

**Laxmi Wood Craft Udhyog**

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**Background about Laxmi Wood Craft Udhyog**

Laxmi Wood Craft Udhyog (LWCU), founded in 1982, is the first button factory in Nepal. It is also the first industry in Nepal to produce handicraft items from bones and horns of domestic animals, particularly buffalo. When Laxmi Sharma founded LWCU the concept of using bone and horn to produce buttons had not even entered Nepal. LWCU developed its own technology to make tools and hand-operated machines needed for handmade production. Since then, LWCU has created more than 7,000 styles of buttons, from simple, round ones to exclusive animal designs.

Laxmi Wood Craft Udhyog uses bone, horn, dried twigs and branches, bamboo, coconut shell, peach seeds, and more are used to make a wide range of unique hand-crafted items for collecting, to give as gifts, as fashion accessories, and more. Besides buttons, it produces necklaces and bracelets, massage products, hairpins made of horn and bone, and more.

LWCU exports its products to many countries throughout the world.

Laxmi Wood Craft Udhyog has been recognized for its accomplishments not only within Nepal, but also overseas. LWCU has succeeded in winning within the country *Gold Medal by National Youth Service Fund*, *The Best exporter of Non-Traditional product* by Nepal-German Chamber of Commerce and Industries, *Top Exporter of bone sector* by Handicraft Association of Nepal, and more. Overseas, Laxmi Wood Craft Udhyog has been recognized as *The Leading Women Entrepreneur in the World Team awarded by The Star Group of USA*, *Global Entrepreneurs of the year 2000* awarded by Business Women's Network USA, and more.

**Background about Nepal**

Nepal continues to be a challenging climate to conduct business. The government of Nepal provides very little infrastructure or even security. The court system is backed up for years and people can not depend on the police to enforce the laws or even maintain order. People sometimes take the “law” into their own hands by holding demonstrations that close the streets to vehicles for hours or days, forcing businesses to close, and pressuring the government.

This kind of mob approach is very negative for business because when businesses are successful, people assume the owners are very rich. This makes the business owners targets for extortion and unreasonable demands. These demands can be from their own employees, unions (which, in Nepal, are generally backed by political parties), or simply gangs who threaten and intimidate people.

The government also fails to provide basic resources to the people and businesses. Electricity is only available for around 8 hours each day through much of the year, requiring businesses to run on generators and buy a lot of diesel fuel to power the generators. Sometimes water is not available and must be brought in by trucks. Petrol (gasoline) shortages require drivers to wait in long queues for small rations of fuel – this can be crippling to businesses that depend on vehicles to bring materials to their factories and bring finished materials throughout Nepal or to its borders. Internet connections are still slow and unreliable. In this modern day, most businesses depend on email and the internet for communication with customers and other businesses.

Banks in Nepal are also very difficult for businesses to work with. The interest rates on loans are around 18%. Some finance companies charge interest rates of 24%. This makes it challenging to maintain a business in a negative economic situation or expand a business.

However, Nepal is currently stable. The risk of revolution or widespread violence is small now. The government is ineffective, but at least there is a government.

### **Activities Conducted in Support of the Ten Principles of the Global Compact**

Laxmi Wood Craft Udhyog is already a strong supporter of human rights, labor, and the environment, and tries to reduce corruption. As a member of the Global Compact, LWCU takes steps every year to further enhance our activities to accomplish the goals of the Global Compact.

### **Human Rights:**

- All employees of Laxmi Wood Craft Udhyog are provided medical allowances, maternity leave, and other benefits. When staff are needed to work additional hours, they are provided with overtime pay and also food supplements. Staff at LWCU receive entertainment facilities, to create a more positive, enjoyable workplace.
- LWCU recognizes staff who have shown exceptional discipline, attendance, and initiative by awarding them with prizes such as televisions, jewelry, money, stereos, and other household items. This gives them motivation to continue to work well and creates a positive feeling among the staff by making them feel appreciated.
- We have produced two documentaries about social issues and human rights. *Mahapuja* is film about a culture of celebrating self-respect. *Democracy* is a documentary that promotes Nepali culture.
- LWCU gives clothes to our staff in the winter and summer.
- We have built comfortable work rooms for our employees. This provides them with a pleasant atmosphere while they work.
- LWCU supports people in need, including children of employees and other people. This support includes sponsoring education and providing housing.
- This year, Laxmi Wood Craft Udhyog supported four children who did not have parents to care for them. They lived with Laxmi Sharma, the proprietor of the company. LWCU obtained citizenship

papers for them and enrolled two of them in an SOS orphanage. LWCU made a donation to the orphanage to fund the support of the children.

- LWCU does many projects to preserve and celebrate Nepali culture.

### **Labor:**

- Laxmi Wood Craft Udhyog is strongly opposed to child labor. We do not employ any children at our workplace, and we do not conduct business with any companies that are known to employ children.
- LWCU does not tolerate any discrimination, including prejudice based on sex, caste, or ethnic group.
- LWCU gives training to physically disabled people, including the blind, mentally disabled, and those suffering from leprosy. Some of these people are then employed at LWCU. Others use the skills they learn from LWCU to find employment with other companies.
- Laxmi Wood Craft Udhyog partially supports and sponsors the education of the children of its staff who have worked with the company for at least 10 years. This furthers LWCU's goal of improving education in Nepal, which will improve the entire country in the future.

### **Environment:**

- Mrs. Laxmi Sharma, the proprietor of Laxmi Wood Craft Udhyog, is a strong campaigner for protection of the environment. She is involved with several organizations that work for social and environmental issues.
- LWCU does not use chemicals for processing and other aspects of producing our handicrafts. Instead, we use natural materials such as tea, henna, etc. to dye fabrics and color hand-crafted products.
- LWCU organizes frequent awareness programs with our staff about work efficiency, health, and environmental issues. The staff enjoy these activities and learn from them.
- Whenever possible, we use environmentally friendly packaging for our products. We are discussing the best packaging to use in the future, such as re-useable cloth bags or disposable materials that are quickly bio-degradable.
- We now publish a magazine called *Successful Dreams* which focuses on the environment, education, preserving Nepali culture, and other social issues. The magazine is free and is published quarterly.
- Laxmi Sharma, the proprietor of LWCU, is an executive member of Power to the People. This organization does many important social welfare projects, including cleaning the rivers in Kathmandu and protecting and celebrating Nepali culture.

- LWCU helps many of Kathmandu's street dogs, by feeding them, getting them sterilized (spayed/neutered), and getting vet care for them when they are sick.
- LWCU often plants trees in the Kathmandu area, and does projects to clean up the city.

### **Anti-Corruption:**

- Laxmi Wood Craft Udhyog aims to be transparent in all of its business dealings. In this way, it can serve as an example of good business practices that do not support corruption.
- We have joined several anti-corruption campaigns that raise awareness to oppose corruption, bribery, and extortion. Although it is difficult to fight against corruption in Nepal, we are doing what we can to reduce it.

### **Conclusion**

Laxmi Wood Craft Udhyog is a small cottage industry and we are doing what we can to implement the ten principles of the Global Compact. We would like to learn from other industries that are successfully conducting the ten principles and can serve as a model to the other members of the Global Compact. We hope they will share with us their experiences, challenges, and successes.

LWCU is proud to be a member of the Global Compact, and we look forward to supporting the ten principles of the Compact for many years into the future.