

## **Karvaan Crafts: Hope for Craftswomen's Good Fortune**

**Case Focus:** The case study highlights the germination of a business initiative for the economic uplift of the poor craftswomen and discusses the business operation mechanism and its impacts on socio-economic condition of the craftswomen hailing from rural and suburban areas of different districts in Pakistan.

### **Backdrop to Karvaan Crafts Initiative**

Pakistan, with a population of about 174.5 million, is the sixth most populous country in the world. Females make up half of the population of the country. About 36% of the population lives in cities and 64% in rural area. The labour force of Pakistan (10 years and over) comprises 79.59 percent of males and 20.41 percent of females. Agriculture and related activities employ 44.06 percent of the labour force (Federal Bureau of Statistics, 2006). Most of women in rural areas work not only for rearing of children but also try to take part in income generating activities in order to support their families. Most of the women, in line with traditional values and culture, possess fair amount of knitting and embroidery skills. Because of lack of any other job opportunity, most of the women engage themselves with hand embroidery work, although the income earned from the work is quite slim. The Poor craftswomen with limited knowledge and access to wholesale market, find no way but to depend on the middlemen who take away a big chunk of their income and give little money for their hard work.

### **Inception of Karvaan Crafts:**

It was a usual working day for Ms. Aysha Saifuddin at Kashf Foundation- a non-governmental organization based in Lahore, replicating the Grameen Bank model and providing the poor women with micro-credit facilities without requiring any collateral. However, the usual day turned into a special one when she came to know that they had received a big order of hand embroidery from 'The Gap Inc.' - the American clothing and accessories retailers. Aysha along with other Kashf foundation employees conducted a brain-storming meeting and identified four villages surrounding Lahore city to get the hand embroidery work done by the craftswomen of the villages. Aysha and her team members established training centers in the selected villages, made contacts with the craftswomen and conducted training workshops in order to introduce the craftswomen with the specifications required by Gap Inc.

Interaction with the craftswomen revealed how little they were paid for their embroidery work by the local middlemen who used to supply the embroidery products to the wholesalers in the market. The craftswomen were quite delighted when they received Pak rupee 1000.00 (about 11.5 USD) per suit from the Kashf foundation for the embroidery work in contrast to Pak rupee 300.00 they used to receive from the middleman for the same type of work.

On seeing smile and impression of satisfaction on poor craftswomen's faces, the idea of initiating an embroidery and handicraft-related venture flashed Aysha's mind that would help improve the economic condition of the craftswomen and provide them with fair amount of their hard work. She spoke to the administrators of the Kashf foundation; however, they preferred Kashf foundation to concentrate on microcredit. This situation pushed her in dilemma, her entrepreneurship nature sensed a great scope of handicrafts business to change the lot of the poor women, but the NGO she was working with was adamant to keep focussed on microfinance. However, through her persuasion and valid arguments, she was successful in launching the handicrafts and embroidery work-related social business within the Kashf Foundation in 1998. After some time she decided to launch the social business independently under the name of 'Karvaan Crafts'. Aysha was successful in establishing the new social business with the help of Ms Roshaneh Zafar- the founder of Kashf foundation, who agreed to make the profit earned from GAP available as the seed fund for the new social business venture.

'Karvaan' is a word from 'Urdu' language that means a group of people who gather together to set on a journey. Here the word 'Karvaan' denotes moving together for a noble cause – uplifting the economic condition of the poor craftswomen.

### **Organizational Structure of Karvaan Crafts**

Karvaan is registered as a not-for-profit NGO and is governed by a seven member board of directors with Aysha Saifuddin as one of the directors. The board is responsible for dealing with the administrative matters such as hiring of the employees as well as other matters related to deciding the salary of employees and executives. Usually NGOs are criticised for huge administrative costs, however, in Karvaan Crafts, in line with sustainable business principles and to keep the administrative and operational costs minimum, hiring and salary of employees is attached with their performance in terms of bringing more business and achieving the set targets.

## **Working Mechanism:**

### ***Networking and Trust Building***

Karvaan foundation staff, after collection of preliminary information about socio-economic condition of the people, makes visits to different villages in various districts of Pakistan. Door to door visits are made in the selected villages by the women staff in order to introduce themselves, the organization they are working for, as well as the objectives and mission of the organization. They offer an invitation to the women to be member of their organization that has the mission of improving the socio-economic status of craftswomen in rural areas. Trust building takes time and usually several visits are required for the purpose. One of the most enthusiastic and active woman from each of the selected villages is chosen as representative that help arrange regular meetings and broaden the member network.

### ***Capacity Building Trainings***

Karvaan foundation regularly makes arrangements for training workshops for its member craftswomen. The key purpose of the trainings is to impart knowledge and information related to networking, leadership, marketing skills and know-how about the local embroidery market mechanism so that craftswomen could get rid of the shackles of the middleman by making direct contacts with the wholesalers in the market and earn fair price of their handmade crafts. Karvaan foundation acts as a bridge between the craftswomen from rural areas and the wholesalers in the market. Whenever necessary, the foundation also endorses its member craftswomen in order to gain confidence of the wholesalers.

### **Sustainability of the social business: Karvaan Crafts Outlets**

Sustainability in terms of running the business in such a fashion that it does not always depend on the crutches of donated funds, but at least meets operational cost is key to the concept of social business. Karvaan crafts is carved such a strategy that helps not only meet the operational costs, but also earn profit for further enhancement of the social venture.

The Karvaan crafts has established four outlet stores in order to sell handicrafts, embroidery work to the local and foreign tourists. There are two stores in Lahore, one in Islamabad, and one in Karachi. These stores are source of income to help make the social business self-sufficient. These outlets sell the handmade products including bags, candles, home decoration items, apparels with embroidery work, and other small handmade items such as wallets, mobile covers etc., prepared by the

foundation member craftswomen. The payment to the craftswomen is made in accordance with the national minimum wage scale for a skilled worker i.e. Pak rupee 7000 per month. These outlets work like any other commercial enterprise, but the profit earned is reinvested in further advancement of the social business.

### **Socio-Economic Impacts of the Social Business**

A roundtable discussion held at Karvaan Foundation Head office on 30<sup>th</sup> of July 2010 with 16 craftswomen and their representatives from 06 districts of Pakistan provides an interesting account of positive impacts on the socio-economic conditions of the client members.

One of the key benefits of Karvaan Crafts foundation initiative is that it has helped increase work orders for the craftswomen and has proved a regular and reliable source of income for them. Moreover, craftswomen are receiving fair price of their handwork embroidery – four times higher than they used to get from the middleman. Craftswomen also feel confident in contacting the wholesalers by their own and are in a position to negotiate the rates of their embroidery work with the wholesalers. The social business has enabled the rural womenfolk to save money from their earnings for their families. Other than medical emergencies, the reserved money is usually used either for buying extra food items for kids or to meet educational expenses of their school going children.

The initiative has proved equally beneficial for the lasses. They are enthusiastic to work and save money to help their parents in running the household expenses. A number of young girls engaged with the embroidery work saved their earnings and used the same in buying their dowry and gave a helping hand to their poor parents in bearing marriage-related expenses. The initiative has helped in changing the attitude of the public in general where daughters were considered a burden on the family. A score of young girls have become client members of karvaan crafts initiative and are determined to become self-sufficient by working with the Karvaan and earning enough to shoulder their marriage-related expenses by themselves. The Karvaan Crafts initiative, on one hand, has helped in changing the stereotype thinking about the girls; on the other hand, it is also helping in overcoming the social issue of early age marriages.

## **Preliminary Teaching Note**

### **1. Case Synopsis**

Ms. Aysha Saifuddin was working at Kashf Foundation for the accurate and timely completion of an embroidery work-related order placed by GAP international. Through her entrepreneurial flair, she considered it a business opportunity for a social cause related to improving the economic condition of the poor craftswomen. Capacity building was identified as their most critical need. Craftswomen were provided with the knowledge of marketing and networking with the local wholesalers. The case also sheds light on launch of the initiative as well as on the management mechanism employed for making the social business self-sufficient and sustainable.

### **2. Teaching Objectives**

The case has been written for a course on social business. It gives student a chance to explore that how a social entrepreneur finds innovative ways for initiating a business to serve a social cause. The students are also exposed to learn about the mechanism for running a successful social business.

### **3. Immediate Issue**

The poor craftswomen were not getting fair price of their handmade embroidery work. Although they were working hard in their spare time, it did not contribute in improving their economic condition. The issue impelled an entrepreneur to initiate a business for poverty alleviation, especially in poor rural craftswomen.

### **4. Suggested Student Assignment**

1. If you were in the position of Aysha Saifuddin, what would you have perceived to help the unfairly paid poor craftswomen?
2. Ideally a social business, unlike an NGO, should not depend on external resources/donations. What other ways would you suggest to make the social business self-sufficient?
3. What kind of qualities, in your opinion, a social entrepreneur should possess?