0	0	0	0	0	0	0	0	0
<b>Two Income Contributors</b>											
\$1.00 to \$99.00	0	0	1	0	0	0	0	0	0	1	0
\$100 to \$1,999	1	2	2	1	0	0	0	0	0	2	0
\$2,000 to \$4,999	1	1	0	1	0	0	0	0	0	2	0
\$5,000 to \$9,999	0	0	0	0	0	0	0	0	0	0	0
\$10,000 or more	0	1	4	0	0	0	0	0	0	1	0



sales in the \$100 to \$1,999 range and 2 in the \$10,000 or more range. The second part of Table 23, where CH=2, only had two craft workers in the \$9,000 or less income category and they made between \$100 to \$4,999 in TCS. Seven craft producers, the largest group, were in the \$15,000 to \$19,999 income range. Four had craft sales in the \$10,000 or more category the other 3 had craft sales between \$100 to \$1,999. There was only one person in the last category which showed 3 people contributing to household income. This person was in the \$50,000 or more income bracket and had sold between \$5,000 to \$9,999 products for 1986.

## CHAPTER III

### CHARACTERISTICS OF APPALACHIAN CRAFT COOPERATIVES

#### Introduction

Generally cooperatives in America have become popular in rural communities, since farmers embraced cooperatives as a means of getting out from under middlemen who controlled the prices of their products and inputs (1, 49). Cooperatives can and have been used as a way to get people with limited resources in greater control of their lives. This social phenomena was possible by giving members democratic control and spreading out the risks and uncertainties in an equal manner among members. Cooperatives are even protected under the law and not subject to some of the rules and regulations that govern other businesses in the United States and plagued early attempts at cooperation.

During the 1960's cooperatives for poor people came to the fore as a means of alleviating black rural poverty along with the civil rights movement (29, 46, 54). Economic rights were a major concern of some of the freedom fighters in what is called the "black belt" of the south. Cooperatives were viewed as an element of rural development and they were organized by different federal agencies and private groups. In Appalachia the cooperative movement came during the late 1960's and early 1970's. Craft cooperatives were formed because of the traditions of crafts in the Appalachian region and also because the industry was regarded

as one way to add money to the household income. Others who established cooperatives looked for a little more;

"The cooperative is a good form of community action and we don't want the people to feel forced into a larger group, to feel that they're working for a "boss" outside the community the way the local miners feel." (59)

John Kabak a VISTA volunteer from Virginia (59) was commenting on his philosophy of a crafts cooperative that he and another volunteer were helping to establish in Eastern Kentucky.

Economic parity with the rest of the United States was not the only issue for the development of Appalachia. As with any group in America that has been defined as in a "crisis situation", the answers to the problems of the region would be couched in sociological, political and psychological terms and the economics of the problem, while being important, often took a backseat to the stereotypes being made and applied to the inhabitants of the region. While industrialization has remained a cornerstone of the development process, community development also became a part of it with the agencies planning the economic revitalization of the region. This was in part due to grassroot efforts of communities who wanted a say in their own destinies. Community development corporations run by community members and "entrepreneur building programs" have been put into places in a number of counties in Appalachia. These programs have, for example, advocated the creation of handicraft businesses as a means of supplementing and/or providing all of a household's income.

In the development processes going on now in Appalachia the mystique and mythology of the region are being replaced by the

realization that Appalachia is a part of a country that is going through a change of its economic structure and that chasing after a limited number of manufacturing plants is not the only answer to economic development. Small businesses are now being included as a portion of the economic planning in communities these days. The focus of this study, craft cooperatives have long played a part in the development of Appalachia.

### The Selection Process

The Appalachian craft industry includes individual producers, non-profit organizations, schools, religious groups and cooperatives. Many of these enterprises call themselves cooperatives and are regarded as such by financial institutions and the community surrounding them, although they may not be cooperatives in the strict legal sense of the word. Cooperatives in this study are defined as;

"a type of business formed by a group of people to obtain goods or services more effectively or more economically than they can get on their own. Members of craft cooperatives own, finance and operate the business for their own mutual benefit". (31)

In obtaining information on craft cooperatives it was necessary to find out which organizations were true cooperatives as defined above and it was also necessary to establish contact with them. There are twelve cooperatives included in this study from 8 of the 13 Appalachian states. In the other 5 states craft cooperatives either could not be found or they did not respond to inquiries. Kentucky, North Carolina, Georgia, Virginia, Tennessee,

Pennsylvania, New York, and West Virginia are all represented in this study.

All of the craft cooperatives included in this study are marketing cooperatives and most are limited resource cooperatives that were started in an effort to raise the income of the members. These cooperatives have not had an easy time financially and some are still struggling.

Craft cooperative managers were interviewed by telephone. The interview included questions on membership, management, finances, services, production and marketing techniques. It must be noted that cooperative managers were just as reticent as their members to give information on the financial side of their businesses. Cooperative managers were very helpful in giving information on the different types of difficulties that their cooperative members and the cooperative itself must go through.

#### Cooperative Characteristics

The twelve cooperatives, included in this study had an average of 132 members with 99 of those being considered active members. Entrance requirements for the cooperatives varied: five cooperatives judged the work of their prospective members; one stipulated that the crafts must be handmade another required that the articles produced must not duplicate those currently made by another member of the cooperative. Five cooperatives had residency requirements, i.e., members must live in southern

Appalachia and/or counties surrounding the county where the cooperative is located. Low income was a membership qualification for two cooperatives while the other ten made no such stipulation. Co-op managers did say the majority of their members were low to middle income people. Marketing agreements were required by two cooperatives, i.e., an agreement not to undersell the co-op craft prices in the area. Agreements to work for the cooperative during the year were also used by some as a membership requirement. Most co-ops had more than one type of membership requirement. Fees were charged by all cooperatives but only one sold a share of stock as an investment/fee requirement of its members.

Three cooperatives had a policy of paying out dividends on a yearly basis even though one of them had been operating at a loss for two years and had not paid such dividend for that time. One manager stated all profits were reinvested in the store. The other cooperatives had not paid out any dividends in the past five years.

Marketing Appalachian Traditional Crafts (MATCH) is affiliated with seven of the twelve cooperatives. This organization began in 1976 and at one time twenty-one craft businesses were connected with it. They provide a sales outlet, technical assistance and a network of other craft organizations. Southern Highland Handicraft Guild, another affiliate of cooperatives, offered sales outlets and a network of other craft organizations and craftspeople. The American Craft Council, West Virginia Guild and

The Artisans Cooperative (now bankrupt) were each affiliated to one cooperative.

The governing apparatus was usually one member one vote but voting rights were based on different rules (payment of fees, active in the co-op, present at meetings, holding of a stock share). Five cooperatives held annual meetings, 1 biannually, 2 quarterly, 1 bimonthly and 3 had monthly membership meetings. The governing board of some cooperatives met monthly. One cooperative did not make a yearly financial statement available. A board of directors elected by members of the cooperative was responsible for running the co-op, i.e., formulating policies and goals, hiring managers, and making decisions for the cooperative that the managers are not empowered to make. The board of directors, of course, meets more often than the general members of the cooperative. Most of the cooperative directors had staggered terms; seven cooperatives had annual elections and two did not have a board of directors. Board members came from within the cooperative and also from without in one case. Only one cooperative had committees that helped the board make decisions.

While the policies and or goals of these cooperatives were not stated using identical words, they said essentially the same thing;

"To give an opportunity for area craftspeople to get a fair return on work. Encourage craft work in the area, to keep alive traditional crafts and promote new ideas in craft work. To provide self-respect to those who feel helpless and strengthen community understanding by bringing people together"

was a typical response of the craft managers concerning the policies of their cooperatives.

A fair return on production and/or to provide income to low income people was the #1 goal of the cooperatives. The methods that were to be used to get a "fair return" boiled down to the pricing system and the marketing techniques that the cooperatives used in selling their crafts. The managers were cognizant of the different methods needed to locate markets and to price crafts but having the funds to get to untapped markets or to really survey the potential customers and to find out what changes in designs, or shifts in customer tastes were beyond the means of managers involved with the day to day grind of running a business.

All twelve cooperatives had employees other than the manager and all but one of the 12 cooperative's managers received salaries. Eight of the managers were also co-op members. The staff was usually a combination of volunteer and paid workers.

One of the cooperatives had an employee whose specific job was in product design. Product design is an essential part of marketing, while crafts are enjoying a resurgence in popularity, potential customers may want new designs or new variations in color and styling of old designs brought up to date to fit the interior designs of today.

### Marketing

Table 22 shows the types of crafts marketed by cooperatives. Cooperative 7 was specialized in that everyone worked with fabric.



The main product of this cooperative is quilts with the other products being quilted wall hangings, dolls, clothes and tablecloths. The other cooperatives marketed a variety of crafts. The marketing techniques of the cooperatives are comparable to those of the craft producers with the exception of utilizing catalogues and magazine/newspaper advertisements.

Two of the cooperatives also were featured in other catalogues. Wholesale catalogues were used by two cooperatives. The managers consider the advertising rates of the more popular craft magazines that promote the "country look" too high. Retail stores in some cases promoted handcrafted articles in their displays but only two of the cooperatives marketed their products in this way.

Six of the cooperatives had members who produced only traditional crafts. One cooperative marketed contemporary crafts exclusively and five of the cooperatives had both traditional and contemporary although the focus for some were the traditional crafts.

The method used by cooperatives in pricing the crafts that their members brought in varied only slightly. Eight of the co-ops had the craftspeople price their own crafts with one making suggestions on the prices to their members and all of them adding the markup for the cooperative. The cooperative markup varied between 20 and 30 percent of the price set. Two cooperatives set prices by the amount of hours, material cost, overhead and profit. In addition cooperative 1 studies the prices at the various festivals to find out what the "going prices are" and cooperative

2 has a committee that meets each year and reviews the prices and changes them if they deem it necessary. Cooperative 7 sets the prices by material cost and labor but they also put in a percentage markup for wholesale, about 20 to 30 percent, and a markup for retail between 50 to 55 percent. Cooperative 5 sets prices by deciding what the craftsmen need to get. There seems to be no hard and fast rule for setting prices on crafts. From a strictly economic point of view one should consider material costs, labor, overhead, opportunity cost and profit. Of course no one has counted in the opportunity costs to the craftspeople, none of the craftspeople even counted that for themselves and truthfully very few people but economists consider it.

Craft cooperatives and craftspeople are discovering the foreign competition from some African countries, Asian and Latin American countries which have begun to export crafts that are similar to American crafts at well below the price of American crafts. The co-op managers find it is hard to convince potential clients that crafts made in America are "better" than crafts that are made overseas that look practically the same as the American article but only costs 1/10th the price.

The World Bazaar and Pier 1 Imports are two national chains that import craft items some of which are similar to those made in Appalachia (baskets, ceramic ware, and wood items). Stores such as these can import crafts at low prices and sell them at a lower price than those produced by U.S. craftspeople because the

craftsmen in Africa, Asia and Latin America are paid much less than the U.S. craftsmen.

In a report on Southern Appalachian craftsmen Brown, et al, (11) found that in 1984 full time craftspeople earned an average of \$12,112.00 per year and part-time craftspeople earned \$2,417.00 per year. Brooker and Yetley also found that craftspeople made below the minimum wage in their 1979 study on Tennessee craft producers. One of the important reasons for craft production being a low paying career is that producers are not good managers. They do not have access to all of the knowledge and/or information that is necessary for running a business, i.e., bookkeeping, invoicing, etc... and part of that is exemplified in the pricing policies of the craft producers and the craft cooperatives.

None of the co-ops have the means (financial) of conducting market surveys to discover potential customers and to target new markets. The majority of the cooperatives depend on tourist trade which can fluctuate as tastes in vacation areas change. One co-op goes to trade shows which helps to give this cooperative a wider market and can act as a marketing survey in that they can see what the "new styles" are in interior design and the co-op can relay this back to the producers.

Catalogue sales widen the markets of other cooperatives but if the cooperatives are not known to the public at large, they serve little purpose. Craft fairs, retail stores, and museums gave cooperatives access to larger markets. These opportunities

are not exploited to the best advantage by the cooperatives usually because of a lack of capital.

#### Member Services

All of the cooperatives offered services other than the marketing of goods. Buying materials and selling them at cost or a little above cost was the major service offered. Ten of the 12 co-ops did this. Other services by various cooperatives included providing work space, loans of equipment, money, or credit, workshops, libraries and design consultation. Specialized services included a monthly newsletter, making craftspeople accessible to each other, maintaining a registration on quilts and the payment of dividends every six months plus a 3% equity at Christmas time with senior citizens getting a larger share.

The services provided by the cooperatives are a needed benefit to the lives of their members. Working together the cooperative is able to provide production inputs and/or loans for production that a craftsperson would not normally be able to get. In addition a majority of the cooperatives take the "education" part of the cooperative principles seriously by having workshops on new production techniques of the various crafts as well as marketing and business techniques for the members.

Cooperative 5 was working on providing a health insurance package for its members, something that many of the craftspeople interviewed both affiliated with a cooperative and some of those who were affiliated with a guild were very interested in. If the

cooperatives were adequately capitalized, they could offer more of the services that their membership would like to have.

### Finances

Federal aid, state aid, grants, donations, dues and sales were the principal sources of the operating funds of the 12 cooperatives. Table 22 illustrates the income and expenditure figures of the 12 co-ops in 1986. Six of the cooperatives are in the black and two are in the red while the rest, did not state what their financial situation was. It seems likely that the co-ops which did not provide specific data are not in good financial condition.

The twelve cooperatives are not in the best financial health because they are under funded and under capitalized. Many of the projects that managers and boards of directors would like to undertake are impossible because there is only enough money for operating expenses. Sales of crafts account for the bulk of the operating expenses. Table 23 provides a breakdown of the other monies that come into the cooperatives. There is no dependency on the grants, state aid, federal aid, or the donations that the cooperatives receive. These monies have generally been earmarked for special projects (catalogue production, to buy a slide projector, sign, travel, etc...). One cooperative received federal monies for training purposes and another did not actually receive money from the state but they took part in a project where senior citizens worked for the cooperative but were paid by the state.

Fund raising was another method of acquiring money. Two of the cooperative managers worked on projects specifically for this purpose. Donations to non-profit organizations can be written off by donors but this, like grants, federal and state aid are fleeting sources of funding.

Under capitalization is a major problem with which a majority of the cooperatives struggle. The difficulties of receiving loans from area banks and other financial institutions does not make it easier for these enterprises.

## CHAPTER IV

### SUMMARY, CONCLUSIONS AND IMPLICATIONS

#### Summary

Data on the craft producers came from a mail survey of ten craft cooperatives membership in Appalachia and a handout of questionnaires at two Appalachian handicraft fairs. Approximately 24% of the questionnaires distributed were completed and returned by the craft producers. The data on the cooperatives were gathered by telephone. A description of the financial structure and organization of craft producers was obtained from the information in these data sets. The managerial structure of craft cooperatives was also described.

The general objective of the study was to provide knowledge of the current economic status of Appalachian craft cooperatives and craft producers in the handicraft industry. This objective was partially accomplished by the responses from the surveys on the financial and production aspects of the business. The SAS package was used to analyze the data. The results of this study show that the craft cooperatives were under capitalized and not being managed as efficiently as possible. Craft producers seemed to fare better monetarily working independently than with a cooperative. In both cases the under capitalization of these small industries is causing them to lose profits and in some cases just break even.

The specific objectives of this study were not all satisfied. This study was able to identify the marketing techniques of both producers and cooperatives. The techniques were very similar although in some cases cooperatives had more money than individual producers and therefore, could use marketing tools such as catalogs and advertisements in the news media, specifically magazines and newspapers, that individual craft producers could not afford. The pricing systems of both groups were erratic. Craft producers were pricing their goods and skills in such a way as to not meet their income objectives. A fair return on production was the number one goal of the cooperatives surveyed but only a few of the cooperatives, four to be exact, had a pricing system that took into account labor, time and material cost with only one of those engaging in a type of "market survey" each year to revise prices for the goods that they sold.

Members of craft cooperatives, generally, had good things to say about their cooperatives and the few that had complaints about the cooperatives remarked on the lack of managerial skills that managers and workers had. They also mentioned that because these businesses do not have a lot of money, they are not capable of providing needed marketing services for the membership. The objective of evaluating the effectiveness of cooperatives and craft production as a means of income generation was not satisfactorily fulfilled because not enough financial information was obtained.

Racial discrimination seems to be practiced by all of the cooperatives and this as with all racialism appears to be due



to ignorance. Cooperative managers do not seem to be aware that there are African American, Indian and other groups living in Appalachia. Many of the managers said that they would love to have "minorities" in their cooperative but there just weren't any around. The census figures for Appalachia refute this perception and one can find many African American quilters, wood carvers, weavers etc... in Appalachia as well as craft producers of other races. In Atlanta every July or August there is an African American Arts Festival that pulls in many Appalachian crafts workers. So the old standby that there aren't any "qualified minorities" is clearly in error. Craft production is in the history of every people and it is usually kept up as part of their culture no matter how hard a dominant group has attempted domination and destruction of their culture.

#### Conclusions and Implications

The results of this study support the following conclusions:

1. Craft cooperatives are under capitalized and could use technical assistance in training volunteers who work in the cooperative stores and freeing managers to find ways to improve sales.
2. The difference between the financial and educational status of independent craft and cooperative craft producers may have something to do with the fact that independent craft producers fared better financially than cooperative craft producers although this theory can not be proven.

3. The craft producers methods of advertising and pricing of their crafts need to be updated. Cooperatives and craft producers are not pricing their skills and goods to meet their objectives of gaining "a fair price." Both could utilize the cooperative associations in their states to get help with finding a "fair return" on their goods.
4. The handicraft industry in Appalachia is one where the influx of younger Appalachian people is minimal and that some indigenous crafts may die out in this area.
5. Production capabilities of craftspeople could be enhanced with more technical assistance from the cooperatives and guilds in the Appalachian area. The various land grant universities in the Appalachian states could be used to assist the cooperatives in updating production techniques.

#### Need For Further Study

One implication that is obvious is that further research is needed on this industry. An industry that sometimes is the only source of income for a family in a generally poverty stricken area of the United States. The decline of the "Sunbelt" as well as the general economic decline of many rural areas in this country needs innovative thinking to help areas in which industries are reluctant to locate.

The handicraft industry for various reasons has been pushed by many agencies in Appalachia and, because schools and small enterprises have backed them both craft cooperatives and other craft businesses have survived for many years. In my opinion the industry should be supported as it is part of the cultural legacy of the nation.

LIST OF REFERENCES

#### LITERATURE CITED

1. Abrahamsen, Martin A. Cooperative Business Enterprise. New York: McGraw Hill Book Co., 1976.
2. Action. Action/Vista Fact Book. Washington: U.S. Government Printing Office, 1972.
3. Action, Action/Vista Fact Book. Washington: U.S. Government Printing Office, 1975.
4. Allen, Fayette. "Black's In Appalachia." Black Scholar, Vol. 5, June 1974, pgs. 42-51.
5. Appalachian Regional Commission. "Comparing Appalachia's Counties with the Nation's." Appalachia. Vol. 19, Spring 86, pgs. 8-22.
6. Alexander, Bruce, ed. Crafts and Craftsmen. London: Crom Helm, 1974.
7. American Craft Council. Contemporary Crafts Market Place 77-78. New York: R.R. Bouker Co, 1977.
8. Bauman, Agnes. Selling Handcrafts for Profit. Boston: Charles T. Branford Co., 1955.
9. Blythe, LeGette and Lucy Morgan. Gift From the Hills. Chapel Hill: University of North Carolina Press, 1958.
10. Brooker, John R. and Mervin J. Yetley. An Economic & Sociologic Analysis of the Marketing Sector of the Tennessee Craft Industry. U.T. Agricultural Experiment Station Bulletin No. 578, June, 1978.
11. Brown, E. Evan, H. Max Miller and Nancy L. Banks. Social and Economic Characteristics of Southern Appalachian Handicraft Industry. Agricultural Experiment Station, University of Georgia Research Report No. 483, September, 1985.
12. Bullard, Helen. Crafts and Craftsmen of the Tennessee Mountains. Falls Church, VA: Summit Press LTD, 1976.
13. Cabell, Edward. "BAC Demanded Black Appalachian Visibility." Mountain Life & Work. Vol. 58, Oct. 82, pg. 24.
14. Cabell, Edward. "Black Invisibility & Racism in Appalachia: An Informal Study." Appalachian Journal. Autumn 1980. Vol. 8, pgs. 48-50.

15. Callen, Anthea. Women Artists of the Arts & Crafts Movement, 1870-1914. New York: Pantheon Books, 1979.
16. Clark, Eugene. "Farmer Cooperatives & Economic Welfare" Journal of Farm Economics. Vol. XXXIV 1952, pgs. 35-51.
17. Clark, Robert J., ed. The Arts & Crafts Movement. Princeton: Princeton University Press, 1972.
18. Coates, Charles. "Appalachian Potters: Special Kinds of Artists." Appalachia. Vol. 5, October 1971.
19. Cogswell, Robert. "Some Thoughts On the Intersection of Folk Cultural and Public Assistance Programs." Speech made at meeting on crafts and public funding policies; National Endowment for the Arts, Washington, D.C. June 1986.
20. Cox, J. Lamarr, Judy Ann Holley, R. Hayman Kite and Wanda Y. Durham. Study of High School Dropouts in Appalachia. Washington: Appalachian Regional Commission, May, 1985.
21. Deaton, Brady J. "CDC's: A Development Alternative for Rural America." Growth & Change, Vol. 6, 1976, pgs. 31-37.
22. Eaton, Allen H. Handicrafts of the Southern Highlands. New York: Russel Sage Foundation, 1937.
23. Eaton, Allen H. Handicrafts of New England. New York: Harper & Brothers, 1949.
24. Ferris, William, ed. Afro-American Folk Art & Crafts. Boston: G.K. Hill & Co., 1983.
25. Fetrow, Ward W. and R. H. Elsworth, Agricultural Cooperatives In the United States. Farm Credit Administration Bulletin 54, Washington: U.S.D.A., 1947.
26. Foster, Larue and Staff. Study of Crafts Industry Problems In the East Tennessee Development District. Knoxville: East Tennessee Development District, May 1976.
27. Gaynes, David. "Quality Hand in Hand With Commercial Success." Appalachia. Vol. II, August 1977, pgs. 24-30.
28. Gaventa, John, ed. Regional Political Economy. Knoxville: Kinko's, 1987.
29. Gill, Harriet. "Craft Education Program." Mountain Life & Work. Vol. XXIV, 1944, pg. 19.

30. Goodwin, Lamond and Ray Marshall. Cooperatives & Rural Poverty In the South. Baltimore: Johns Hopkins Press, 1971.
31. Halket, Jan E., William R. Seymour, and Gerald E. Ely. The Cooperative Approach to Crafts. Washington: Agricultural Cooperative Service, U.S.D.A., Report No. 83, March, 1985.
32. Hickey, Laura K. M. A Survey Of Craft Organizations in Kentucky. MA Thesis. University of Tennessee, 1958.
33. Hodges, Sidney C. Handicrafts in Sevier County Tennessee. MA Thesis. University of Tennessee, 1951.
34. Huddleston, Norman R. Considerations for Organization and Operation of Limited Resource Cooperatives. Co-op Extension Service, Auburn University. Auburn, AL. June, 1970.
35. International Labour Office. The Cooperative Movement and Present Day Problems. Montreal, Canada, 1945.
36. International Labour Office. An Introduction to Cooperative Practice. Geneva, Switzerland, 1952.
37. Leary, Donald and Roy P. Ewell. Craftworkers' Cooperatives Louisiana; A Case Study. Agricultural Experiment Station, Department of Agricultural Economics, Research Report 494, Louisiana State University, Nov., 1975.
38. Lupine, Lynne, ed. 1980 Craftworkers Market. Cincinnati: Writers Digest Books, 1979.
39. Match, "Match Markets an Old Culture in New Ways." Mountain Life & Work. Vol. LXI, September 1982, pgs. 22-23.
40. Morgan, Arthur E. "Industries For Small Towns." Mountain Life & Work. Vol. XXII, 1943, pgs. 21-26.
41. National Geographic Society. The Craftsman in America. Washington: National Geographic Society, 1975.
42. Naylor, Gillian. The Arts and Crafts Movement In America: 1876 - 1916. MIT Press, Cambridge, Mass 1971.
43. Neck, A. P. and Robert Nelson eds. Small Enterprise Development: Policies & Progress. Geneva: ILO, 1987.
44. Parker, William. Economic and Social Problems and Conditions of the Southern Appalachians. Washington: Government Printing Office, 1935.

45. Peck, Elisabeth. Berea's First 125 years 1855 - 1980. The University Press of Kentucky, 1982.
46. Phillips, Richard. "Economic Nature of Co-op Association" Journal of Farm Economics. Vol. 35, pgs. 74-87, 1953.
47. Pitts, Nathan A. Cooperative Movement In Negro Communities of North Carolina. Washington: The Catholic University of America Press, 1950.
48. Rao, V. R. Cottage & Small Scale Industries & Planned Economy. New Delhi: Sterling Publishers LTD, 1967.
49. Ross, Smith G. Come Go With Me. Pine Knot, KY: Kentucky Hills Industries, Inc., 1977.
51. Roy, Ewell Paul. Cooperatives: Today & Tomorrow. Danville, IL: The Interstate Printers & Publishers Inc., 1964.
52. Ruskin, John. The Stones of Venice Vol. 2. London: J. M. Dent & Co., pg. 147, 1907.
53. Shaw, Linda and Sarah Rubin. Broadening the Base of Economic Development: New Approaches for Rural Areas. Chapel Hill: MDC, Inc., 1986.
54. Staley, Eugene and Richard Morse. Modern Small Industry for Developing Countries. New York: McGraw Hill, 1965.
55. Surri, K. B. Small Scale Enterprises in Industrial Development. New Delhi: Sage Publishers, 1988.
56. Timmons, Jeffery A., Wayne Broehl, Jr. and Joseph Frye Jr. "Developing Appalachian Entrepreneurs." Growth & Change Vol. II, July 1980, pgs. 44-50.
57. Tomek, William G. and K. L. Robinson. Agricultural Product Prices. Ithaca: Cornell University Press, 1981.
58. Ulmer, Al Cooperatives and Poor People in the South. Atlanta: Southern Regional Council, March 1969.
59. Vista, "Tradition Pays Off." The Vista Volunteer. Washington: U. S. Government Printing Office, July, 1967, pgs. 26-27.
60. Vista. "Faces of Appalachia." The Vista Volunteer. Washington: U. S. Government Printing Office, July 1968, pgs. 5-11.



61. Weaver, Emma. Crafts From The Southern Highlands. Asheville: Southern Highland Handicraft Guild, 1958.
62. Whisnat, David E. All That is Native & Fine. Chapel Hill: University of North Carolina Press, 1983.
63. Windles, Phylis. Technology, Renewable Resources & American Crafts. Washington: U.S. Government Printing Office, May 84.

## APPENDIXES

- I. TABLES
- II. APPALACHIA
- III. INTERVIEW SCHEDULE FOR COOPERATIVE MANAGERS
- IV. QUESTIONNAIRE FOR CRAFT PRODUCERS

APPENDIX I

TABLES

TABLE	PAGE
24. Types of Crafts Marketed by Appalachian Craft Cooperatives . . . . .	75
25. Services Offered by Craft Cooperatives . . . . .	76
26. Income and Expenditures of Craft Cooperatives in 1986 . . . . .	77
27. Funding Sources of Appalachian Craft Cooperatives . .	78

TABLE 24. Types of Crafts Marketed by Appalachian Craft Cooperatives

Cooperative Number	Pottery	Jewelry	Quilts	Fabric <sup>a</sup>	Toys	Baskets	Furniture	Wood <sup>b</sup>	Metal <sup>c</sup>	Other <sup>d</sup>
1	--	--	X	X	X	--	--	X	--	X
2	X	--	--	X	--	X	X	--	--	X
3	X	X	X	X	X	X	X	X	--	X
4	X	X	X	X	--	X	X	X	X	X
5	X	X	X	X	X	--	X	X	--	X
6	X	--	--	X	X	X	--	X	--	X
7	--	--	X	X	X	--	--	--	--	--
8	X	X	X	X	X	X	--	X	--	--
9	--	--	X	--	X	--	--	--	--	--
10	X	--	X	--	X	--	--	X	--	--
11	X	--	X	X	X	X	X	X	X	X
12	X	X	--	X	X	--	--	--	X	X

<sup>a</sup>Fabric includes weaving, spinning, knitting, crocheting, embroidery, cross-stitch, clothes, etc.

<sup>b</sup>Wood carving.

<sup>c</sup>Metal work.

<sup>d</sup>Other includes painting, glass making, beadwork, flint knapping, calligraphy, natural materials (sachets, brooms, wreaths) and papermaking.

TABLE 25. Services Offered by Craft Cooperatives

Cooperative Number	Materials	Space	Loans	Workshops	Libraries
1	X	X	-- <sup>a</sup>	X	X
2	X	X	--	--	--
3	X	--	X	X	--
4	X	--	--	X	X
5	X	--	-- <sup>b</sup>	X	X
6	--	X	-- <sup>c</sup>	X	X
7	X	--	--	--	--
8	X	X	X	X	--
9	X	--	--	X	--
10	X	--	X	--	--
11	X	X	X <sup>d</sup>	X	X
12	--	--	--	--	--

<sup>a</sup>Gave credit on materials; no loans.

<sup>b</sup>Open accounts; no loans.

<sup>c</sup>Can draw from equity with permission of Board of Directors.

<sup>d</sup>Open account on material.

TABLE 26. Income and Expenditures of Craft Cooperatives in 1986

Cooperative Number	Overhead <sup>a</sup> (dollars)	Gross (dollars)
1	85,862.00	106,575.00
2	60,000.00	236,000.00
3	12,000.00	24,000.00
4	98,328.12	95,380.00
5	184,067.00	436,340.00
6	200,000.00	500,000.00
7	--	--
8	--	loss for 2 yrs.
9	--	43,000.00
10	--	--
11	87,202.00	291,368.00
12	—	--

<sup>a</sup>Five managers declined to state the overhead of the cooperatives and/or how much it had grossed in 1986.

TABLE 27. Funding Sources of Appalachian Craft Cooperatives

Cooperative Number	Funding Source				
	Grants	State Aid <sup>a</sup>	Federal Aid <sup>b</sup>	Donations	Dues
1 <sup>d</sup>	yes	yes	yes	yes	yes
2	no	no	no	yes	yes
3	no	yes	no	yes	yes
4	no	no	no	yes	yes
5	no	yes	no	no	yes
6	no	no	no	no	yes
7	yes	no	no	yes	no
8	no	no	no	yes	yes
9	yes	yes	no	yes	no
10 <sup>c</sup>	--	--	--	--	--
11	no	no	no	no	yes
12	no	no	no	no	no

<sup>a</sup>Several cooperatives received state aid in the past to get started.

<sup>b</sup>Several cooperatives received federal monies in the past to get started.

<sup>c</sup>Cooperative 10 declined to answer.

<sup>d</sup>Cooperative 1, 4, and 5 used federal and state monies in their general operating fund.

APPENDIX II



APPALACHIA

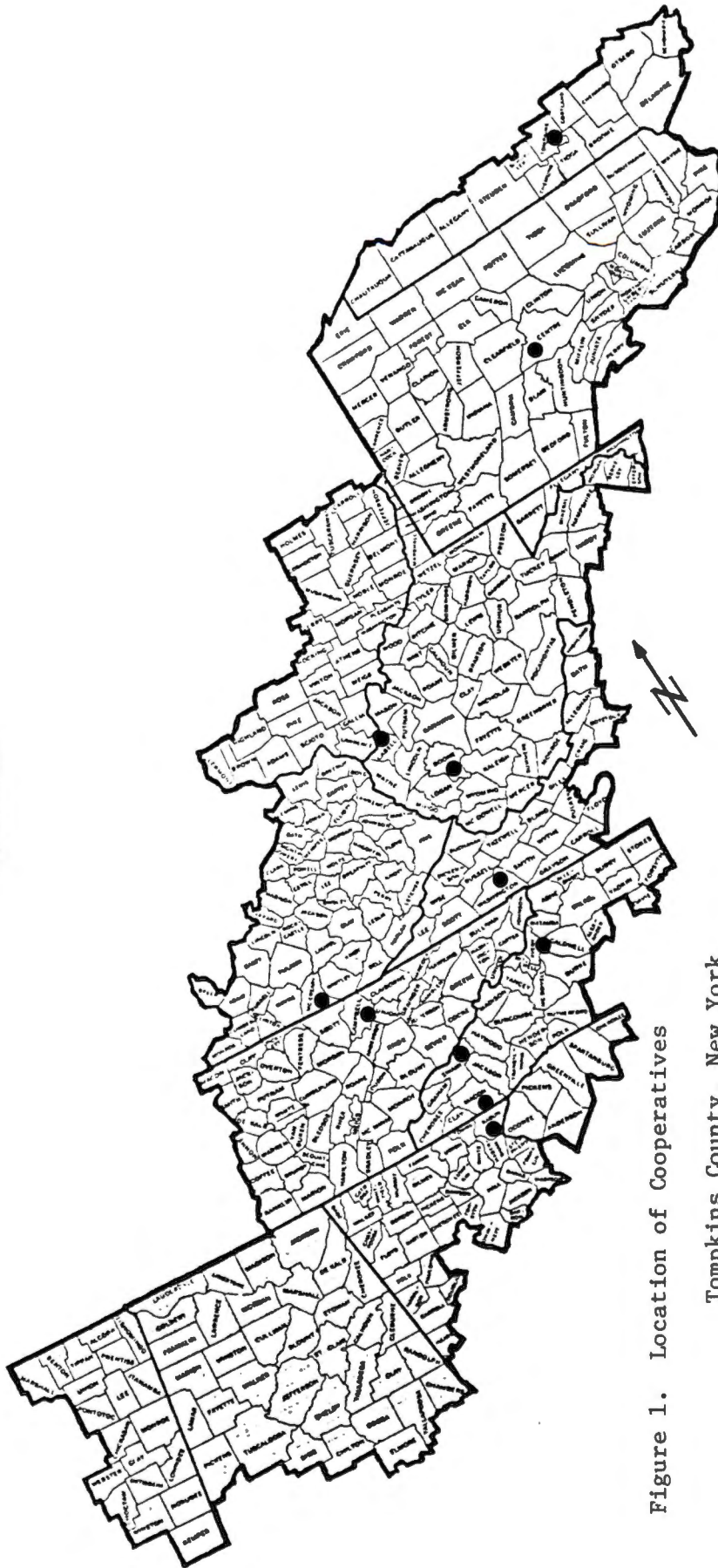


Figure 1. Location of Cooperatives

- Tompkins County, New York
- Centre County, Pennsylvania
- Boone and Cabell Counties, West Virginia
- Washington County, Virginia
- Campbell County, Tennessee
- McCreary County, Kentucky
- Rabun County, Georgia
- Swain, Avery and Macon Counties, North Carolina

APPENDIX III

INTERVIEW SCHEDULE FOR COOPERATIVE MANAGERS

### Membership

1. How many members are there in the co-op?
2. How many are active?
3. What are the requirements for membership in the cooperative?
  
4. What are voting rights based on?
  
5. Is there an investment requirement for new members?
6. If so how much of an investment?
7. How do you figure your patronage dividends?
  
8. How much was the dividend for the past 5 years?
  
9. Are you affiliated with other craft cooperative or in a federation?     yes     no  
 if so, what is the name of the fed/co-op \_\_\_\_\_  
 \_\_\_\_\_
  
10. IF yes, What does this association offer your cooperative?
  
  
11. Meetings for the members are held  
 monthly \_\_\_\_\_                      annually \_\_\_\_\_  
 bimonthly \_\_\_\_\_                      quarterly \_\_\_\_\_  
 semi-annually \_\_\_\_\_                      other \_\_\_\_\_
  
- a) do you make an annual report     yes     no

### Management

12. What is the organizational structure of your cooperative?  
 Board of directors \_\_\_\_\_    committees \_\_\_\_\_

other \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. What are the cooperatives policies/goals?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14. Are you a member of the cooperative? yes \_\_\_\_\_ no \_\_\_\_\_

15. Are you a salaried employee of the co-op? yes \_\_\_\_\_ no \_\_\_\_\_

16. How many employees does the co-op have? \_\_\_\_\_

17. How many employees are volunteer \_\_\_\_\_ paid \_\_\_\_\_?

18. If there are any paid employees how many are full-time \_\_\_\_\_  
part-time \_\_\_\_\_ ?

19. What are the duties of the co-op manager?

20. What was the overhead last year for the co-op?

Crafts

21. What type of co-operative would you classify this as?  
marketing \_\_\_\_\_  
supply \_\_\_\_\_  
other \_\_\_\_\_ explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

22. Does the co-op buy materials for the craftsmen?

yes \_\_\_\_\_ no \_\_\_\_\_ a). Where do you buy materials ? Please give location city & state

---



---

a) How do you set the prices for materials that you sell to members?

23. Does the co-op have workshop space for craftsmen?

24. Does the co-op give small loans of equipment or credit to members for production purposes?

25. What other types of production services are offered to co-op members?

#### Production

26. What types of crafts do your members produce?

_____ pottery	_____ baskets	_____ brooms
_____ candles	_____ leather	_____ metalwork
_____ clothing	_____ dolls	_____ knitting
_____ weaving	_____ woodcarving	_____ jewelry
_____ furniture	_____ quilts	_____ crochet
_____ needlework	_____ other	

27. Do you market the crafts through

\_\_\_\_\_ catalogues  
 \_\_\_\_\_ own store  
 \_\_\_\_\_ craft fairs/festivals  
 \_\_\_\_\_ magazine advertisements  
 \_\_\_\_\_ wholesale orders from retail stores  
 \_\_\_\_\_ museum or other gift shops  
 \_\_\_\_\_ jobbers  
 \_\_\_\_\_ other

28. Do you market both traditional and contemporary crafts?

29. Which crafts are your best sellers?

a) How do you price the crafts that you market? \_\_\_\_\_

30. Do you have marketing agreements with your members?

31. Are goods from co-op members sold on consignment or bought outright from members?

a) Do you take orders from dept. stores etc? if so, how do you price these goods?

32. What markets do you serve?

33. Do you bear the shipping costs of goods?

a) if so, what is the average amount that you pay per year?

34. How much did the co-op gross in 86?

#### Financial Information

35. How was the co-op started?

36. Do you receive

\_\_\_\_\_ grants  
 \_\_\_\_\_ state aid  
 \_\_\_\_\_ federal aid  
 \_\_\_\_\_ donations  
 \_\_\_\_\_ dues

37. If you receive federal or state aid what is it used for

38. If you receive grants or donations from private sources what are they used for?

39. What percentage of your annual operation money comes from these sources?

#### Services

40. What craft fairs, if any, did the cooperative go to last year?

---

---

---

41. Does the co-op have a learning facility with books, manuals, films, slides etc that members can utilise?

42. What type of workshops, if any, do you offer members?

---

---

---

43. Who decides if and when a workshop will be offered?

---

---

44. What other services are offered to co-op members?

45. Do you subscribe to the Craft Report or any other magazines that deal with crafts and /or marketing?

46. What kind of impact do you think the co-op has had on the community and the members?

APPENDIX IV

QUESTIONNAIRE FOR CRAFT PRODUCERS



## CRAFTS IN APPALACHIA

Please fill free to write comments in the margin or on the back of the questionnaire.

### Craft Production

1. Please check the type of crafts that you produce. (double check the most important)

<input type="checkbox"/> Pottery	<input type="checkbox"/> Baskets	<input type="checkbox"/> Metal work
<input type="checkbox"/> Candles	<input type="checkbox"/> Leather	<input type="checkbox"/> Knitting
<input type="checkbox"/> Clothing	<input type="checkbox"/> Dolls	<input type="checkbox"/> Jewelry
<input type="checkbox"/> Painting	<input type="checkbox"/> Woodcarving	<input type="checkbox"/> Crochet
<input type="checkbox"/> Furniture	<input type="checkbox"/> Quilts	
<input type="checkbox"/> Needlework (embroidery, candlewick, cross-stitch, etc)		
<input type="checkbox"/> Other _____		

2. Which best describes your craft?

one of a kind  
 mass production  
 limited reproduction  
 other \_\_\_\_\_

3. How did you learn your craft? (check all that apply & double check the most important)

<input type="checkbox"/> High School	<input type="checkbox"/> Apprenticeship
<input type="checkbox"/> College Courses	<input type="checkbox"/> self-taught
<input type="checkbox"/> Workshops, local classes	<input type="checkbox"/> learned from relative
<input type="checkbox"/> Other _____	<input type="checkbox"/> learned from friends

4. Are you a  full time craft producer?  part time?  
If part time; what is your principal occupation?  
\_\_\_\_\_

5. About how many hours a month do you work on craft production?

<input type="checkbox"/> Less than 10	<input type="checkbox"/> 50 to 79
<input type="checkbox"/> 10 to 19	<input type="checkbox"/> 80 to 119
<input type="checkbox"/> 20 to 29	<input type="checkbox"/> 120 or more
<input type="checkbox"/> 30 to 49	

6. About how many items do you make a month? \_\_\_\_\_

7. How many paid or unpaid assistants do you have? \_\_\_\_\_

a) How many are full time? \_\_\_\_\_

b) How do you decide what to pay him/her? (check answer)

\_\_\_\_\_ Do not pay

\_\_\_\_\_ Varies with skill level

\_\_\_\_\_ According to what I think they're worth

\_\_\_\_\_ Minimum wage

\_\_\_\_\_ So much for each piece produced

\_\_\_\_\_ Other

8. Where do you buy your materials? (check all that apply and double check the most important)

\_\_\_\_\_ Cooperative or Guild

\_\_\_\_\_ Mail order (please write city & state)

\_\_\_\_\_ Retail suppliers (city & state)

\_\_\_\_\_ Wholesale suppliers (city & state)

\_\_\_\_\_ Other craftsmen

\_\_\_\_\_ Gather your own

\_\_\_\_\_ Other \_\_\_\_\_

### Craft Marketing

9. How do potential customers learn about your crafts (check all that apply then double check the most important)

\_\_\_\_\_ Word of mouth

\_\_\_\_\_ Own store

\_\_\_\_\_ Retail stores

\_\_\_\_\_ Catalogues

\_\_\_\_\_ Other \_\_\_\_\_

\_\_\_\_\_ Museum exhibits or gift shops

\_\_\_\_\_ Craft fairs, festivals

\_\_\_\_\_ Through a co-op or guild

\_\_\_\_\_ Magazines

10. Do you sell any of your craft work through a cooperative?

\_\_\_\_\_yes \_\_\_\_\_no

a) What advantages and/or disadvantages do you see in selling through a craft cooperative?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Did you sell crafts through retail stores last year?

\_\_\_\_\_yes \_\_\_\_\_no

if yes, how many stores \_\_\_\_\_



**Craft Cooperatives**

19. What craft cooperative (s) do you belong to? (give name, city & state)

\_\_\_\_\_

\_\_\_\_\_

20. How much of your materials do you buy from a craft-cooperative?

None, they don't carry what I need

None, it is not convenient to deal with them

None, there is no cost advantage in buying from them

Some

About half

Most

Virtually all

21. What types of services does your cooperative offer?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

22. What types of services would you like to see your cooperative offer?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Personal Characteristics/Situation**

23. Please check your ethnic group

American Indian       White       Black

Asian       Hispanic       Other \_\_\_\_\_

24. Please check your age group

10 to 19       30 to 39       50 to 59

20 to 29       40 to 49       60 or more

25. Please indicate your sex

F       M

26. How many people live in your household including yourself? \_\_\_\_\_

27. How many years of formal education have you completed?

- Less than 8 years  
 8 through 11 years  
 12 years (completed High School)  
 1 to 3 years of college or technical school  
 Completed college  
 Some graduate work  
 1 or more graduate degrees

28. What is your marital status?

Married       Not married

IF MARRIED: What is your spouse's occupation?

---

29. Please check the annual income category from all sources in which your household falls.

- |   |   |
|---|---|
| <input type="checkbox"/> \$9,000 or less      | <input type="checkbox"/> \$25,000 to \$29,999 |
| <input type="checkbox"/> \$10,000 to \$14,999 | <input type="checkbox"/> \$30,000 to \$49,999 |
| <input type="checkbox"/> \$15,000 to \$19,999 | <input type="checkbox"/> \$50,000 or more     |
| <input type="checkbox"/> \$20,000 to \$24,999 |   |

30. How many people contribute to the household income? \_\_\_\_\_

**Your Wisdom**

31. What to you is the most important factor for success in crafts?

---



---



---

Thank you for taking the time to assist in this study! Please return to: Cynthia Evans, Dept. of Ag. Econ. & Rur. Soc., University of Tennessee, Knoxville, TN 37901.

## VITA

Cynthia A. Evans was born in Indianapolis, Indiana on August 25, 1955. She graduated from Wabash High School in 1973. In August of 1973 she enrolled in Indiana University and graduated from there with a Bachelor of Arts degree in English in 1978. In 1980 she joined the Peace Corps and served in Kabul, Afghanistan and Zinder, Niger. She has been working for the Foreign Agricultural Service in Washington, D.C. since 1989.

Ms. Evans entered the graduate program in agricultural economics in 1985. She completed the requirements for a Master of Science degree in Agricultural Economics in July 1991.