

Promoting rural women's cooperative businesses in Thailand

A training kit



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Smita Premchander and V. Prameela
in collaboration with
Wim Polman

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For copies write to:

Wim Polman
Rural Development Officer
Food and Agriculture Organization of the
United Nations, Regional Office for Asia and the Pacific
39 Phra Atit Road
Bangkok 10200, Thailand

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ABBREVIATIONS

AWCF	Asian Women in Cooperative Development Forum
CDD	Community Development Department
CLT	Cooperative League of Thailand
CPD	Cooperative Promotion Department
CULT	Credit Union League of Thailand
ILO	International Labour Organization
SME	Small and Micro Enterprise
UNAIDS	United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women

FOREWORD

Developing countries in Asia and the Pacific account for more than half of the world's population, with the overwhelming majority of people in the region depending on agriculture and related activities for their livelihood and income. Home also to two-thirds of the world's 800 million hungry people, most of them in rural areas, Asian developing countries face major challenges to increasing rural incomes in order to speed up national progress towards the 1996 World Food Summit (WFS) goal of reducing hunger levels by half by the year 2015.

A growing population and environmental degradation are putting severe stress on natural farm productive resources, compelling more and more rural people to turn to non-agricultural activities for supplementary income and, in a growing number of cases, for alternative livelihood. Moreover, the forces of globalization are increasingly exposing small-scale Asian farmers, a majority of them women, to market conditions for which they are poorly prepared.

The new challenges will demand major adaptation of existing small-scale farming systems through means such as diversification, value-addition, non-farm production and improved marketing. It is necessary to promote viable off-farm enterprises, based on local resources and processing of agricultural and other products. The resulting transformation in the nature of small-scale agriculture demands that small farmers organize themselves into group and cooperative-based size rural enterprises. Increasingly, there will be a demand for higher levels of farm and/or rural business planning and management skills.

In order to transform themselves into successful rural entrepreneurs, small farmers need improved access to essential social services such as basic health care and education, safe drinking water and electricity, as well as a widening range of support services including credit, product and market information, technology, management skills and training in enterprise development.

However, major challenges have to be met, particularly for women farmers who are among the poorest and most food insecure but have much potential to improve their livelihoods through better management of productive resources. There is a pressing need for policies and programmes which provide equitable access to productive resources and services to rural women, strengthening their capacities to manage rural enterprises. In view of persisting cultural, social, economic and political constraints, it is necessary to ensure that such policies and programmes are better targeted in order to empower rural women as entrepreneurs.

Agricultural cooperatives provide an equitable form of enterprise development in rural areas which is most suitable for rural women. Therefore, support to agricultural cooperatives as member-controlled, community-level rural enterprises will provide the right conditions for improving the livelihood of rural women as entrepreneurs.

Over the past decade, the Regional Office for Asia and the Pacific of the Food and Agriculture Organization (FAO) of the United Nations has been promoting

agricultural cooperative development through a regional network known as the Network for the Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC). This is a platform for policy dialogue and sharing of experiences in agricultural cooperative enterprise development (ACED) among Asian member countries. It has provided new opportunities to member countries to benefit from FAO's technical expertise through pilot projects on ACED.

Promoting rural women's cooperative businesses in Thailand: a training kit is an outcome of an FAO Technical Cooperation Programme (TCP) Project, Capacity Building for Promotion of Cooperative Small Farmer and Women Group Activities (TCP/THA/0165). Under the project, FAO collaborated with the Cooperative Promotion Department (CPD) of the Ministry of Agriculture and Cooperatives of the Government of Thailand in enhancing the CPD's capacities for appropriate training of their trainers at provincial and local levels for the promotion of cooperative business activities for small farmers and rural women. The project contributed to food security by improving the self-help capacities and livelihood opportunities for small farmers, in particular women.

The FAO TCP project assisted in strengthening and building the in-house training capacity of the CPD in five regional training centres in central, northern, northeastern, eastern and southern Thailand. Training of trainers and field demonstration activities were conducted in the five regions and a comprehensive cooperative training strategy was adapted to different local conditions for capacity-building of rural women as successful cooperative entrepreneurs, making use of FAO's agricultural cooperative development experience in the region.

The FAO training kit on rural women's cooperative enterprises focuses on developing entrepreneurial skills and attitudes among women farmers. The kit was developed by two gender micro-enterprise development experts from the Indian non-governmental organization *Sampark* in collaboration with the Rural Development Officer in the FAO regional office. The training manual was field-tested in collaboration with senior managers and staff of the CPD training division in Bangkok, regional training centres, provincial mobile teams and with leaders and members of rural women's enterprise groups.

The CPD and other government agencies are using the FAO training-of-trainers approach in promoting the government's *One Tambon, One Product* policy – a major national programme for rural poverty alleviation through village enterprise development. This training manual has also been translated into Thai and has become part of the CPD training curricula.

He Changchui
Assistant Director-General and
FAO Regional Representative for Asia and the Pacific

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Finally, and most important, was the contribution of the 120 members of five women's cooperative groups who participated in the testing of the training modules. Their suggestions and inputs have added the quality needed for the successful development of the training kit.

INTRODUCTION

The cooperative sector in Thailand

The cooperative sector in Thailand is nearly a century old with a credit cooperative of small indebted farmers set up in 1916. As of January 2002, there were 5 617 cooperatives with more than eight million members. The three-tiered sector is made up of primary cooperatives at the village level, federations of three or more primary cooperatives at the provincial level and national federations of cooperatives.

There are an estimated 3 582 agricultural cooperatives – 64 percent of the total – with thrift and credit cooperatives making up another 24 percent. Service cooperatives (4 percent) and consumer cooperatives (8 percent) make up the rest.

All cooperatives are affiliated to the apex Cooperative League of Thailand (CLT), a statutory body set up in 1968 to promote cooperative affairs and facilitate communication among cooperatives, government and foreign institutions, as well as conduct research and offer technical advice. Other agencies dealing with cooperatives are the National Cooperative Development Board, the Office of the Registrar of Cooperatives, the Cooperative Promotion Department (CPD) of the Ministry of Agriculture and Cooperatives, the Cooperative Audit Department and the Bank for Agriculture and Agricultural Cooperatives (BAAC).

The primary objective of the sector is to organize small producers to enable them to derive the benefits of large-scale business operations. The government organizes a number of training and other projects that promote cooperatives and work on cooperative principles. Good training manuals are being used for capacity-building in the areas of organization, management and good business (FAO 1998; CLT 2002).

Women's cooperative groups

Cooperatives reach out to a large number of rural people and are parent institutions for about 6 000 smaller rural women's groups in activities that include:

- Thrift
- Credit
- Bulk purchase of raw material and sale to members
- Production
- Marketing

However, about half of these groups are now defunct. A large number of women's groups registered with cooperatives had availed of a government loan to assist rural people after the economic crisis of the late 1990s. Many of them

presented the cooperatives and the government with business plans that were not viable. Some businesses failed and the groups lost either the whole or part of their working capital assistance. In several cases, women's group members/leaders did not use the money for the stated business purposes and never returned the money to the group's account with the cooperative.

One-fourth of the surviving groups have good business operations. Others need to build their capacities to improve business performance. Typically, 30 to 50 percent of the members in these groups are active participants in the group's business, working three to four hours a day. Another 50 percent of the women's groups in business face problems related to accessibility and cost of raw material, product quality, insufficient sales and, therefore, insufficient work for group members.

A majority of the existing women's groups seek support from the Cooperative Promotion Department to improve their performance.

Need for developing entrepreneurial capacities among rural women's cooperative groups in Thailand

While women's cooperative groups have been set up as part of the government's efforts to help increase the incomes of women, the focus is more on providing support than on building capacities, thereby creating dependence on various government departments.

Rural women's cooperative groups have several needs for enhancing the viability and sustainability of their businesses. Some of these can be met by training, while others require different kinds of support.

They need capacity-building support which improves their ability to manage their own businesses. This attitude must be promoted both among members of women's groups as well as the facilitators.

The aim of this training kit is to assist rural women to become individual or group entrepreneurs and managers of cooperative businesses instead of helping set up enterprises *per se*.

Rural women's cooperative groups in Thailand cover a wide range of businesses. Some of their training needs are the same, for example those relating to business and accounting concepts. Other training needs, especially those related to technology, differ across sectors.

Several of these needs can be met by training members of the women's groups. As a long-term strategy, training is better than providing services because it enables the women to take charge of their own businesses.

The following needs have been stated by rural women's groups and identified by government staff and trainers:

Enterprise support needs

Information building and networking

Marketing support and linkages

Technical linkages

Credit linkages

Other services

Training needs

Principles and practice of cooperation

Gender issues in cooperatives and group businesses

Upgradation of technical skills

Design, product development and packaging

Costing and pricing of products

Financial management

Marketing management

Business management

Institutional linkages

Objectives of the training kit

The major objective of the kit is to provide a tool for enhancing the viability and sustainability of rural women's cooperative businesses by helping build their capacities to manage, promote, expand and diversify their businesses.

The kit can be used by CPD staff to help transform the rural women's groups into vibrant cooperative businesses. The aim is to assist:

- the CPD to move from being a provider of finance and support, to becoming a facilitator; its staff to be catalysts for promoting entrepreneurship by rural women instead of being hand-holders;
- rural women's groups to move from dependence to self-reliance and from being small income generating groups to vibrant cooperative businesses.

The training kit also offers a tool for initiating a women farmer demand-led process for identification and delivery of production support services. It will enable rural women's cooperative groups to understand their businesses better, articulate their needs, be business rather than grant-oriented and improve their businesses. This, in turn, will help improve CPD response to the enterprise support needs of the women's groups and cultivate entrepreneurial promotion attitudes among CPD staff.

Key elements of the training kit

1. *Attention to attitudinal change:* The entrepreneurial attitude is the key to starting and sustaining enterprises. This attitude needs to be instilled in both women's group members as well as facilitators.

2. *Attention to gender relations:* This is a neglected subject with a lack of gender-disaggregated data on cooperatives, particularly on membership, management and leadership. In general, both women and men are reluctant to challenge the positions of men in top leadership positions. A note and a handout offer guidance on steering discussion on the subject.
3. *Attention to the Thai cultural context:* The ways in which Thai women and trainers learn best have been taken into account while designing the methodology and training material.
4. *Focus on four rural enterprise sectors:* The sectors have been chosen from those with a greater concentration of women's groups and those selected for the government's *One Tambon, One Product* scheme. A regional balance has also been attempted in the selection of the sectors. The following sectors and regions have been selected:
 - Food: all regions
 - Textiles: northeast Thailand
 - Handicrafts: north and central Thailand
 - Wood: north and northeastern Thailand

How to use the kit

This training kit can be used for a single training programme of two to three weeks, on a half-day or full day schedule. However, this is by no means the only way it can be used.

It is good to cover all sections in the training kit over a one-month or year-long period to impart basic enterprise training to the women so they can take care of the management and growth of their own businesses.

The training modules

1. Introduction to the programme/objectives sharing
2. Concept of business
3. Gender issues in cooperative women's group businesses
4. Costing & pricing
5. Bookkeeping and financial statements
6. Marketing
7. Savings, risk management and use of profits
8. Business plan
9. Leadership and team work
10. Networking
11. Monitoring and evaluation of businesses
12. Evaluation of training
13. Sector case studies

Flexibility in use

The kit offers flexibility in:

- topics to be taught
- time duration of the programme
- methodology and material used

Each section is divided into several sessions. Trainers can pick up sessions that are most suited to the needs of their trainees. For instance, they may choose a three-day training programme with one day devoted to cooperative principles, another to marketing and a third to bookkeeping. Or they may choose a three-day programme on marketing alone and follow it up with a three-day programme on bookkeeping. The training material on each topic can be adapted for in-depth and longer duration training or for short duration training.

Sometimes, trainees who are already in business cannot participate all day in the training. For instance, those engaged in dairying must take care of cattle early in the morning and then in the afternoon. Trainers should design flexible sessions suited to the trainees' needs.

The kit includes four different handout sets, along with case studies covering the four sectors. The case studies can be used for sector-specific training programmes. The kit can also be used to train participants from more than one sector by using case studies from each sector.

Selecting the training modules

The trainees must go through the entire set of skills and attitudes training for a good understanding of rural cooperative business. Groups already established in business may only want to learn about bookkeeping and marketing and may not see the need for learning about business ideas generation.

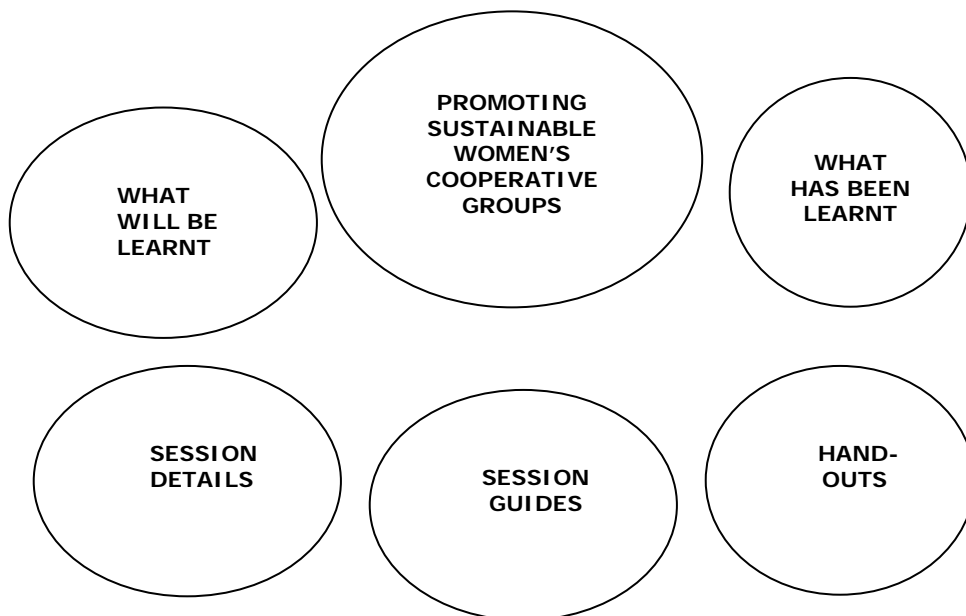
However, such groups may reach a stage when the future potential of their product range is limited and they find it necessary to look for a new business. If they do not have skills in generating business ideas, they will have to seek outside help. The skills for business ideas generation must, therefore, be acquired by all rural women's cooperative enterprises and not only by those in the start-up stages.

The logic for acquiring most other entrepreneurial skills is similar. It is better to provide members of a rural women's cooperative enterprise with advance training in these skills rather than wait for a time when these are needed for solving a specific problem.

Each module has three elements. The first introduces the module, informing trainers/participants what will be learnt in that module. The number of sessions and estimated time are also given at the beginning of each module.

This is followed by a description of the sessions, a session guide and the material/handouts needed for each session. Finally, a few pages summarize what has been learnt. This also serves as a checklist to evaluate whether participants have acquired the required level of learning.

The training modules in the kit include basic enterprise training for all rural women's cooperative groups. There may be need for additional training in technical subjects, like quality of production, technology, type of weaving, cost reduction, design, packaging, etc. The CPD uses its guest faculty for teaching these subjects to groups. This makes it possible to bring the best and most appropriate technology and design expertise to train the women's groups. However, attention to the following aspects will make guest faculty training more efficient and effective:



- The guest faculty should be used only for technical subjects; the CPD should build internal expertise for basic enterprise training; the training modules should be built into the CPD's annual training programmes.
- Guest faculty should be given a clear brief on the subject to be taught and the learning to be achieved at the end of the programme.
- It is often useful to give a clear brief on how to teach; external trainers should be supported in establishing a participatory learning process through answering questions raised by participants and checking whether the answers have been understood.
- Time limits must be set for the guest faculty as it is important to respect time constraints faced by rural women.

- As far as possible, there should be practical training and demonstration, involving women participants, and not just lectures and talks.
- Sometimes guest trainers can get carried away and give lectures, but these are not as effective as providing the women trainees an opportunity to practice and interact freely with the trainers.

Planning the training

Using own trainers

The strength of the CPD is its countrywide network of training facilities at the provincial level. It is better for the CPD as well as CLT to develop in-house training capacities. External trainers are often not aware of the developments in rural women's cooperative groups and may not know how to teach the subject in a manner suited to the needs of the latter.

Selecting enterprise trainers

Experience
Attitude
Good business skills
Gender
Motivated
Networked

Selecting the trainers

Rural enterprise training needs not only experience but also an attitude emphasizing self-reliance rather than dependence. Trainers must have good business skills themselves and it is useful if some of them have established or managed businesses. Officers with spouses in business often make good enterprise trainers. The trainers must be motivated for capacity-building; they also need good contacts with other support agencies so that they can refer the trainees to specialist services needed by rural women entrepreneurs. Finally, it is important that there are as many women as men in the trainer group. Women trainers serve as role models and are better able to inspire women trainees.

Training of trainers

It is necessary to have regular training of trainers (TOT) programmes so that a large number of trainers for training rural women's cooperative groups are available. Regular TOTs will also ensure that when trainers are transferred across regions, others will be available to continue the training.

Participatory training should be an essential element of the TOT programmes. Participatory training techniques are the main characteristic of the training kit and have been found useful by the participants.

Preparation for training

It is important to ensure that the trainers have enough time for the planning, preparation and conduct of the training. The Directors of the CPD regional

training centres must give priority to the training of the women's groups and provide them with the time and budgets required.

A seating arrangement that is U shaped is recommended for the training instead of the traditional, classroom-seating as this facilitates participation by all trainees.

Selecting the trainees

Although the training modules are meant for all members of rural women's cooperative groups it may not be possible to train all members at the same time. In such cases, specific modules can be used with group members responsible for those tasks.

The selection of the trainees is critical to the success of the training. The modules must also be selected according to the needs of prospective participants. The trainers must spend time with the participants, analysing their needs before inviting them for the training.

Moreover, the participants must be grouped on the basis of training needs. For instance, if the training is in accounts, group members responsible for accounts must be invited. Different members of a group must be invited as participants to the training programmes. When only group leaders attend each training programme, the impact is limited. Group capacity-building is more effective when different members of the group are trained in rotation.

The priority target members for the modules are listed in table below:

Module	Priority for participating members
Introduction and objectives sharing	All members, group leaders, local leaders and leaders/managers of parent cooperatives
Understanding women's group businesses	All members, leaders
Gender issues in group businesses	All members
Costing and pricing	Members in charge of accounts, marketing, leaders
Book keeping and financial statements	All members, especially the accounts writer and the leader
Marketing	All members, especially the marketing in-charge and the leader
Savings, risk management and use of profits	All members, especially committee members
Business plan	All members
Leadership and team work	All members, leaders
Networking	All members, leaders, public relations in charge, marketing in charge
Monitoring and evaluation of businesses	All members, especially committee members

Module 1

INTRODUCTION AND OBJECTIVES SHARING

A well-organized inaugural and introductory session is important for building rapport among the participants and the trainers and reinforcing the goals of the training.

What you will learn in this module

- making people comfortable with one another
- creating a good atmosphere for training
- enabling participants to learn about themselves
- enabling participants to gain useful information
- about one another e.g. skills, experience and strengths
- sharing objectives
- discussing objectives, the session schedule, methodology and agreeing on these

SESSION PLAN

Session 1	Programme inauguration	30 to 45 min
Session 2	Introduction of participants	45 min to 1 hour
Session 3	Sharing objectives	45 min to 1 hour

SESSION 1: *Inauguration of programme*

- Invite a senior government or provincial official who has been associated with rural women's group businesses to be the chief guest.
- Have the chief guest light a candle or lamp, as appropriate.
- Start with an inspirational chant or song. Create a solemn atmosphere through reiteration of the cooperative spirit.
- Ask the chief guest to say a few words about the importance of the training and how rural women can use it. Make sure that the guest is prepared with a short speech.
- Have another person thank the guest, say a few words about the objectives of the workshop and then welcome the participants.

SESSION 2: *Introduction of participants*

- This session recommends a particular way of introducing participants to one another. Any other appropriate method may be used, provided the participants enjoy themselves, gain some useful information about one another and remember one another in future.
- Make the participants stand in two circles facing each other.
- Tell them to move and stop with the music that will be played for this game. They may infer, or you can point out, that their partners will keep on changing.
- Each circle moves clockwise when the music is played.
- When the music stops, each participant pairs with the one opposite her, asks the other's name, address and something about the women's groups she has known or belongs to.
- Start the music again. When the music stops, participants form new pairs and ask each other the same questions.
- It takes ten minutes to complete one round. Organize a maximum of three rounds.
- Ask the participants to sit down after two or three rounds.
- Participants are now invited to introduce anyone but themselves. In this way, each participant introduces another. Some people may be introduced twice.
- Make sure that all participants are introduced.
- It is good if the trainer/s joins the group activity.
- If the trainer does not play the game, then at the end s/he must introduce herself/himself too. Joining the participants in the game or singing with them establishes quick rapport between trainer and trainees.

SESSION 3: *Sharing objectives*

- Give two to three cards to each participant. The trainers must have cards prepared for each objective of the workshop and the topics to be covered.
- Ask the participants to write the objective of and their expectation from the workshop, one on each card. Give them time and ask them to write without consulting anyone.
- Ask each participant to read out from her card and then to pin them on the board. Organize this according to the topics to be covered. Keep one column for cards which state objectives that will not be met during the workshop.
- When all participants have pinned up their cards, trainers must place their own cards in key places to show which objectives will be met.
- It is important to point to the topics that participants want to learn about, but which may not be part of the workshop. Tell them that this will be done in a subsequent workshop if possible.
- Inform participants about the workshop schedule. Ensure that this is acceptable to all participants, especially if the hours of instruction are longer than the time participants have committed themselves to.
- Ensure that all participants agree with the schedule and all the objectives. Make any changes that are necessary at this stage.
- While it is a good idea to make changes to accommodate as many needs of the participants as possible, it is not a good idea to deviate too much from the original plan. The original plan has presumably been developed on the basis of a training needs analysis with a lot of preparatory work. There are two disadvantages of too much deviation from the original plan: first, the preparatory work is wasted and then there is inadequate preparation for the new topics. Make major changes to the initial training plan only if it does not meet the objectives of the participants at all.

What you have learnt in this module

- Introducing participants through games helps them to open up to each other and to build up rapport between the participants and facilitators during the workshop.
- Sharing of the objectives and expectations of the participants helps to match their expectations with the workshop topics. This makes it possible at the very start of the workshop to change topics according to the needs of the participants.

Module 2

UNDERSTANDING WOMEN'S COOPERATIVE BUSINESSES

What you will learn in this module

- Meaning of business and types of business
- Identifying performance indicators of successful women's cooperative businesses
- Understanding a business through the MAIR (motivation; ability; idea resources) model.¹
- Understanding women's cooperative businesses

SESSION PLAN

Session 1	Definition & classification of business	45 min
Session 2	Understand business through the MAIR model	2 hours
Session 3	Indicators of successful women's cooperative businesses	2 hours
Session 4	Understand women's cooperative businesses	1 hour 30 min

¹ Source: Kevin Kane and the staff of Tototo Home Industries, 1992

SESSION 1: *Definition and classification of business*

- You can start this session by asking the participants if any of them have started or run a business. Are these businesses successful and currently operational? Invite some of them to share their experiences of successful and unsuccessful businesses. Ask them why they started these businesses, and to explain what is meant by a business.
- As participants answer these questions, write key words like investment, profit, extra income, production, technology, wages, costs, etc. on the board. Some key words that participants may produce:
 - Activity
 - People
 - Money
 - Transfer
 - Exchange
 - Marketing
 - Management
 - Purchasing
 - Large quantity
 - Investment
 - Income *minus* Expenses = Profit
- Then, use the information handout on the concept of business to explain the meaning of business and types of business, using the given examples.

Handout 1: Definition and classification of business

A business involves making an investment or undertaking an activity (manufacturing and selling a product, providing service, etc.) with the aim of earning a profit. When the income is more than the expenditure, the business makes a profit. When the expenditure is greater than the income, it makes a loss. It is necessary to ensure that the cost or expenditure is less than the income i.e. sales money, for the business to be sustainable.

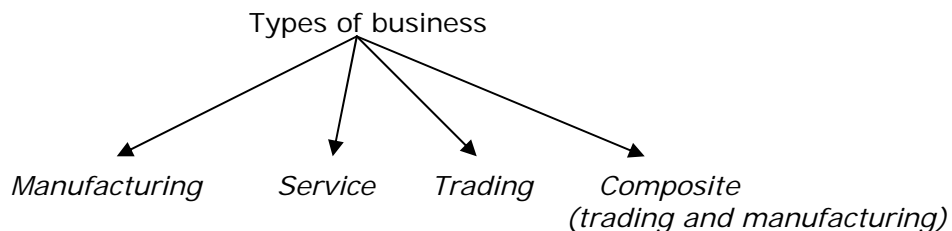
A business is classified into three types according to the nature of the activity:

Manufacturing: This involves the process of production. Examples: making baskets, woodcarvings, fish sauce, textile-weaving, etc.

Trading or selling: Trading businesses involve only selling. Examples: trading in clothes, readymade shirts, selling provisions, etc.

Service: This involves providing and charging users for services. Examples: a telephone booth, beauty parlour, traditional Thai massage, hairdresser, etc.

Group business: This involves one or more of the businesses classified above. Many groups are engaged in trading as well as manufacturing. Some groups make one product and trade in another. Example: a group making herbal sweets also sells items made from water hyacinth by another group.



SESSION 2: Understand business through the MAIR model

Ask if any of the participants has started or run a business. Then ask these participants to list examples of successful and unsuccessful businesses on the board under "successful" and "unsuccessful" business.

- Ask the participants giving the examples to list the factors in the success or failure of the business, noting key words and ideas on the board under each letter of the acronym MAIR. For instance, "had experience in the business" would be written under A (Ability and Experience). The chart below gives an idea of how this can be done. Don't explain the meaning of the acronym at this stage.
- After listing a few examples under each element of the MAIR model, explain participants the meaning of MAIR.

The MAIR model

M(otivation)

Willingness
Determination
Courage

I(dea with market)

Product is good
Demand for product

A(bility/experience)

Prior experience
Earlier learning
Knowledge of business management

R(esources)

Money	Labour
Electricity	Land
Power	Place
Information	Policy

- To explain the concept, depict the four MAIR factors as the four pillars of a rice house. Explain that like the four walls of the house, all four MAIR pillars are important. Ask the participants to discuss if a business can be successful in the absence of one of the MAIR pillars.
- Use the examples on the board to explain how a successful business must have all four MAIR elements while those that are unsuccessful have one or more elements missing.
- Use a simple method to pair the participants into groups of four or five people. Select some successful and some unsuccessful businesses from

among the examples listed on the board and ask the groups to analyse the success or failure of these businesses using the MAIR model. The key person in each group must know about the business being discussed by that group.

Successful business:
Sweets from fruit

Unsuccessful business:
Sugar palm sweets

Successful business:
Sal paper products

Unsuccessful business:
Crispy pork

- The analysis should ideally be carried out using the participants' business experience. In case the participants do not have this or if this is not suitable, then the *sal* paper manufacture case study in the information handout may be used as an example of a successful business and the sugar palm sweets case study as an example of an unsuccessful business.
- Ask each group to develop a role-play on the business they have discussed and present the role-play to the plenary meeting of all the groups.
- The role-play must reflect the strengths of the successful business and weaknesses of the unsuccessful business. For instance, an analysis of the case study on *sal* paper shows that:
 - The business is successful with all four MAIR elements.
 - The business group also has long-term strategies both at the management and production levels. The group has demonstrated its motivation through innovative methods of obtaining the raw material from different sources.

- The analysis of the unsuccessful business (sugar palm sweets) reveals that:
 - The women's business group had only two MAIR business elements: a marketable idea and the ability and experience to make the product; they neither had the motivation and determination nor enough raw material.
 - Even though the women had the production ability and experience, they could not market their product by convincing their customers about the raw material they were using (sugar palm).

Handout 1: Elements of business

The following four basic elements are required for a business as described by the MAIR model:

- **M**otivation and determination
- **A**bility and experience
- **I**dea with market
- **R**esources needed and their availability

The MAIR model can be depicted as a rice house with each pillar representing a particular business aspect

If any of the pillars were to break, the house would fall. Likewise, all the four aspects described above have to be carefully explored and understood before an idea can take shape into a business.

The MAIR model can be used by the entrepreneur to assess a business before starting it or at any stage thereafter, using the questions given below:

Motivation and determination

- What is the primary motivation for the entrepreneur group to start a business?
- Did the group make any effort to start a business before this?
- Do the group members have family support to start this business?

Ability and experience

- Does any member of the group have previous experience of running a small business?
- Does any member of the group have experience in the business they want to start?
- Does any member have experience in managing a similar business?
Can a person able to manage the business be hired locally?

Idea with market

- What is the product or service that the group will sell?
- Who are the customers?
- What customer need does it meet?
- Is the product developed, tested if necessary, and does it meet the specified standards? Is it ready for the customers?
- What quantity of the product will be produced and sold?
- Is it known if the customers will buy it? Has a market survey been conducted, even if informal?
- Why will customers prefer this product/service to that supplied by competitors?

Resources needed and their availability

Physical requirements

- What is the minimum scale of production for starting the business?
- Will that production level ensure enough income for group members?
- What resources are needed for this? For example, spell out the need for:
 - Premises
 - Machinery
 - Equipment
 - Stock of raw material
 - Employees that the group may need
- Does the group have any other special training needs and resources to pay for additional training on packaging or for design development?

Financial requirements

- What are the cash needs for the first year?
- The profit and balance sheet projections?
- What will be the unit cost and how has it been calculated?
- What targets/standards are built into the proposal?
- Utilization of resources?
- Efficiency?

- Wastage?
- Quality maintenance factors

The MAIR model of understanding business

The MAIR model must take into account two additional factors, namely organizational management and business planning, for the activity to be successful.

Organizational management

All legal and organizational requirements must be understood and addressed before starting a business. The following checklist will be useful:

- Most grassroots women's groups are informal and unregistered. However in order to qualify for government (CPD) support, they have to become members of registered co-operatives.
- Are there any other legal requirements to be met? Such as registrations, food quality marks, etc.
- Will the business need an accountant?
- What record keeping systems will be used?
- Is insurance needed and has it been arranged?

Business planning

A business plan must be prepared at the initial stage of starting an enterprise. We do this in our day-to-day lives. For example, before buying a two-wheeler worth 20 000 Baht, one would plan in advance which model to buy, depending upon the budget or money available.

When large amounts of money are involved, and the success of a business is at stake, it is definitely worthwhile investing time in business planning. Preparing a business plan is the most important step before starting any enterprise.

Handout 2: Analysis of case studies using MAIR model

Case study 1: *Sal paper manufacture*

The Ban Chumpol Women's Cooperative Group, set up in 1999 in Phitsanulok province has 32 active members who are skilled in making *sal* paper items. Initially, the women sold only in local markets, but with assistance provided by the CPD, they were later able to market their production in Bangkok and other provinces.

They use raw material from the *sal* tree. However, in anticipation of greater demand in future, the women are exploring how to use raw material from the banana tree, which is available in abundance.

In the early stages, the group lacked management and accountancy skills, but acquired these after being trained by the CPD. Now, they manage business production and accounts competently, earning profits of about 120 000 Baht in 2002. As a long-term strategy, the group wants to grow the *sal* trees themselves in order to ensure a timely supply of raw material at competitive rates. The women also plan to use their profits to buy machinery to increase production and, thereby, their income.

One of their business strengths is that their production is made fully with environment-friendly *sal*. This has enabled the women's group to sell their products not only in Thailand but also to export to the United States, Philippines and Japan where such products are highly valued.

Analyse the case using the MAIR model and elaborate the reasons for its success/failure.

Case study 2: *Sweets made with sugar palm*

This women's cooperative group started with 100 members making black and white coloured sweets from sugar palm. They learnt the skill from their family members.

Initially, the women were able to sell whatever they produced in the local market. But later, customers were unwilling to pay the price charged because they thought the sweets were made with sugar cane and not with

sugar palm. Lacking a quality certificate from the government, the group was unable to convince customers that they were making quality sweets with sugar palm. As a result, their sales fell, stocks piled up and the group found itself without any working capital.

The group now has only 19 members. Obtaining sugar palm is also a problem because of its seasonal availability and price fluctuation. Sugar palm is in great demand for making alcohol. Realizing that the business was not profitable, most members of the group lost interest and dropped out which, in turn, further reduced production and quality.

Analyse the reasons for failure.

Case study 3: Determination and motivation revive a failing business

Somjit Songchona is the leader of the 10-year old Nangao Co-operative Women's Group. At the time of its inception, the chairperson declared she would make a personal donation and obtain a grant from the government. This motivated the women to join.

Beginning with 30 women, the group had to start with a manufacturing activity in order to qualify for the grant. They chose to make fruit-based sweets using different fruits, especially mangoes. The business idea was selected because mangoes were available in bulk and quite cheap in season. The chairperson's donation of about 100 000 Baht was used to construct a work shed.

The group wanted to process the mangoes to add value and make a profit, but did not know how to do this. Moreover, the women had no business experience.

Trained by a government officer to make a delicacy, locally known as 'fruit in syrup', the women's group made a first lot of 80 kg of this sweet. The volume was small enough to be sold fully within their village and give the group a profit. This motivated them to put together more capital and produce a larger volume of about three tonnes.

Promoting rural women's cooperative businesses in Thailand: a training kit

However, failure in following the production process properly spoilt about three tonnes of the product during manufacture. The women lost a lot of money and also the motivation and interest to continue in the business. As a result, 20 women dropped out. The government officer who had trained the group could not find the reason for the product being spoiled.

The leader of the group then visited another group making the same product where she learned that the porcelain jars used by them should be replaced with plastic jars treated with chemicals. On her return, the leader replaced the thirty porcelain jars with plastic jars at an extra investment of 30 000 Baht at 3 000 Baht per jar. The leader had to make a personal investment in this because the members were not interested in spending any more in the business. She did this without informing her family members because she was scared they would not let her put more money in a losing business.

The business then slowly started recovering and showing profits. The group leader later had the opportunity to attend a seven-day training programme on making fruit sweets at the Agricultural University. This helped to improve the quality and packaging of the group's product. Gaining confidence about the quality of their product, the group were able to extend their sales both within and beyond the province. They have now become a model for other groups who visit them to learn production and marketing techniques.

When asked what made her try again and again and eventually be successful, the group leader replied that she personally felt committed to the activity and did not want to abandon it without trying to achieve positive results. She also felt obliged to make good use of the money donated by the chairperson because it was given with good intentions and expectations.

Analyse the case study and write down what you have learned.

SESSION 3: *Indicators of successful women's cooperative businesses*

- Ask participants to name the businesses they belong to. Do they consider these to be successful or not?
- Continue asking them questions to obtain more answers.
- Write key words from their answers on the board, preferably in the *six sets as given in the accompanying handout*. For instance, list the factors related to business success in one set and those relating to group discipline in another.
- Try and obtain from the participants some factors under all the six categories.
- Participants may tell the stories of their groups as a process of identifying these factors. Encourage this as it gives practical examples of each indicator.
- Initiate a discussion on the handout after several examples have been given.
- Form smaller groups from among the participants for discussion. For example, if there are 20 participants, make them form groups of four to have five smaller groups. Then, working with groups, identify five businesses that can be discussed as successful and unsuccessful.
- Each group discusses a business situation for about 15 minutes and then takes 30 minutes to analyse it on the basis of the success indicators. Participants can add more indicators if they feel the need.
- Have each group present its analysis in the plenary session. A full group discussion can help them identify their weaknesses and these can be worked upon at a later stage.

Handout 1: *Indicators of successful women's cooperative business*

Business

A group's business success may be assessed using the following indicators:

- Volume of sales
- Regularity of sales
- Profit per member
- Quality of product
- Marketability of product
- Returns on investment

It is important to see if there has been growth in sales and profits over the past three to five years. Sustained growth is an important indicator of the success of a business. If the business has remained static and not grown in any way, there is a chance that it is losing out in the market and needs to be examined carefully.

Cooperative business management

The first and foremost indicator of a successful cooperative business is a common purpose. To assess this, it is important to check if group is able to clearly articulate its vision. These should include clear statements of product/service and the business strategy. It is useful to see whether the group has used the tool of business planning. If this has been used, then it is easy to carry out periodical monitoring and adjustments as necessary. Thus clear articulation of vision and use of business planning are important indicators for assessing a group's success.

In a women's cooperative group business, the nature of cooperation is the key to its success. It is important to maintain regularity of group procedures (meetings, attendance at meetings, compliance with rules and regulations).

It is even more important to see whether the following criteria are fulfilling or not:

- Cooperation among group members
- Sharing of work and responsibility
- Sharing of information
- Maintenance of books/accounts
- Sharing of accounts/information with members (transparency)
- Team spirit: interaction among group members with common purpose
- Business, group management and networking ability in leader

Social factors

Family and community support directly impact on the group's success. Many cooperative women's groups engage in social and religious ceremonies and celebrations. While this may bring recognition from the community, it can also be a drain on the group's finances. It is important for the group to give priority to the need for investing in business expansion.

Networking

A group that has good contacts with other women's groups, government officers and local business, finds it easier to sustain and enlarge its business. A group with the ability to form partnerships for marketing, product information, technologies etc. is in a better position to develop its business.

SESSION 4: *Understanding women's cooperative businesses*

- There is a big difference between an individual and group business. A group business in the cooperative sector is expected to run on cooperative principles.
- Ask the participants to explain the differences between individual and group businesses. Write down key points on the board.
- Ask them how their own groups were formed. Explain that many women's group businesses have been started through government initiatives. It may be useful to learn about the principles of cooperatives and the ground realities from a case study.
- Divide the participants into groups. Give them the handouts on cooperative principles and the case study. Let them read both and discuss whether the case study shows an application of cooperative principles.

Handout 1: Definition, values and principles of cooperatives

Definition of a cooperative

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The principles of cooperatives

Voluntary and open membership

Cooperatives are voluntary organizations open to all persons, aiming at maximizing the participation of members in their services with a clear understanding about the responsibilities of its membership in cooperative development without gender, social, racial, political or religious discrimination.

Democratic member control

Cooperatives are democratic organizations controlled by their members who participate actively in setting policies and making decisions. The men and women who serve as elected representatives are accountable to the other members. In primary cooperatives, members have equal voting rights (one member, one vote). Cooperatives at other levels are also organized democratically.

Economic participation of members

Members contribute equitably to, and democratically control, the capital of their cooperative. They usually receive limited compensation, if any, on capital as a condition of membership. Members allocate surpluses for any

or all of the following purposes: developing their cooperatives, benefiting members in proportion to their transactions with the cooperative and supporting other activities approved by the membership.

Autonomy and independence

Cooperatives are autonomous self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers and employees, so they can contribute effectively to the development of their cooperative. They also inform the general public, particularly opinion leaders about the nature and benefits of cooperation.

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for cooperatives

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Source: FAO, 1998, *A manual for trainers on agricultural cooperative development (pages. 5 & 6)*. Rome, Food and Agriculture Organization of the United Nations.

Handout 2: Case study of a women's cooperative business

The Khao Yoi Cooperative Women's Group in Petchburi makes rice noodles. It was registered with 25 other women by the wife of the chief district officer Mr Thor when she learned about a government scheme to provide 90 000 Baht to start-up cooperative women's groups.

Mrs Thor offered the group the use of a large, covered shed in the front of her house to make the noodles. The government grant was credited to the account of the group in the cooperative. Mrs. Thor spent 30 000 Baht to get a rice noodle machine and spent another 60 000 Baht to repair the roof of the shed so that the noodles would not get spoilt during packaging.

When a CPD officer visited the group, the machine was idle. Mrs. Thor informed the officer that there were no orders and that she called the women to make the noodles as and when she received orders. However, the orders are usually small and only seven to eight women are able to find work. The machine stays idle for many days at a time when there are no orders.

As the members of the cooperative group cannot find continuous employment, Mrs. Thor wishes to apply for another CPD grant to make banana chips. The government has offered to finance the purchase of a drier by the group, which Mrs Thor intends to place in her yard. She says that this will enable her to continue with her efforts to engage rural women in productive work.

Analyse the case study. Is this a good cooperative group business? What should this group do to improve its business? Is this group operated along cooperative lines?

Handout 3: Information on cooperative women's group businesses in the Thai context

Common activities of women's groups

When women come together to form a cooperative group business, they are able to provide many services to their members. Typically, a group provides the following services:

- sharing of building and office space
- sharing of material, machines and equipment
- loan services (through federations of cooperatives and government agencies)
- common sale of products
- education, training and skill improvement
- marketing and technical linkages

By working together in groups, women can not only collectively manage and gain from a business, they can also access several benefits and subsidies from government and other support agencies.

Group businesses are complex and often combine more than one of the activities listed below:

- savings
- credit
- purchase and sale of raw material
- sharing of machines for production
- storage of produce
- purchase and sale of finished product
- sharing of office space for stocking, marketing and administration
- sharing of skilled personnel for common support services, like accounting

Are these groups cooperative businesses?

These groups register themselves with cooperatives to get government assistance in the form of financial grants for buildings and equipment. They also get training and marketing support. However, they are still largely dependent on the government and need to grow into vibrant and independent group businesses. Often, the principles and practices of cooperatives are not understood in these groups to become viable cooperative businesses; nor do they acquire the characteristics of their parent cooperatives.

Therefore it is important to provide cooperative members education in combination with business planning and marketing to ensure that women's groups in the cooperative sector are well managed.

What you have learnt in this module

- When an investment is made or an activity is undertaken with the intention of earning a profit, it is called a business.
- There are three types of businesses (manufacturing, service and trading). Some of these may be composite businesses.
- The success of a business is measured with the help of multi-dimensional sets of indicators. These are classified as business, cooperation, social, impact and networking indicators.
- Cooperative women's groups should fully integrate the principles of cooperation.
- A business can be analysed using the MAIR model; this helps in identifying the strengths and weakness of the business, working on the weak areas and moving towards success.

Module 3

GENDER ISSUES IN WOMEN'S COOPERATIVE BUSINESSES

What you will learn in this module

- Concept of gender
- About gender issues in Thai society, and in cooperatives
- About gender issues in a women's group business
- About the goals of gender equity for women's cooperatives
- How to plan for initiating change

SESSION PLAN

Session 1	Understanding the concept of gender	1 hour
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Session 2	Gender issues in Thai society	1 hour
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Session 3	Gender issues in women's group businesses;	1 hour 30 min
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SESSION 1: *Understanding the concept of gender*

- Read the accompanying handout carefully. It is important that you understand the concept of gender and are comfortable with explaining it to others. If you have not done this exercise earlier, please carry out a mock session with some trainers and colleagues before the training programme.
- Give cards to the participants and ask them to write down characteristics they associate with women and men, one on each card. Let each participant make one or two such cards.
- Draw a vertical line on the board to form two columns, one for women and one for men.
- Ask participants to read out the gender characteristics from their cards and write these on the board under the category they belong to. (Long hair, trousers and shirts, responsible for family, give birth to children, father, mother are some items that may be on the board).
- Start the discussion by asking participants whether they agree with this classification.
- As participants give their opinions, they may point out characteristics that are common to both men and women.
- Start crossing out all such characteristics that both women and men can have. For instance, long hair, trousers and shirt, will get crossed off. What remains on the board are characteristics that relate to gender.
- Use the examples on the board to explain that gender is the term used to understand the socially and culturally determined differences between women and men.
- Use examples to explain how gender perceptions can change over a period of time and from one society to another.
- Participants may also provide examples of this.
- After the session has been conducted smoothly, there will usually be a lot of laughter and promotion of good feeling in the group.
- It is important that participants understand the concept of gender. It is not important that they agree with all the statements made by different

Module 3. Gender issues in women's cooperative businesses

participants about women and men. The trainer should be careful not to force people to change their beliefs and attitudes during this session. It is enough if they begin to understand the difference between sex and gender.

Handout 1: *Concept of gender*

Gender analysis

What is gender?

Most differences among women and men are created by society and relate to behavioural patterns, which are influenced by the different cultures of different societies. These are known as "gender" differences.

What is acceptable behaviour among women and men changes from time to time and from one place to another. Thus "gender" relations are determined socially and are different across cultures. Gender is, therefore, a lens through which to examine roles and responsibilities of women and men. It helps in analyzing the constraints faced by, opportunities for and the needs of women and men in any given context. Gender issues concern both women and men.

Gender analysis

Gender inequity results from a set of attitudes, beliefs and practices, which are barriers to equality between women and men. The position and condition of women must be analysed within a gender perspective in order to understand the issues that need to be addressed.

Beliefs about gender often cannot be challenged because of the lack of gender disaggregated data. This is why it is important to have a discussion on gender and conduct a gender analysis.

There is a popular saying in Thailand: "Man is the front foot of the elephant, while woman is the back one". This reflects a general view that women are secondary to men. Such beliefs hinder the demonstration of women's capabilities and their participation in public and social activities, including cooperatives. (Patrawat 1996, in CLT 2002). Such beliefs lead to women not recognizing their own capabilities.

A gender analysis includes the following aspects:

- The division of work between women and men, at work and at home.
- Equity in women and men's access to and control over resources.
- Distribution of business benefits/activities between women and men.
- The needs of women and men.
- Development opportunities available to women and men (education and health facilities, vocational training, job opportunities, etc.).
- The constraints that women and men face in gaining access to these opportunities and benefits (Gender biases are often institutionalized: for instance, reluctance to employ women production managers in factories on the ground that sometimes managers have to work on night shifts).

In the context of cooperatives, it is also important to examine whether such groups promote equality between women and men in employment, participation in management and in the distribution of the benefits.

SESSION 2: *Gender issues in Thai society*

- Read the handout carefully. It is important for you to know which statements in the handout you agree or disagree with.
- Ask participants to state their opinion on the place of Thai women in the family and in the workplace, and as leaders in different for such as cooperatives, *tambon* and province.
- Organize a discussion on the situation of Thai women in the family and their access to education and jobs. Discuss their position at work and the pressures they face. Talk about their access to senior positions in the workplace and to organizational leadership as well as the factors that limit their representation in senior positions.
- Allow participants to share their experiences and opinions freely.
- Ask participants to provide facts to substantiate their opinions. Offer another view that helps them to see how perceptions can differ from facts, and how little data there is to know and interpret what the facts are.
- List some gender-related issues on which positive support can be provided by the participants, and ask them to generate discussion among group members.
- The intention of this session is not to produce agreement among people, but to stimulate discussion and help participants to articulate their experiences, opinions, constraints and even biases. Encourage them to generate similar discussions in order to sift facts from perception, collect information and analyse it for a better understanding of gender issues by members of women's groups.

Handout 1: Gender issues in Thailand

Women in Thailand

It is the general belief in Thailand as well as in the Cooperative Promotion Department that Thai women occupy a good position in society and that gender imbalances are not vast. While this is true to a great extent, there is also much evidence of gender bias.

Education and health

- Women taking vocational education courses are more likely to select subjects related to traditional roles such as home economics and commerce. Men generally choose agricultural and industrial subjects.
- Women's entrance to medical colleges is limited by a quota restriction of 50 percent, despite the fact that the national ratio of female to male doctors is 1:3.
- Men have a higher admission quota in forestry, veterinary services and animal husbandry educational institutions. (UNDP and UNIFEM 2000).
- The number of divorces increased 12 times between 1960 and 1990 with one-third being in the Bangkok area. Four out of five divorced women bring up their children without support from former husbands. (UNDP and UNIFEM 2000).

Women and leadership

The general belief and perception regarding women in leadership roles in Thailand is at variance with the facts. Women were given equal voting rights in 1933. However, there were just 22 women members in national parliament in 1998 – 5.6 percent of the total. The percentage of women members of the Senate in 1996 was slightly higher at 8.1 percent. In the same year, women held only 2.4 percent of positions in local village-level administration and comprised just 1.9 percent of sub-district heads.

Although women outnumber men in government service, the majority are in the lower ranks of the bureaucracy. Women's representation at the top three levels of government service (C9 to C11), drops from 21 percent in C9 to 11 percent in C10 and 6 percent in C11. (UNDP and UNIFEM 2000).

Substantial changes were made by the Local Administration Act in 1982 allowing women to become village and sub-district heads. However, women held only 1.9 percent of these posts in 1996.

Women's leadership in agricultural cooperatives is largely confined to the primary level; more men hold senior management and leadership positions in cooperative federations and apex cooperative organizations.

The level of women's participation in village council meetings is also low, perhaps because the meetings usually continue till late into the night and are held outside the village. The 1994 Sub-district Council and Sub-district Administrative Organization Act, providing for the election of

The fact is that women have lower representation than men in leadership and senior government positions. However, the widely prevalent perception, among both women and men in Thailand is that there are no barriers to women reaching leadership positions.

sub-district administrative officials, offers the possibility of more women competing for these posts through the electoral process (UNDP and UNIFEM 2000).

The Regional Conference on Women in Decision-Making in Cooperatives, organized in 1997 in the Philippines, outlined six strategies to enable women to have a greater say in decision-making in cooperatives:

- instituting gender-sensitive cooperative laws, by-laws and policies to increase their membership of cooperatives and participation in decision-making;
- promotion of transformation leadership to enhance gender equality in cooperative development;

- building women's capacity for leadership and decision-making in cooperatives;
- developing, promoting and implementing a gender-disaggregated data collection and utilization system for cooperatives;
- creating an enabling environment for improving women's participation in leadership and decision-making in cooperatives;
- establishing a Leadership Development Fund for Women in Cooperatives, to be used for carrying out the actions outlined in the Platform of Action drawn up by the Conference.

Women in cooperatives: lack of gender-disaggregated data

However, as there is limited gender-disaggregated data about the cooperative sector, it is not possible to assess the development trends in women's leadership in the primary cooperatives, provincial and national federations and apex organizations.

Some Thai women group members said that the men see them as 'mother'. This results in the men giving them the right to financial decision-making, as they associate this right with their mothers.

There is a lack of gender-disaggregated data on cooperative membership regarding:

- cooperative chairpersons
- members of cooperative committees
- cooperative staff in managerial, secretarial or administrative positions
- elections – their regularity/women and men contestants
-

It is necessary to examine the constraints to more women becoming members of agricultural cooperatives. For example, when only one member per family is permitted, men usually represent the family in an agricultural, land settlement or other cooperatives.

It is important to analyse the role and position of women and men in agricultural cooperatives to ensure an equitable distribution of the benefits of cooperative development. Asian cooperatives are influenced by traditional patriarchal cultures and there is evidence of a gender bias in their membership and leadership. One of the basic principles of cooperatives is the elimination of all forms of discrimination, including that based on gender. It is, therefore, necessary to work for greater gender equity in Asian cooperatives (CLT 2002).

Need for affirmative action

Affirmative action is needed for gender equity in Asian agricultural cooperatives.

A start must be made by identifying women's needs in the workplace by answering questions such as: are there sufficient day care facilities for children?

Women require access to production services and the issues here are related to:

- training programmes and participation of women and men
- access to credit for women, purpose- wise classification of loans by gender, and criteria used for disbursing credit
-

It is necessary that requisite facilities are made available to women so that they may develop their potential and participate fully in their work.

SESSION 3: *Gender issues in women's cooperative businesses*

- Divide the participants into groups.
- Let each group read and discuss the issues outlined in the handout.
- Let them consider if these issues are relevant to their groups.
- Ask the participants if they:
 - divide and share their work, or depend on a strong leader to take charge of most group activities
 - pay for the key jobs to be performed in the group
 - discuss alternative ways of using surpluses or accept decisions made by some group members
 - provide sufficient day care and other facilities for children so that members with small children can continue to work
 - provide opportunities for the women to discuss their concerns in the group, enabling them to articulate and solve some gender-related constraints
- The objective of the session is to create awareness about the potential of groups as a forum for the economic empowerment of women by developing their business skills. Groups also promote social empowerment by enabling women to assume leadership roles, thereby enhancing their ability to make a positive difference.

Handout 1: *Gender issues in women's cooperative businesses*

Gender issues in women's group businesses

There are several gender-related issues regarding a women's group business. Many leaders of women's group businesses are the wives of prominent leaders, cooperatives officers and village administrators. They enjoy several advantages by virtue of their social position. Such women's groups tend to show the characteristics of employer-employee organizations rather than those of cooperatives. This undermines the basic cooperative principle that the groups are expected to have.

Another aspect relates to how women use the group's income surplus. In most cases, women's group businesses are set up in response to government-initiated support schemes and tend to become dependent on government grants. Indeed, in such cases the groups are often formed only to avail of the grant. When these groups make a surplus, in many cases, instead of reinvesting in business expansion, they tend to donate it to the local community, for example, by instituting a scholarship. This creates continued dependence on government grants. One of the reasons for this is that as a local "women's group" in the area, the members feel 'obliged' to contribute to society. They do not realize that economic strength arising from successful business expansion would enable them to do much more for their community.

A third aspect relevant to a women's group business is unpaid work. Women expect each other to volunteer time for group tasks without a financial remuneration. They, therefore, do not allocate funds for essential group tasks, expecting unpaid work from members. This has two implications: there is an adverse effect on work quality and time taken, and volunteers have to spend unpaid time in the groups.

These practices have their foundation in gender conditioning. It is necessary to discuss some of these issues at the group level. If the

trainers can facilitate such discussions, they will be able to initiate some change, instead of just accepting the status quo as a benign situation.

Need for attention to gender equity

It is important to emphasize the need to challenge the current perception of women and men having equal access to opportunities, resources and leadership positions.

The session opens up several issues that women do not normally talk about. Thus, when women from southern Thailand told of constraints they faced because of their ethnicity or religion, women from other ethnic backgrounds wanted to know why the former accepted these restrictions. Such a process of sharing enables women to start challenging existing practices that constrain them. They begin to realise that they do indeed have a right to question existing practice and to exercise their choice to be different. They begin to acquire the courage to face conflicts that can arise during such a process of change.

However, the general lack of data on gender disparities makes it difficult to challenge this perception.

The perceptions of these issues are different among women and men in the Cooperative Promotion Department and agricultural cooperatives. While women are aware of the prevalent gender bias in the attitudes of institutions, they do not articulate it publicly.

It is important to have continuing discussion on gender issues related to education, health and vocational training so that positive changes can be brought about. Women's leadership in cooperatives must be supported by greater networking among women in Thai society.

"Women only" groups provide an important base for building leadership qualities. Women's group enterprises have the potential to empower women economically and socially. This potential must be utilized fully by building women's capacities to improve their businesses, develop

leadership and make better choices for themselves within the family and the community.

There is a need to:

- enhance women's access to higher education, especially technical education;
- enhance their access to credit and training;
- enhance their access to leadership positions within cooperatives;
- improve women's business capacities so they have greater access to cash and other resources;
- help women's group businesses become vibrant cooperative businesses, and provide a protected space for nurturing women's business and leadership qualities.

What you have learnt in this module

- The difference between sex and gender.
- How gender differences arise and are perpetuated by a set of beliefs and attitudes.
- Gender biases in Thai society.
- Gender biases in cooperatives are less evident because of lack of gender-disaggregated data.
- Gender issues in a cooperative women's group business.
- Recognition of a women's group business as a forum for economic and social empowerment, and for the development of women's business and leadership skills.
- How to begin articulating and addressing gender biases.
- Enabling women to become better enterprise managers.
- Indicator: access and control over income.
- Economic empowerment, improvement in living conditions, practical needs met.
- Enabling women to have a larger social role, moving toward social empowerment.
- Enabling women to become leaders.
- Women gain confidence from successful and growing enterprises. Growing enterprises gain attention and social prominence for the women's groups running them, and can bring them into leadership roles in their *Tambons*, districts and provinces as well as at the national level.
- Groups play an important role in providing a comparatively protected and enriching environment for the growth of women's enterprise and leadership skills.

Module 4

COSTING AND PRICING

What you will learn in this module

- Understand the concepts of cost
- Understand the importance of pricing in business
- Learn different ways of pricing a product
- Apply the concepts to decision making

SESSION PLAN

Session 1	Costing: concept and practice	1 hour 30 min
Session 2	Pricing: concept and practice	2 hours

Session 1: Costing: concept and practice

- Rural women's cooperative groups often do not understand why they should calculate costs. It is important that they understand both the "why" and "how" of calculating costs.
- Read the handout carefully and work out all the examples before you begin to teach.
- Start the session with a discussion on the importance of calculating costs. Use the example given in the handout to emphasize the need for calculating costs. Proceed with teaching different cost concepts.
- Divide members into groups and give them the case study for calculation of costs and break-even points. Allot at least one hour for group work.
- Go around all the groups during the discussion and see that they are on track.
- Convene the groups in a plenary to check whether each group understood the concepts.
- If necessary, do the calculations yourself and explain to all participants.
- End the session by emphasizing the practical use of calculating costs as in the break-even analysis.

If the women understand break-even analysis, they will be able to know the level of sales at which they can cover all their costs and begin to earn a profit.

Handout 1: *costing concepts*

Why calculate costs?

A women's group was earning a profit of 10 000 Baht a month after paying all members for their labour. They were very happy and did not calculate the cost of production. Their product was in demand, and as long as this was so, they did not have to spend time on any calculation. Do you think this attitude is right? Is it necessary for this group to know the cost of production?

The calculation of costs is important, regardless of whether a group is doing well or not. It is only when women know how much each product costs, that they can price the product well. It is important to calculate costs, because it is possible to cut costs only by attending to details.

Women's groups often forget several elements of costing. They tend to underestimate their own labour and, therefore, the profits they calculate may be overstated. It is important that groups recognize the voluntary contributions by members. When women begin to analyse costs, they also look into the details of the process and are able to find ways in which work can be reorganized to reduce costs.

A major cost is that of raw material. For instance, in one group, each woman buys the vegetables to make herbal sweets at home and brings them to the group for sale. In another group, each woman purchases the cotton or silk raw material, weaves on her loom at home and brings the items to the group for sale. These groups can save costs if they buy the raw material together. A group that makes artificial flowers buys all their raw material (paper, glue, metal, colour) together. The simplest way to reduce cost of raw material is by making bulk purchases. This results in individual saving and also enables lower pricing of the product, making it more competitive in the market.

Thus calculation of costs helps in:

- determination of the costs of products and services sold by the group;
- control and reduction of costs;
- making decisions about pricing, volume of production and sales.

Basic concepts of costing

Costs can be classified into two broad categories:

VARIABLE COSTS

and

FIXED COSTS

VARIABLE COSTS, as the name suggests, vary according to the number of units produced. For instance, the raw material used in the production of each piece of handcraft constitutes direct cost. The bananas used in the production of banana chips, the fish used in the production of fish sauce are examples of variable costs. Raw material and labour are variable costs. Examples of other costs that vary with production level are electricity and water.

FIXED COSTS remain the same for a certain level of production. For instance, in hiring a hall with an area of 1 000 sq.feet, which can accommodate 20 looms, the same rent must be paid even if between 10 to 15 looms are operating. Therefore, women often develop strategies to spread their fixed costs. In this case, they could try to improve their market and production and install the maximum capacity of 20 looms so that their fixed costs would be optimised.

Fixed costs include rent, salaries, tools and equipment.

Break-even point

Break-even point is that level of production at which a business unit makes no profit and no loss. The level of production and sales at which the income covers all variable and fixed costs of the business is termed the break-even point.

With good planning, it is possible to reduce both variable and fixed costs. Calculating the break-even point also helps in decision-making on the level of production and sales prices. If fixed costs i.e. overheads are reduced, break-even point will be reached faster and the business will become profitable at a lower volume of production/sale. Similarly, when price is increased the break-even point is realized at a lower volume.

Handout 2: case study on costing and break-even point

The Duang Mo cooperative group of 30 women makes handicrafts from water hyacinth. Their most popular product, a basket, is a fast moving item that is in demand throughout the year.

The following information is available about the cost of production:

- members buy the processed raw material - water hyacinth fibre - from the group at 30 Baht per metre;
- 2.5 metre of the raw material is needed to make a basket;
- a skilled woman can make two baskets per day;
- each woman works for 20 days per month;
- the group's total production is 1 200 baskets (30 women, 20 days, 2 baskets per day);
- individual labour charge: 100 Baht per day;
- all the baskets made by the women are sold immediately;
- the group pays a monthly salary of 3 000 Baht each to an accountant and a marketing assistant;
- it pays 300 Baht and 150 Baht respectively as monthly electricity and water charges. The monthly telephone bill is 450 Baht while transport to Bangkok and the district town costs 900 Baht per month.

Tips for adaptation

This case study is on handicrafts. Examples of other products can be used depending upon the participants. The following products can be used for different credit sectors.

Wood: Wooden mobile stand

Food: Half-kilogram pack of preserved fruit.

Textile: One metre of cotton cloth.

The group costs the product as follows:

Raw material	75 Baht
Labour charges (half a day)	50 Baht
Overheads and administration	5 Baht
Total cost	130 Baht
The price that the group charges per basket is	150 Baht

The product is sold for 250 Baht in Bangkok. The margin kept by most dealers is 10 percent, but the dealer pays a unit price of 150 Baht to this group, as this is the price that they asked for. The group believes that it is making a good profit at this sales price.

Calculate the cost of production of each basket and decide whether the group is making a good profit and a good pricing decision.

Calculating the cost

<i>Variable cost of producing a basket in Baht</i>	
Raw material	75
Labour charges	50
Total variable cost	125

<i>Fixed costs of production of 1 200 units in Baht</i>	
Salary of the accountant	3 000
Salary of marketing assistant	3 000
Electricity	300
Water	150
Telephone	450
Transport	900
Total fixed costs	7 800
Fixed costs per basket	(7 800 divided by 1 200) = 6.5 Baht

Thus the total cost per basket is 131.5 Baht (i.e. variable cost plus fixed cost)

Q1. Has the group made a correct calculation of cost? Is the costing of overheads and administrative cost at 5 Baht accurate? Calculate the overhead cost of the group when the production level is 1 200 units. What is the price at which the group breaks even, if it makes 1 200 units?

Solution

NO. The group did not calculate the fixed costs and charged an ad hoc amount of 5 Baht. Their fixed costs are 6.5 Baht per unit. They should charge a unit price of at least 131.5 Baht to break even.

Q2. If the price is 150 Baht, what is the quantity at which the break-even point is achieved?

Solution

If price = 150

$$\begin{aligned}\text{Then contribution to fixed cost} &= \text{Price minus variable costs} \\ &= 150 - 125 \\ &= 25\end{aligned}$$

How many baskets need to be sold to cover fixed costs of 7 800 Baht?

$$7\,800/25 = 312$$

When does the group break even, if the price is 150 Baht?

At break-even point, total revenue (TR) is equal to total cost (TC), thus

$$\begin{aligned}\text{TR} &= \text{TC} \\ \text{TR} &= \text{Price} \times \text{Quantity} \\ &= 150 \times Q \\ \text{TC} &= \text{Fixed cost} + \text{Variable cost} \\ &= 7\,800 + 125 \times Q\end{aligned}$$

Therefore,

$$150 \times Q = 7\,800 + 125 \times Q$$

or

$$(150 \times Q) - (125 \times Q) = 7\,800$$

$$\text{i.e. } 25 \times Q = 7\,800$$

Therefore

$$Q = 7\,800/25 = 312$$

Thus when the price is 150 Baht, break-even point is achieved at a quantity of 312 baskets.

Q3. If the price is 200 Baht, what is the quantity at which break-even is achieved?

Solution

If the price is increased to 200 Baht, the group will recover all its costs when it has sold only 104 baskets.

At break-even point, the total revenue should always be equal to total cost. Thus, if Q is number of baskets needed to be sold to recover total costs:

<i>Total Revenue (Baht)</i>	=	<i>Total cost (Baht)</i>
200 x Q	=	Variable cost + Fixed cost
200 x Q	=	125 x Q + 7 800 Baht
(200 x Q) – (125 x Q)	=	7 800
75 x Q	=	7 800
Therefore Q	=	7 800/75 = 104

The group can, in fact, charge the dealer a much higher price. As the dealer sells the product at 250 Baht and expects a normal commission of 20 percent, (s)he would be willing to pay a price of 200 Baht to the group. Thus the market can bear a price of 200 Baht, while the group is only able to realize a price of 150 Baht.

SESSION 2: Pricing: concept and practice

- Pricing is one of the most important decisions in a business. It is important that participants understand the simple concepts given in this session and are able to apply them.
- Start by asking them the meaning of profit and how they can make a profit. After some participants have answered, write the key words on the board.

$$\text{Profit} = \text{Total revenue} - \text{Total cost}$$

$$\text{Total Revenue} = \text{Price} \times \text{Number of products}$$

- Emphasize the fact that price fixation is an important decision in a business.
- Ask the women how they fix the price for their products. They may say that they put their mark up on the "cost plus". At this point, explain the first method of "cost plus" pricing as given in the handout.
- Explain to them the next method of 'Price that a customer can bear'.
- Tell them that they can deepen their understanding of pricing this way from the case study.
- Divide the participants into groups of four each and tell them to work on the case study. Talk with every group during their work.
- Convene the groups in a plenary after half an hour. When participants share their experiences during group work, ensure that all have understood the two ways of pricing.
- Emphasize that members must be aware of marketing prices to take good pricing decisions.

Handout 1: concept of pricing

The primary motivation in starting a business is to make a profit. This is also true of a rural women's cooperative group starting a business. If the group makes a profit, it is successful in business. Whether the group makes a profit or not depends on the pricing of the product/service sold.

Therefore, one of the most important decisions that the group must take is about the pricing of the product. In order to be able to do so, members must first know the cost of the product/service. They must also know at what price the customers will be ready to buy their product/service.

Profit can be calculated using the formula below.

$$\text{Profit} = \text{Total revenue} - \text{Total costs}$$

$$\text{Profit margin} = \frac{\text{Total revenue} - \text{Total costs of article}}{\text{Total revenue}}$$

$$\text{Percentage margin of profit} = \frac{\text{Sales price} - \text{Cost price}}{\text{Cost price}} \times 100$$

The price should be fixed such that it covers full costs, earns the group some profit and gives good value for money to the customers.

The following explains the concept of profit and the different ways of fixing prices.

Method 1: 'Cost Plus' pricing

The first method of fixing price, which is followed by many women's groups, is the 'cost plus' method. The women decide what profit margin they can add to the cost and fix the sales price. For instance, the cost of product is 150 Baht. They may decide to add a margin of 10 percent and fix the sales price at 165 Baht.

$$\text{Total costs} + \text{Profit margin} = \text{Sales price}$$

Method 2: **Pricing at 'What the market can bear'**

Another way of pricing is to price at *what the market can bear*.

Judging or understanding what the customer is willing to pay

+ profit margin

= sales price

Women must know the current sales price in the local market in order to calculate the price using this formula. Therefore, it is important that they know the prices prevailing in the local market. In fact, for good pricing decisions, they need to know the prices in urban markets as well.

Handout 2: case study on costing and pricing

The four-year-old Thumbole Mahardthai Women's Cooperative Group has 30 members and makes artificial flowers. The production cost of the flower made most by the group is calculated as follows:

- The raw material used is *sal* paper, glue, metal stick, etc.
- Five members make one type of flower
- Five members produce 40 flowers in a day
- Each person is paid 100 Baht per day

The cost of producing 40 flowers is given in the table below:

<i>Particulars</i>	<i>Cost in Baht</i>
Labour cost at 100 Baht per day per person for five persons	500
Raw material cost for 40 flowers	530
Overheads and administration (Transport, electricity, phone bill, depreciation, packaging etc.)	370
<i>Total cost</i>	<i>1 400</i>

Cost of one flower = $1\,400/40 = 35$ Baht

This 35 Baht includes

Labour cost	12.50 Baht
Raw material cost	13.25 Baht
Administration costs	9.25 Baht
Total	35 Baht
Profit of margin	115 Baht
Selling price	150 Baht

Especially important for women to remember

- Have you calculated and included the cost of your labour for production, management and marketing in the total cost of your product or service?
- Have you priced your time at the current market value? Are you using this calculation as a means of determining the final price of your product?

What you have learnt in this module

- Costing is important to ensure that all expenses are covered and the group fixes a price that ensures a profit.
- The first and most important step is to identify ALL the costs of a business: production, sales, administrative, overheads, etc.
- The next step is to classify costs into fixed and variable costs.
- Break-even analysis helps with decisions regarding pricing and production levels.
- Pricing can be done on the basis of 'Cost Plus' thinking and this ensures a minimum margin over costs.
- Market considerations are important in pricing and are taken into account by pricing at 'What the market can bear'.
- The price fixed lies within this range of possibilities. Therefore, it is important that groups calculate the costs and have an understanding of the final market for their products.
- If the group depends on intermediaries such as agents, middlemen or traders, the latter's costs and profits must also be taken into account.
- The services they provide include working capital advances, stocking, storage place, market information and linkages.
- Marketing linkages and contacts are important to bring the group closer to its final customers.
- Groups must assign at least two or three people for the marketing work so that they are constantly aware of the demand for their product, and its strengths and weaknesses.

Module 5

BOOKKEEPING AND FINANCIAL STATEMENTS

What you will learn in this module

- Understand the benefits of bookkeeping
- Basic books of accounts
- Basic financial statements (Profit and Loss accounts, Balance Sheet and Cash Flow statements)

SESSION PLAN

Session 1	Importance of bookkeeping and basic books of accounts	1 hour
Session 2	Profit and loss accounts,	4 hours 30 min

SESSION 1: *Importance of bookkeeping and basic books of accounts*

- Ask participants whether people who run small businesses keep regular accounts. Ask them if their own groups keep accounts.
- Start a discussion on why some businesses and groups do not maintain proper accounts. The following explanations may be given:
 - group members do not know the importance of bookkeeping
 - they do not know how to write the books
 - it is a difficult and complex job
 - they do not have the time to write the books
- Ask them why it is important to write the accounts. They may make one or more of the following points:
 - it is important because no one can remember all the details
 - to know whether the business is making a profit or a loss
 - to know whether the business will do better or worse
 - it provides basic information for planning future business
 - so that variable costs can be reduced if possible and the product sold at a viable price
 - because everyone must know the details of the business
- Bookkeeping is an important aid in the management of a group business.
- Members of a women's group business must understand the importance of keeping accounts and to maintain basic books of accounts as explained in the handouts.
- Organize a short plenary session (15 – 20 minutes) on basic books that the group should maintain.
- Divide participants into groups and ask them to: i) discuss the case study; ii) suggest the kind of accounts that should have been maintained.
- Tell them to read and discuss basic account books before the next session.

Handout 1: importance of bookkeeping

Most small businesses ask why they should maintain accounts when they already have a lot of work to do. Read the following case study in this context.

The Saket Women's Cooperative Group in Phitsanulok prepares and sells food outside a hospital every day. They have many customers, including relatives of patients. Some group members buy the vegetables and noodles and then make and serve the food. In the evening, they have enough money to take their wages and to make purchases for the next morning. The group runs a very successful business.

Now analyse the case study. Is it necessary for a small business to keep records? Many small businesses, especially those run by illiterate people, do not maintain records, but are still successful. The reasons why such groups do not keep records are:

- There is a need for literacy and numerical skills; at least one or two members must be literate.
- It takes time to write the records and one or two members must be able to find this time.
- Trained people are needed to write the accounts.
- Many groups do not know how to use accounts and, therefore, feel that the time and money invested in the activity is not worthwhile.

How accounts help

The practice of writing accounts helps to manage the business well. It also helps to monitor the business and know if it is making profit or losing.

The following example explains some ways in which accounts are useful:

- The Thung Ngew women's group buys fabric and gives it to its 20 members to make garments. If they keep an account of how much

material has been given to each member, they can estimate the number of garments that can be produced each week.

- If they write how much fabric they have in stock and how much is required for the following week, they can calculate how much extra they will need to meet their orders.
- If they keep an account of the cost price and the selling price it will help them to calculate the profit they make per garment.
- Sometimes the fabric is bought on credit and the women forget to pay for it in time, upsetting the supplier. If these details are recorded in the accounts, the group can plan the payment on time.
- If the group writes down its costs, it can plan ways to reduce these and thus make a larger profit.
- Maintaining records of debtors helps in following up on payments.
- Keeping accounts also helps to calculate the profit made at the end of each month or year. This, in turn, helps the group to determine the amount of money to be distributed among their members.
- They can also keep aside some money for the following month's expenses and future investments.

Thus, keeping accounts helps the group to:

- plan the purchase of raw material
- plan the sale of finished goods
- calculate costs and profits
- plan reduction in costs
- plan cash flows
- pay their creditors and follow up their debtors, thus improving their cash flow
- gauge whether the business is making a profit or loss
- know how they have used their money by comparing profits with the capital invested in the business

Groups must keep accounts to ensure that they do not face cash shortages.

Good records of all transactions with proper evidence for every expense can be used by other facilitators and technical experts to make financial statements.

Thus, good bookkeeping helps in keeping the business on track and improving its performance.

Basic accounting records

The group must maintain some basic stationery for keeping accounts. This includes:

- vouchers for recording all expenses; wherever possible, the actual bills/receipts for purchase must be attached to these vouchers;
- cash memo books in sets of two so that when one is issued to the customer, a copy remains with the group;
- receipt books, for cash and cheque payments;
- receipt and delivery books to record incoming and outgoing material.

The first step is to make a record of every transaction in the above books. All payments must be made with vouchers, sales must be made with bills and all goods that go out or come in, should be entered in the books. These bills, receipts and vouchers must be completed with full details and then entered in appropriate accounting records such as stock registers, ledgers etc. Money must be put in a bank account as frequently as possible and should not be withdrawn without the approval of the group.

Some basic accounting records should be maintained by every group. These are:

Cash book (two columns): Cash and bank transactions are entered in this register in the chronological order of their occurrence. One side of the register is used for recording receipts and the other to record payments.

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Petty cash: All petty expenses are entered in this register, consolidated and the total of each individual expenditure account is transferred to the general ledger at the end of each month.

Journal register: All transactions not involving cash and bank entries are recorded in this register and individually posted to the general ledger.

Purchase and sales register: All purchase and sales transactions are recorded in chronological order in this register.

General ledger: This register has an alphabetical index to indicate the location of each account. It may be income, expenditure, liability or asset. The accounts under each head are separately opened on different folios. This will help in preparing a trial balance and financial statement.

Bank book: This book keeps a record of all bank transactions. All cheques/cash received or deposited must be recorded here with details of amount, date, from whom received and for which sales. Similarly, details of the number, date, amount and recipient, for every cheque or demand draft (DD) issued must be noted. Often, a group deposits a cheque into a bank account, but the money is not realized for a few weeks. At other times, the group may issue cheques, but the money may not be transferred for a few weeks. Transactions entered in the bankbook can be reconciled every month and eventually at the end of the year to give a complete financial picture.

Stock register: Records of any raw material issued to a member should be entered in the stock register.

As the nature of every group business differs, it is useful to get professional advice on the account books that must be maintained. A good bookkeeping system requires that at least one or two persons are specially assigned to do the job. These people should be trained to maintain accounts in accordance with the laws and practices relating to cooperatives and women's groups as well as those of their

donors/creditors. A daily account must be maintained and the leader of the group or another group member should check that the accounts are written. Cash transactions must be tallied regularly.

Some ways of maintaining an efficient system of accounts:

- Make and regularly update the list of money owing to the group and follow up with the clients.
- Maintain a list of bills that have to be paid and prioritize payments. If a payment cannot be made in time, contact the creditor and inform her/him and fix another date for payment.
- Tally the balance in the cashbook every day, and in the bank book, every fortnight or every month.
- Make a cash flow statement at the end of every month, for the following month or preferably for the next quarter.
- Make a Profit and Loss statement and Balance Sheet every month, and discuss among the group.

Good account keeping can yield dramatic benefits. Cash planning as well as business planning in general is better. All members can discuss the finances of the group and its performance and plan for its improvement. Thus the business performance too begins to improve.

Handout 2: case study on bookkeeping

The Muang Ho women's group business makes rice noodles and chips. The members meet at the group leader's house to use the machine kept there. They make and sell noodles throughout the day. At the end of every day, the money they earn is given to Khun Thao, the leader, who puts it in a basket. Before handing the money over, the group notes the amount on a small pad kept for this purpose in the basket. Sometimes, they forget to enter small amounts. If they need petty cash, they take it out of the basket.

Mrs. Thao deposits the money in the bank once in a month. She keeps it with her till then and pays for other expenses such as bags of rice and noodles when stocks are low. Khun Piya and Khun Tum often make these purchases. Khun Thao knows how to write accounts but has three small children and, sometimes, does not have the time to do the accounting for three months at a time. Once, when she visited the bank, she found that the group had only 1 000 Baht remaining in their account.

She was worried and convened a meeting of members as soon as she returned. The members had not met for three months. They were very angry with Khun Thao. Khun Piya and Khun Tum could not locate all the slips where they had noted down the purchases made. The other members were upset and accused them of taking away money from the business. They said the business was good and they should have earned a profit, rather than make a loss.

Exercise

Let the participants discuss the story and the importance of book keeping. What can happen if books are not kept? What can happen if entries are not made in time? Emphasize the importance of daily cash control and profit calculations.

SESSION 2: Profit and loss accounts

- It is important that participants understand the concept of Profit and Loss before they begin to start making Profit/Loss (P/L) accounts.
- Open the plenary session by asking participants how many have made P/Loss accounts before. Assure them that this is not difficult and those not familiar with this will be taught how to do so.
- Organize a discussion on a specific business, such as making artificial flowers, and work out the accounts on the board.
- Ask participants to list all items of cost and write these on the left side of the board. Then ask them to list all income sources and write these on the right side. Remember that expenses such as cost of machine/s, grants, donations and loans are excluded from P/L accounts. But interest earned or paid, is included.
- After listing the Profit and Loss figures, ask participants to match these with the schedule details given in the handout to check if any item has been missed. Explain that they now have to calculate the P/L account for one month. Remind them that all income and expense that they take into account must be relevant to the one-month period.
- Then divide the participants into groups and give them between 45 minutes to one hour to work out P/L accounts for the case study in the handout. A full hour will be needed if participants do not have prior experience in preparing financial statements.
- Hold a plenary at the end of one hour. Ask participants if they have reached a net profit of 53 400 Baht. If necessary, work out the details on the board to ensure that everybody has understood.
- Ask the participants which aspect they find difficult to understand and spend some time in explaining the concepts.
- Two concepts that are often difficult to understand are depreciation and cost of goods sold. Explain these with the help of the handout.

Handout 1: *format for profit and loss account*

The Profit and Loss account is a statement that normally helps one to determine whether a business has made a profit or a loss between any given period. The Profit and Loss statement must be made at least once a year. Making a statement every month will also help.

Profit and Loss accounts as on ... (date)

<i>Particulars (Costs)</i>	<i>Amount</i>	<i>Particulars (Earnings)</i>	<i>Amount</i>
Opening stock		Sales	
Purchases		Closing stock	
Power charges		Commission	
Salaries & wages		Other income	
Vehicle maintenance			
Telephone charges			
Postage			
Printing and stationery			
Local conveyance/ transport			
Office expenses			
Advertisement			
Staff welfare expenses			
Accounting charges			
Professional charges (legal or other fees)			
Subscription fees			
Insurance, licenses, other permits, loan repayments			
Depreciation			
<i>Total</i>	<i>A</i>		<i>B</i>
<i>Net Profit = B – A</i>			

Note

- All costs and earnings for the period are taken into account for making the Profit and Loss statement
- The material cost must be calculated for the raw material used during the period under consideration. For example, a group with 150 kg of raw material as opening stock, bought 900 kg during the month and had 50 kg remaining at the end of the month.

- Therefore:

Opening stock	150 kg
Purchased	900 kg
Closing Stock	50 kg

- Thus material used during the month is estimated as follows:

Opening stock + Purchases minus Closing stock = Material used

$$150 \text{ kg} + 900 \text{ kg} - 50 \text{ kg} = 1\,000 \text{ kg}$$

- Make a note of all other costs incurred during the month for that month's production. There are, however, some expenses that will not appear in the monthly statement, for example a machine that was purchased for 20 000 Baht. Again, a deposit that has been paid for the electricity connection will not appear in this account.
- All monthly earnings will be included in the monthly Profit and Loss account.
- Money receipts not related to that month's production will not be entered into the P & L account. For example, entries related to government grants.
- Thus the P & L account only records the income and expenses relating to production/services of the business in the month.

How to calculate depreciation

In any business in agriculture using machinery or tools it is necessary to invest in new equipment after many years of use. For this, capital is needed. In order to accumulate this capital on a timely basis, the depreciation of the value of the machinery and tools must be calculated over the years that they can be used. For example, if a rice thresher costing 5 000 Baht needs to be replaced after five years, then the depreciation is 1 000 Baht per year. Accordingly, the business planning needs to reserve 1 000 Baht per year from the total annual income for the purchase of a new rice thresher after five years. This has to be done for all equipment used by the agricultural cooperative enterprise. This means that profit is calculated after depreciation costs have been taken into account.

Handout 2: case study on calculating profit and loss account

The Sirikant women's group has 50 members who are actively involved in making baskets with water hyacinth. They make these baskets at the cost of 120 Baht each and sell them at 150 Baht per basket. In September, the group had an opening stock of 300 baskets and they purchased 2 000 pieces from the members during the same month. They sold 2 100 pieces. The group's earning on direct sale of raw material to non-members was about 3 Baht per kg of raw material (water hyacinth). The same month they sold 3 000 kg of raw material to non-members. The group pays 300 Baht per month towards electricity charges and a commission on sales at five Baht per piece sold.

The group pays monthly salaries of 3 000 and 2 000 Baht to an accountant and a public relations/marketing assistant. The monthly telephone charge is 200 Baht, while postage costs about 800 Baht per month. They do not have to pay rent. Their office stationery costs are about 600 Baht in six months. The monthly transport cost of members' to supply the goods is about 300 Baht. Tea and food served to guests from different government departments cost about 400 Baht per month.

The group was given a machine as a gift by the government which was worth 60 000 Baht. The government officer told them that they would have to replace the machine with their own money. The machine will work for about five years. The group plans to charge depreciation of 12 000 Baht per year so that they can replace the machine after five years.

Discuss the above case study and find out whether the group makes a profit or loss.

Solution: Profit and Loss account for the month of September

<i>Particulars</i>	<i>Calculations</i>	<i>Amount in Baht</i>	<i>Particulars</i>	<i>Calculations</i>	<i>Amount in Baht</i>
Opening stock	300 x 120	36 000	Sales	2 100 x 150	315 000
Purchases	2 000 x 120	240 000	Closing stock	200 x 120	24 000
Commission paid on sales	2 100 x 5	10 500	Other income	3 000 x 3	9 000
Power charges	300	300			
Salaries	3 000 + 2 000	5 000			
Telephone	200	200			
Postal charges	800	800			
Stationery	600/6	100			
Transport	300	300			
Staff welfare	400	400			
Depreciation	12 000/12	1 000			
Total		294 600			348 000

Net profit = Total earning – Total cost

Net profit = 348 000 – 294 600

= 53 400 Baht

Handout 3: *format for balance sheet*

What is a balance sheet?

A balance sheet is like a photograph of the financial position of a business at any point in time. It shows where the money came from and how it was used. It can be seen as a description of the sources and uses of money in a business. The following concepts are used in the preparation of a balance sheet:

Working capital

This is essential for carrying the business on a day-to-day basis. Working capital takes care of problems of liquidity and cash requirements of the business.

Current assets

Assets held by the business for a period of one year or less. E.g. advances, deposits, sundry closing stock (raw material, finished goods) cash balance, bank balance.

Current liabilities

Outstanding payments of a business that must be made within a period of one year or less. E.g. advances from customers, deposits from customers, short term loan, working capital facility and sundry creditors.

Initial investment or fixed assets

Initial project investment for starting a business indicates the initial capital required to set up a business. E.g. land, building, machinery, deposits, power installations, etc.

Balance sheet

The balance sheet for any type of business will generally consist of the following headings:

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Capital		Fixed assets	
Reserves		Investments	
(Long and short-term investments)			
Term loan		Advances & deposits	
Working capital from banks			
Loans from friends & relatives		Sundry debtors	
Sundry creditors (payables)		Closing stock	
Outstanding liability		Cash balance	
Total		Total	

Handout 4: *cash flow statement*

Cash flow is an important aspect of a business. It helps to make sure that enough cash will be available to cover necessary expenses. The cash flow includes:

- how much money goes out (for the purchase of raw material, salary payments, administration expenses, etc.)
- how much money comes in (through sales receipts)

$$\text{Total cash on hand} = \text{Cash on hand} + \text{Cash receipts} - \text{Cash outflows}$$

(cash receipts are from cash sales, collection of credit from members, loans taken, other cash inflow if any)

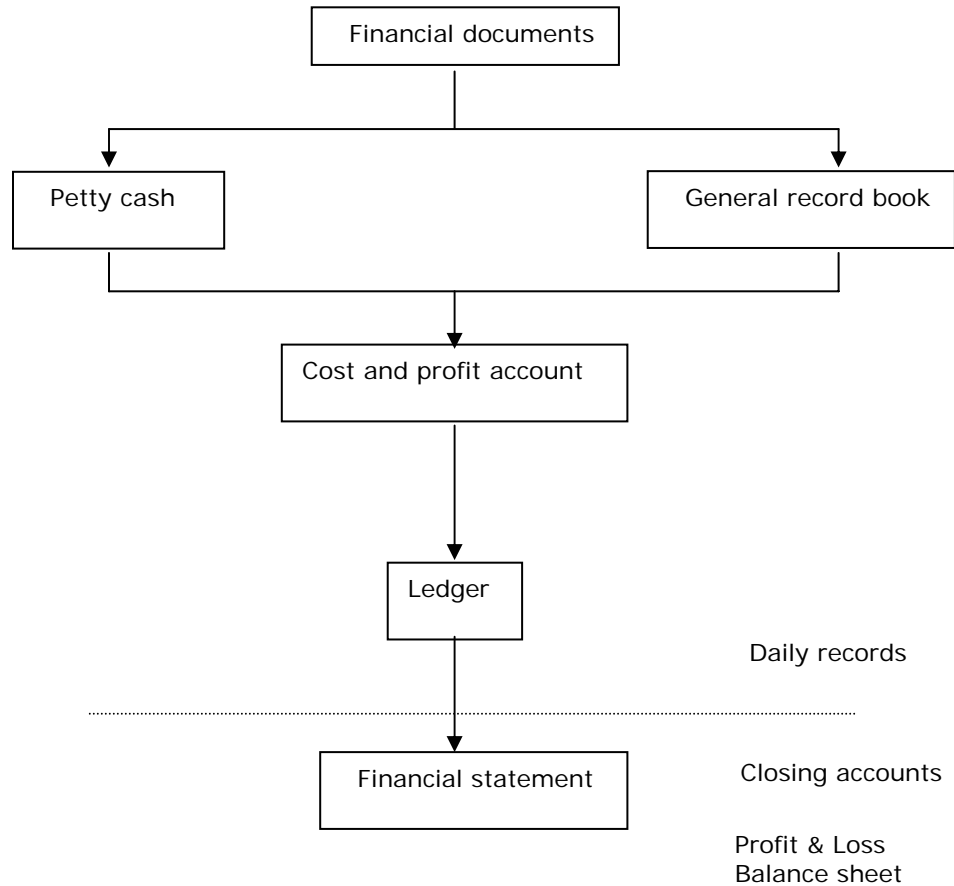
It is always better to project cash flows for a year or six months. The format for estimating the cash flow is as follows

Cash flow format for the business

<i>Particulars</i>	<i>Amount in Baht</i>											
<i>Cash inflows</i>	1	2	3	4	5	6	7	8	9	10	11	12
Opening balance												
Sales receipts												
Any other income												
Total (A)												
<i>Cash Outflows</i>												
Purchases												
Rent												
Electricity												
Postage & telephone												
Travel												
Repayment of loans												
Insurance												
Any other expenses												
Total (B)												
Net cash flow (A-B)												
Closing balance												

Handout 5: *formats for bookkeeping*

ACCOUNT PROCEDURE



Financial documents

- Receipt
- Payment bill
- Deposit-withdraw bill
- Invoice

Accounts

- Petty cash
- General records
- Cost and Profit account
- Ledger
- Membership and share records

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- Inventory
- Raw material stock
- Fixed asset
- Loan debtor record
- Trading debtor record
- Saving record

Receipt format

		No of book.....
		No.....
Cooperative Women's Group Baan.....		
Cooperative.....		
Address.....		
Receipt		
		Date.....
Name of client.....		Address.....
.....		
No.	Item	Amount (baht)
1	Registration Fee	
2	Payment of share capital	
3	Loan repayment	
4	Interest repayment	
5	Sale (Product).....amount (unit).....	
6		
7		
8		
Total	(.....)	
.....		
Signature of the Recipient		
		Recipient
		Signature

Guidelines

- A receipt must be issued for every payment received.
- Fill each blank space in the format i.e. date, name and family name of member or customer.
- Fill the amount of received cash in the right item. In case of other receipts, which are not composed in this format, please describe the item as well as the amount of received cash.
- Fill the amount of received cash in number and words.

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- Every receipt has to be completed with the signature of the recipient.
- Try to fill the account number and membership number of the client so that auditing can be easier.

Expense voucher format: Used in cases where there is no receipt for any expense.

Cooperative Women's Group Baan..... Cooperative..... Address..... Expense Voucher		
Date.....		
Name..... received cash as the following items;		
Address.....		
No.	Item	Amount (baht)
Total	(.....)	
..... Signature of recipient	 Signature of payer

Guidelines

- Supply the details for the blank spaces in the heading.
- Describe the item of expense and the amount of payment.
- Fill the total amount both in number and words.
- Both recipient and payer need to sign.
- This format is not necessary if the recipient has his/her receipt form.
- Correctly filled expense vouchers are useful for internal auditing.

Deposit-withdrawal format

Cooperative Women's Group Baan.....		
Cooperative.....		
Address.....		
Type of Deposit-Withdraw account.....	Account No.....	
Account name.....		
μ Deposit		
μ Withdraw		
Amount (Baht)		
.....		
.....		
.....		
.....
Signature of account owner	Signature of payer	Signature of accountant
I delegate Mr/Ms	as my representative
	
		Signature of representative

Guidelines

- Describe type of saving account and account number.
- Fill name and family name of account holder.
- Mark in either item of deposit or withdraw as well as amount of money.
- Both account holder and payer need to sign.
- In case of delegation, name of delegated person has to be filled and signed by the account holder.

Invoice format: Used as evidence of product sold on credit

Cooperative Women's Group Baan..... Cooperative..... Address.....					
Invoice					
					Date.....
Name.....					
Address.....					
No.	Item	Amount of unit	Price per unit	Total amount (baht)	
Total	(.....)				
..... Signature of recipient		 Signature of person who delivers		

Guidelines

- Supply the details for the blank spaces in the heading.
- Describe the product item, quantity, price per unit and total amount.
- Fill total amount of sales both in numbers and words.
- Complete with signature of both recipient and the person who delivers it.
- Invoice is used as evidence for internal auditing.

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Petty cash account: Used to record both income and expenses.

1. *Petty cash account: Record of cash flow of both income and expense.*

Income

Date	Item	Registration fee	Share capital	Credit repayment		Sale	Credit sale	Deposit	Others
				Credit	Interest				
1	2	3	4	5	6	7	8	9	10
Total income									
11									

Expense

Date	Item	Credit lending	Goods purchase	Cost			Withdraw	Others	Total expense
12	13	14	15	16	17	18	19	20	21
Balance									
22									

Guidelines

Income

- Column 1: Fill the date of receipt.
- Column 2: Describe the type of receipt.
- Column 3-9: Separate the amount of receipt in each item.
- Column 10: Fill the other items of income that are not composed in the table such as grants, loans etc.
- Column 11: Fill total amount of receipt (calculated from 3 to 10).

Expense

- Column 12: Fill the date of payment.
- Column 13: Describe the type of payment.
- Column 14: Fill in the amount of credit lending.
- Column 15: Fill in the purchasing cost.

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Cost and profit account: Used to keep records of sales and cost and profit margin on each item.

Product..... Volume of Production..... Amount.....

Date	Item	Sale	Cost	Remark
1	2	3	4	5

Guidelines

- Describe type of product, production volume and amount of product in each round.
- Column 1: Fill date of record.
- Column 2: Describe the type of item.
- Column 3: Fill in the amount of sales both in cash and on credit.
- Column 4: Fill in the costs.
- Column 5: Enter any other related information.

Ledger

Membership record

Name of member.....

Member No.....

Date	Item	Share investment	Share withdrawal	Balance	Remark
	2	3	4	5	6

Guidelines

- Fill in the member's name and number.
- Column 1: Fill in the date of payment for the member's fee and share capital.
- Column 2: Describe the type of activity in the item column.
- Column 3: Fill in the amount of shareholding.
- Column 4: Fill in the amount of share withdrawals.
- Column 5: Fill in the balance amount of shareholding.
- Column 6: Describe other related information.

Inventory

Type of product..... Amount..... Cost per unit..... Price per unit.....

Date	Item	In (unit) (Purchased)	Out (unit) Sales	Balance
1	2	3	4	5

Guidelines

- Column 1: Write the date.
- Column 2: Describe type of product.
- Column 3: Fill in the quantity of purchased products.
- Column 4: Fill in the quantity of sales (unit of product).
- Column 5: Fill in the balance quantity of stock.

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Raw material record: Used for raw material management, particularly in production activity

Type of raw material.....Cost per unit.....
Price per unit.....

Date	Item (Unit)	Purchase (unit)	Utilised/sold (unit)	Balance stock
1	2	3	4	5

Guidelines

- Column 1: Fill in the date of movement.
- Column 2: Describe the type of raw material.
- Column 3: Fill in the quantity of the item purchased.
- Column 4: Fill in the quantity of the item utilised or sold to members.
- Column 5: Fill in the remaining quantity of stock.

Fixed asset record

Type of asset.....

Date	Item	Cost	Asset age	Depreciation	Net value	Remark
1	2	3	4	5	6	7

Guidelines

- Column 1: Fill in the date of purchase.
- Column 2: Describe the type of asset.
- Column 3: Fill in the amount of cost.
- Column 4: Fill in the number of years that the asset has been utilised.

- Column 5: Fill in the value of depreciation in each year.
- Column 6: Fill in the cost of the asset after depreciation.
- Column 7: Fill in the related information.

Lending account

Name..... Interest rate.....

Date	Document No.	Amount of loan	Payment		Balance amount	Interest calculation
			Principal amount	Interest amount		
1	2	3	4	5	6	7

Guidelines

- Column 1: Fill in the date of lending.
- Column 2: Fill in the number of document.
- Column 3: Fill in the amount of approved loan.
- Column 4: Fill in the amount of repayment on the principal.
- Column 5: Fill in the amount of repayment for interest.
- Column 6: Fill in the amount of credit remaining.
- Column 7: Describe the calculating method for each repayment.

Trading debt record

Name of debtor.....

Date	Item	Loan	Repayment	Balance	Remarks
1	2	3	4	5	6

Guidelines

- Column 1: Fill in the date of sales.
- Column 2: Describe the type of product.
- Column 3: Fill in the value of loan.
- Column 4: Fill in the amount of repayment.
- Column 5: Fill in the remaining amount of credit.
- Column 6: Fill in the related information.

Deposit and withdrawal format

Name of the account holder

Account No.

Date	Item	Deposit	Withdrawal	Balance calculations	Interest

2. Guidelines

- Column 1: Fill in the date of deposit.
- Column 2: Describe the type of deposit.
- Column 3: Fill in the amount deposited.
- Column 4: Fill in the amount withdrawn.
- Column 5: Fill in the remaining savings.
- Column 6: Fill in the interest calculation.

What you have learnt in this module

- *When proper accounts are not kept*

It can lead to lack of trust among members, because there is insufficient evidence of cash flow in and out of the business.

- *What do the groups need to do?*
 - Income and expenditure should be recorded with evidence for every transaction.
 - There must be withdrawal/deposit receipts of bank transactions.
 - A person should be in charge of cash and record all other transactions.
 - Another person should sign all payments.
 - Groups must assign the right person for each job and responsibilities must be clearly designated.
 - Groups should have meetings to review monthly performance.
 - Groups should get their accounts audited at least once a year.

- *Why keep accounts?*
 - Bookkeeping and accounts are major tools that help women's group members to plan the best use of resources and monitor group business.
 - Each member should be able to understand what is in the accounts books.
 - They should know what they put in and what they get out of the business.
 - Accounts give an idea of where the money comes from and where it goes. If members understand and track these through proper bookkeeping practices, the flows can be changed to improve the viability the business.
 - Accounting information must be shared at regular group meetings for both awareness-raising and for transparency and joint decision-making.

➤ *Why groups do not keep accounts?*

- It is difficult to find rural people who are skilled in keeping accounts.
- There is no formal institutional linkage between rural women's groups and agricultural cooperatives. As a result, there is no monitoring and evaluation system in place within the cooperatives to facilitate the financial management of these groups.