

Women Skill Development Multi-cooperative Case Study

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1 Introduction

The objective of this case study was to examine the current status of the Women Skill Development Multi-cooperative organization and explore the barriers that they would face in operating an e-commerce platform.

Established in 2007, the Women Skill Development Multi-cooperative organization (Mahila Sip Bikash B. Sahakari Sanstha Ltd.) is based in Kathmandu, Nepal. It originated from the collapse of an existing governmental organization in 2006 forcing unemployment for many women in the area. A number of these women banded together to form the Women Skill Development Multi-cooperative soon after.

The main aim of the organization was to empower local women while providing a setting for them to develop their skills in order to provide for their families. Each of the women focused on what they knew well, having already spent many hours in the previous organization producing similar products. The group focuses on sewing high-quality garments such as napkins, bed-sheets and cushion covers, t-shirts and wall hangings. They also have many intricate block print designs and have the facilities to produce intricate designs on each product.

2 Findings of the study

2.1 Staffing

This organization has 25 female staff at present. All of the staff are considered founders of organization having each placed a significant sum into a fund that is used for administration, salaries and other resources. Only 15 of these founders take a regular monthly salary as they work at the NGO in a full time capacity. 12 of these workers come from a very poor financial background, many of their partners are hard-core drug addicts, alcoholics with the majority of their partners being also unemployed and physically abusive. Almost 50 percent of the organization is illiterate

There are no computer personnel available. Should they wish to troubleshoot an issue with the computer they need to depend on local knowledge to resolve any problems that occur. The organization cannot afford any on-site web developers or graphic designers.

2.2 Equipment

The organization rents 4 rooms in Sanlipa, Kathmandu which serves as their base of operations. All of the equipment which they use has been donated by the founders of the organization. Much of the equipment while not new, is serviceable for the task in hand. Last year an old desktop computer running Windows XP was donated to the organization. Unfortunately it is used to gather dust as the workers lack knowledge in operating the system and also because there is often no electricity in the country.

There is working phone line in the building and it is capable of providing dial-up Internet access once enabled by the Internet Service Provider (ISP). The opportunity exists for an ADSL line to be enabled in the building however the NGO cannot afford the high prices requested by the ISP.

2.3 Local NGO Relationships

Two local NGOs which are well known internationally, Sana Hasta Kala and Lokta Paper, often buy products in bulk. Profit margins on each product sold in bulk are extremely low when dealing with these local NGOs. Both of these organizations supply Oxfam Fair Trade with these products due to Oxfams policy of only dealing with NGOs that have been in operation for at least 3 years.

2.4 Management

There is one president of the organization who acts as the official figurehead. It is the presidents responsibility to sign all official documentation relating to salaries, purchasing and any government communication. Regular meetings take place every two weeks discussing material requirements, sales and on which products they should be focused on producing over the coming weeks. The majority of management act as volunteers and do not take any salary.

2.5 Financial Position

Much of the organizations earnings are split between rent, salary, production materials and administration costs. As with any business there are a number of busy periods during the year, most notably the wedding season (December) and the Dashain festival (October). Apart from these two periods much of the rest of the year maintains a low turnover. Each of the workers salary is very basic and often the organization faces a struggle to pay it.

The organizations main customers are within the local community; family members and neighbours often purchase their products when celebrating family events such as weddings, birthdays, etc. If not for the support of the local community the NGO would never have survived. It is their hope to deal directly with Oxfam in 2010 which hope will lead to an increase in sales.

As there has been such difficulty with incoming finance, none of the management team has ever drawn a salary.

2.6 Postal System

Selling a product internationally requires a shipping provider close at hand. The NGO has access to FEDEX, DHL, UPS through the local post office. Postage fees to ship items abroad can be excessive in relation to the average Nepali income.

2.7 Banking System

The NGO currently has a checking account with a local bank. Their current account does not have merchant facilities, the NGO currently prefers to deal with cash and cheques as past experiences with the banking system have been unreliable. The organization is unable to process credit cards.

3 Current Problems

There is a huge shortage of finance to run this organization. Expenditure from month to month is carefully examined just to ensure that wages are paid every single month. The low literacy level in the organization is very worrying but not unexpected for Nepal.[1] While the organization does have a single computer on site it is not connected to the ISP either via dial-up or ADSL. There is no printer on-site so all labelling for any order would need to be completed by hand.

At the very minimum one person would need to be trained on e-commerce for their operation to run smoothly online. Training would need to be required to bring a volunteer member up to speed on any basic computer functions.

There is a huge gap in the level of access to the Internet that any organization needs to operate a successful e-commerce business. Current electricity restrictions mean that should the organization go online they would have only 4 hours to interact with customers, upload products and pull or push orders. Any e-commerce system put in place would need to be simple to use, extremely cheap, support the local dialect and be heavily customizable to support offline usage during electricity downtime.

Having no merchant banking system means that the organization cannot receive any online payments through payment gateways such as Paypal, Authorize.NET.

4 Government Policies

In 2010, Nepal entered a twenty hours daily load shedding schedule, this electricity crisis has severely impacted the NGO as certain sections of production require electricity and halts until it returns. It is estimated that only 40 percent of Nepalese have access to electricity. The rates of electricity in Nepal are amongst the highest in the world.

Nepal is undergoing fuel shortages due to the Indian Oil Corporation (IOC) cutting the countries fuel supply due to non payment of bills. This restriction leads to long queues with quotas strictly enforced. This means that installing generators on-site is not an option for this NGO. On-going costs for a single generator plus the required fuel would lead to a large budget overspend.

5 Conclusion

The organization has no IT skills so maintaining a self-managed online system would be far too complex. Current hosting costs would cripple the organization especially because there is no guarantee that sales would occur.

While the organization does not have a merchant account they can obtain this service from their bank for a nominal fee. Banks in Nepal also use the SWIFT system to expedite bank transfers allowing for funds to be transferred directly to a specified account from abroad.[2]

Electricity has crippled the country, forcing certain activities such as Internet access to occur only during a 4 hour period each day. An online-only system would lead to a large productivity drop as the management team would not be able to update stock inventory or products during this time.

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