

# How may MSMEs be better served by public utilities

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23 May 2017

Colombo



# Focus of study conducted in 2013

- Urban, low-income, micro-entrepreneurs (MEs)
- Utility services with different levels of competitive provision
  - Telecom: high levels of competition
  - Electricity: low competition/monopoly
  - (Municipality Delivered) Government Services (e.g. business registration): monopoly provision by govt.
- Different levels of ICT use
  - Telecom: high use
  - Electricity, Govt services: lower

# How can MEs be better served?

- What are current levels of customer-centricity in each sector?
- Can we identify ‘best-fit’ practices from one sector that could work in the other?
  - E.g., Telecom seems to use ICTs to manage customer relationships. Can electricity do the same?
- Can practices from one country be adapted to work in another?
  - Three countries: Sri Lanka, India, Bangladesh

# Research methods

- First: from supplier point of view
  - How are customers served? How is the relationship managed?
  - Interviews with service providers + desk research
- Then: from user point of view
  - What is used? What are problems? Satisfied?
  - Quantitative: Sample survey of 3,180 MEs
  - Qualitative: in-depth interviews/focus group discussions of 76 participants and 12 ethnographies at sites of service provision

# Definitions

- Micro-entrepreneurs (MEs) = those employing 0 -9 employees
  - paid part or full time workers
  - inclusive of family members
- Low income = MEs in socio-economic classification (SEC) D and E
  - SEC based on education and job of chief wage earner
  - Close correlation to income
- Urban = definition used by the National Statistics Office in each country

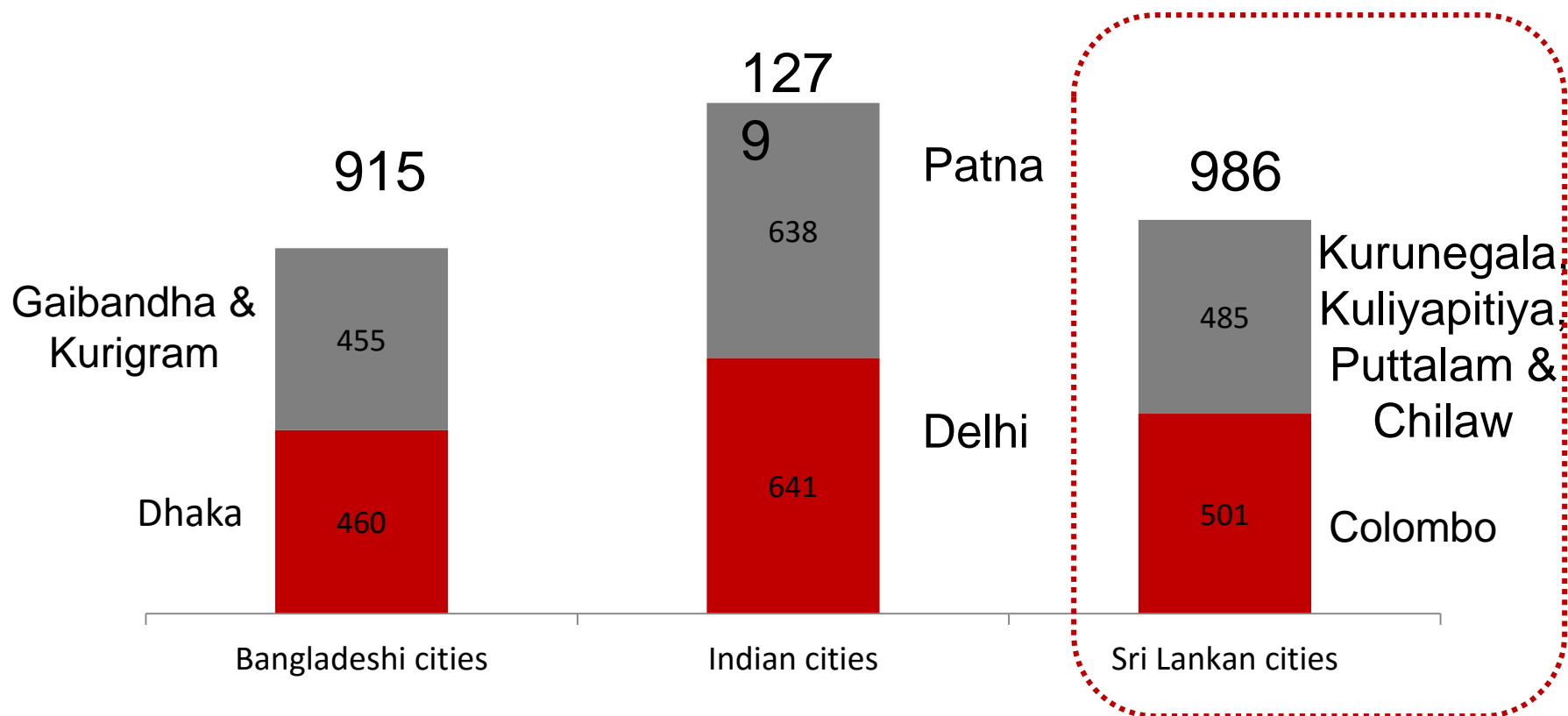
# A 'weak city' and 'strong city' in each country identified

- Strong/weak determined by proxy indicators
  - Sri Lanka: various poverty<sup>(1)</sup> measures by province<sup>(2)</sup>
  - India: Human Development Index 2006 by state + City Competitiveness Report 2012
  - Bangladesh: poverty + literacy + electrification rates
- India:
  - Strong city: Delhi
  - Weak city: Patna (Bihar)
- In Sri Lanka:
  - Strong = Colombo (Western Province); Weak = Kurunegala, Kuliyapitiya, Puttalam & Chilaw (North Western province)
- Bangladesh
  - Strong = Dhaka; Weak = Ghaibanda+ Kurigram

1.  Poverty headcount Index and Poverty Gap Index

2. *Economic and Social Statistics of Sri Lanka, 2012, Central Bank of Sri Lanka;*

# Quantitative study: 3180 MEs surveyed. 986 in Sri Lanka (LK)



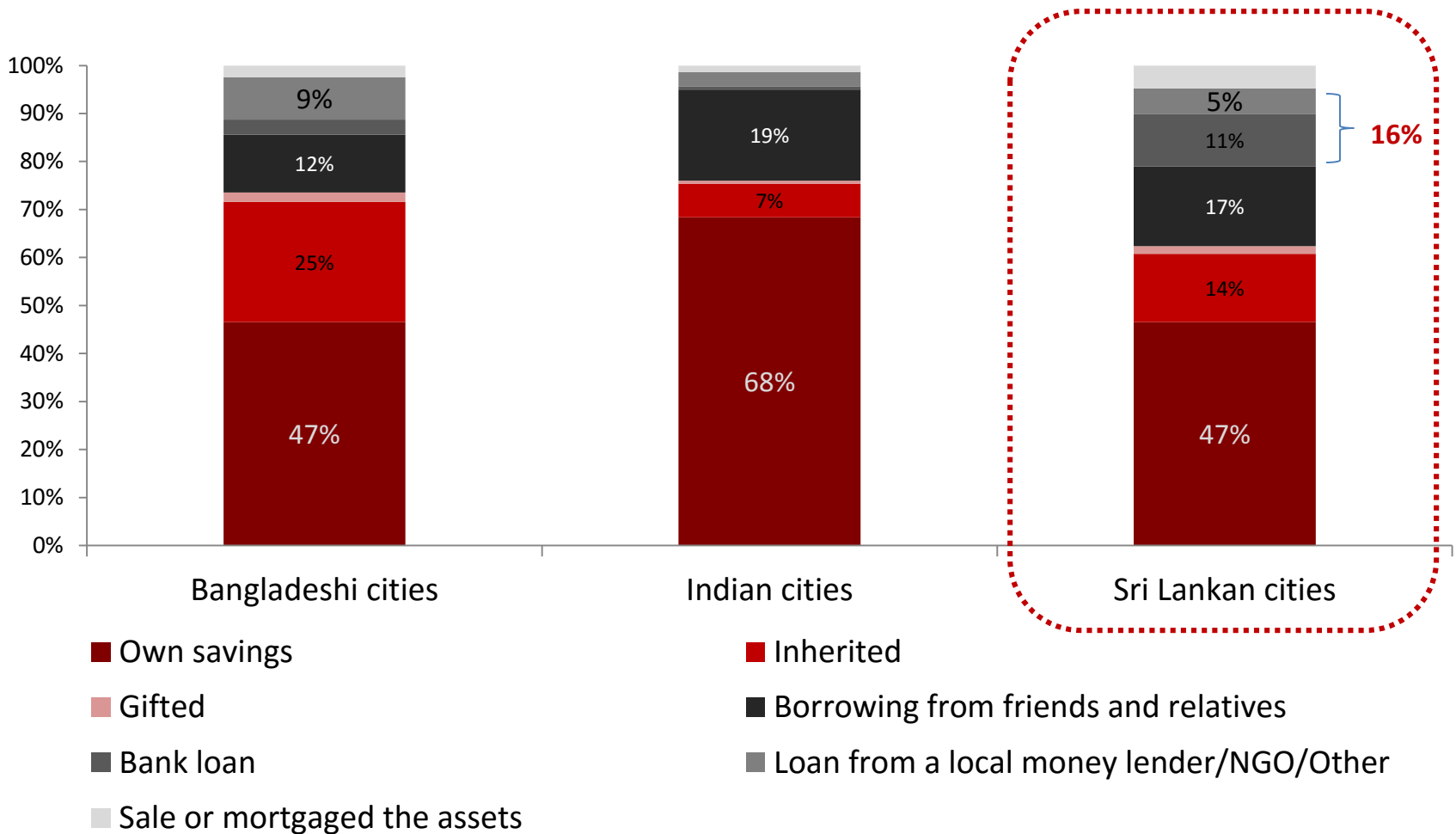
# The Sri Lanka (LK) sample older, more educated and more female compared to India (IN) and Bangladesh (BD)

	Bangladeshi cities	Indian cities	Sri Lankan cities
Average age	36	36	42
Female micro-entrepreneurs	9%	12%	26%
Illiterate or primary schooling only	39%	87%	29%





# Most businesses started using savings. Formal loans most common in LK



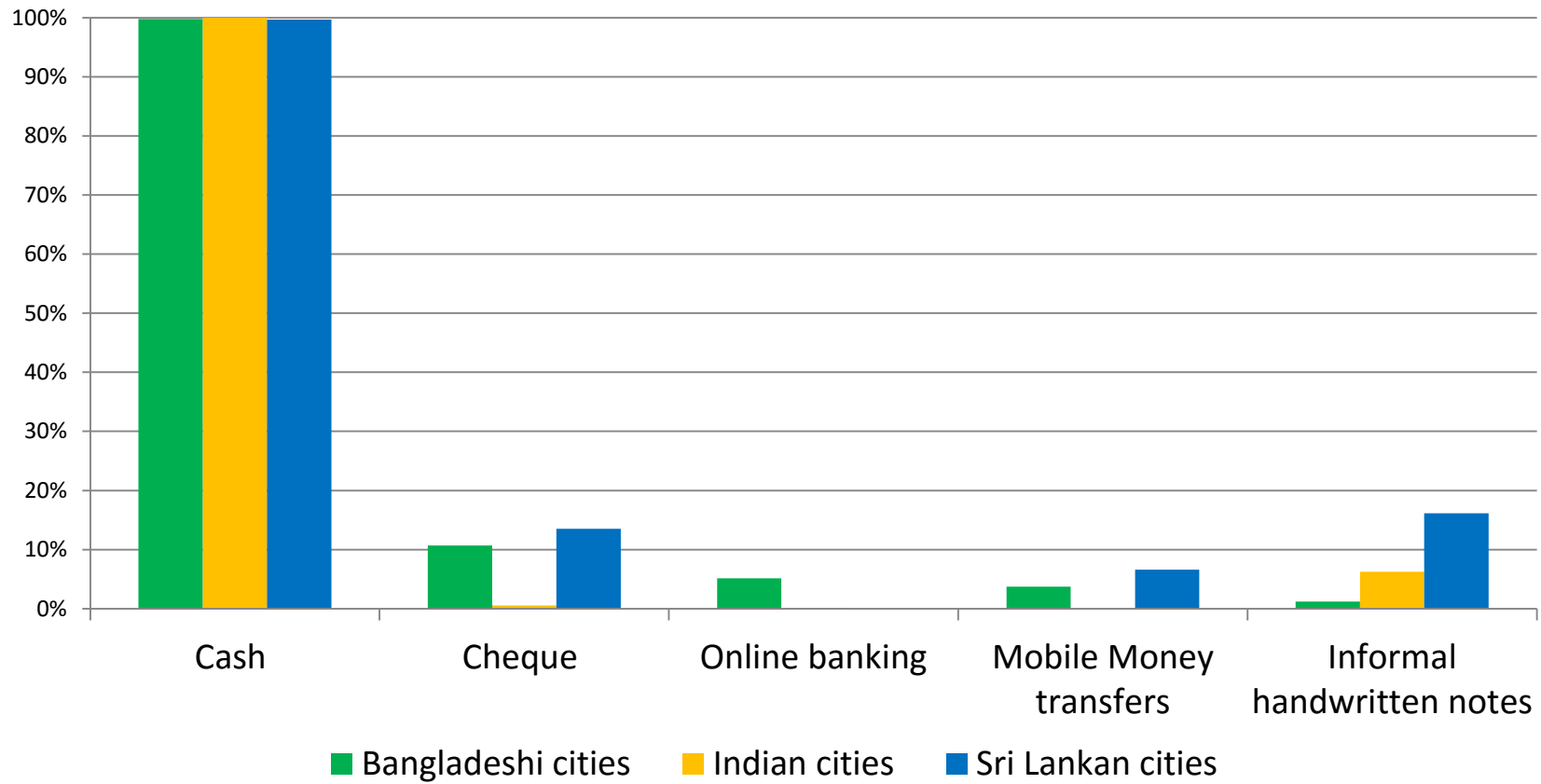
# Access to bank accounts highest in LK



Does your business have a separate bank account to use just for business purposes?(as % of low-income MEs)

Do you have any bank account in your name? (as % of low-income MEs)

# All MEs normally deal with cash



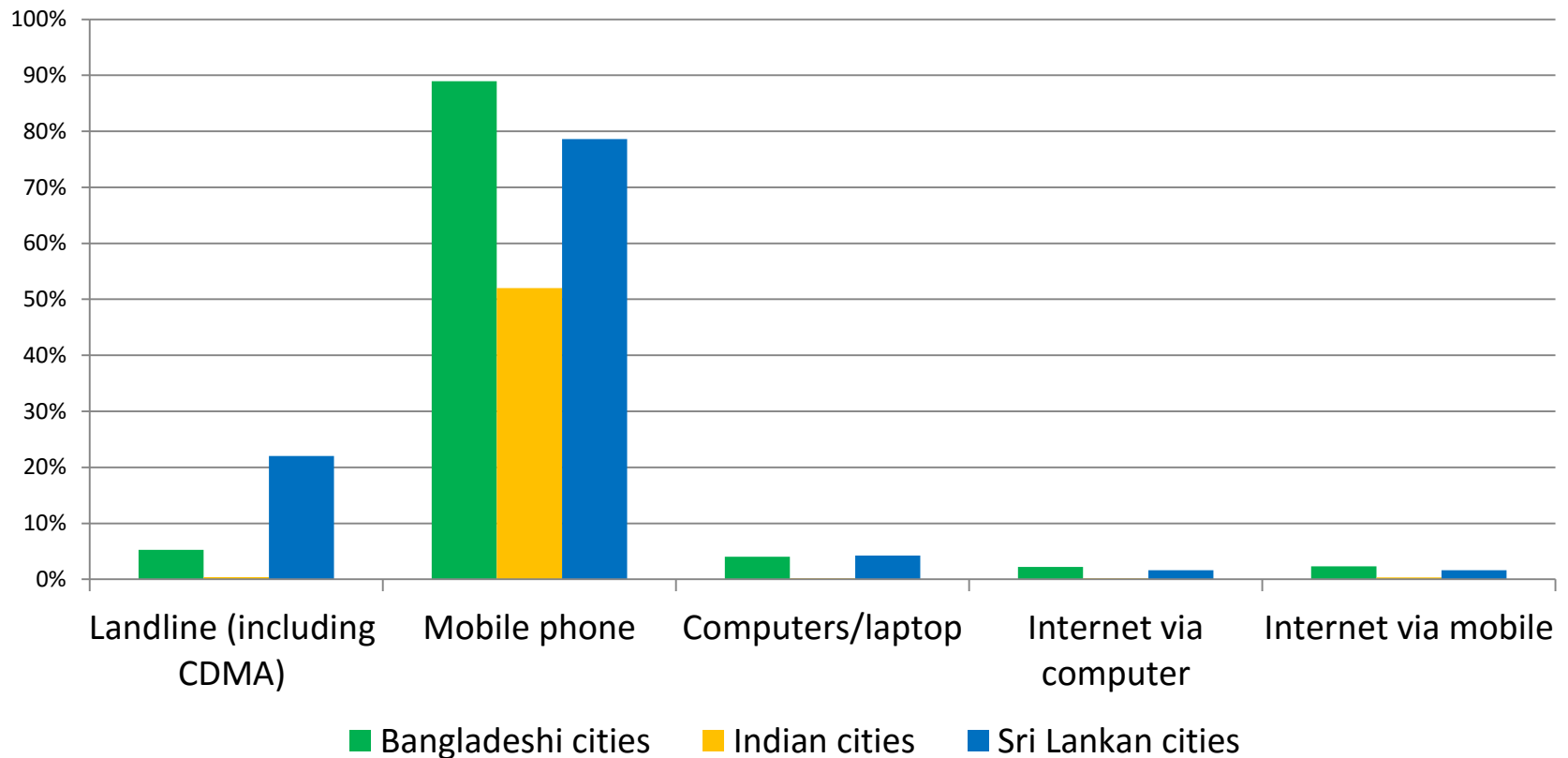
# **ELECTRICITY AND TELECOM USE BY MICRO-ENTREPRENEURS**

# 84% of LK MEs have an electricity connection which they use for business

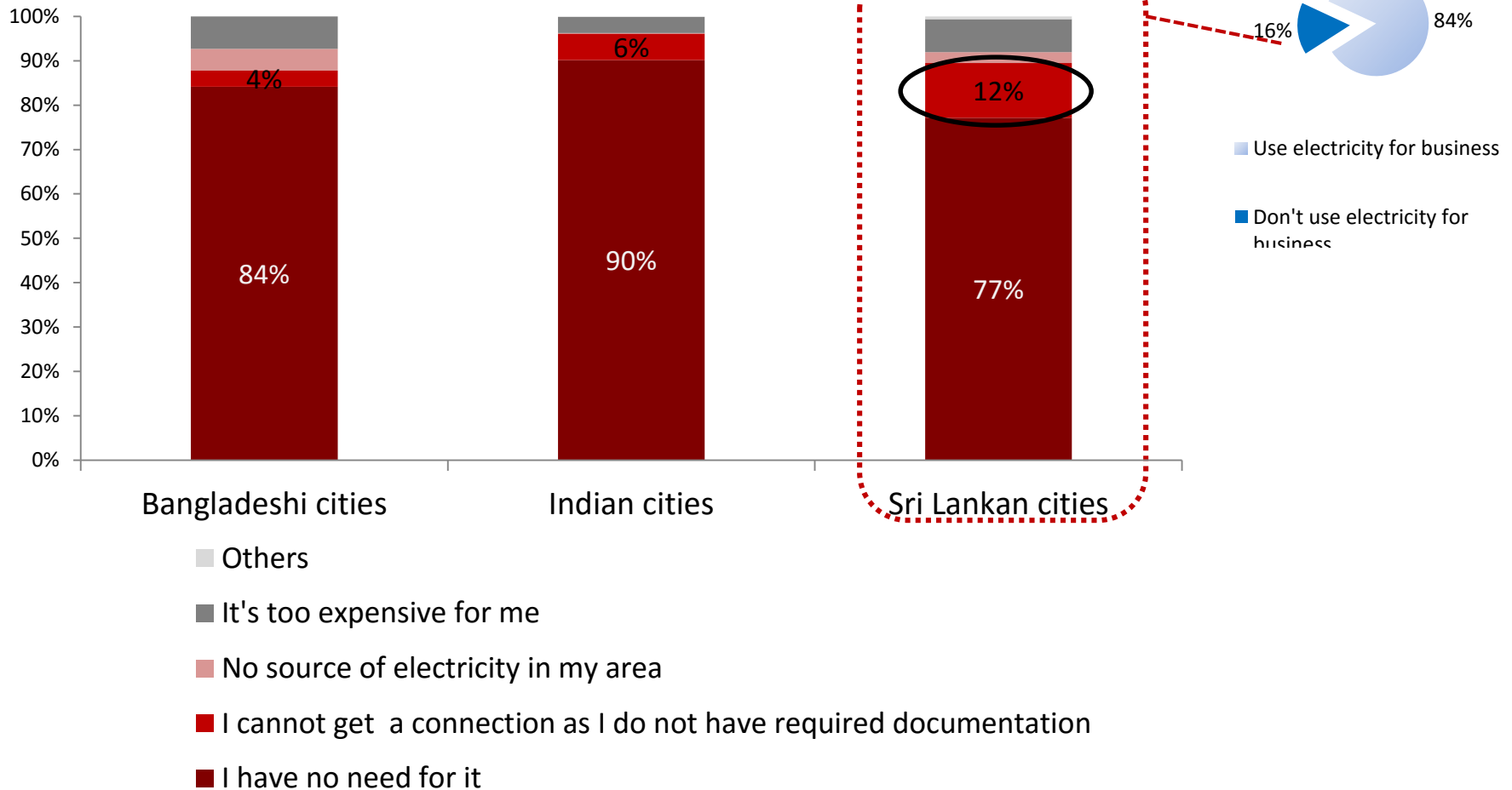


Do you have an electricity connection which you use for business purpose? Where electricity can be from the grid, solar, generator and other sources ( % low-income MEs)

# Comparable to telecom: 79% use a mobile and 20% use a fixed line for business

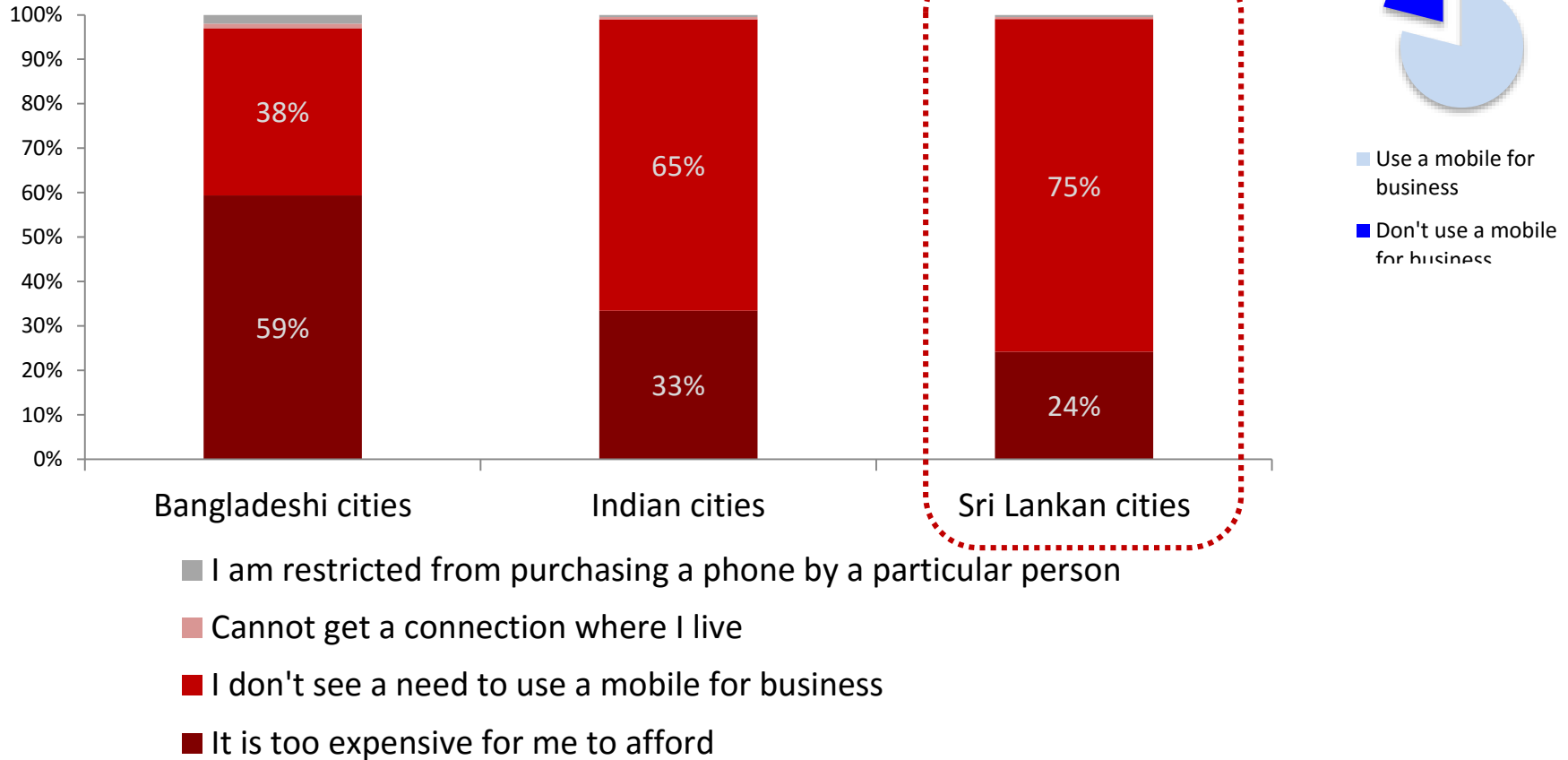


77% who don't use electricity don't see need for it; But 12% don't have necessary documentation; 7% say its too expensive



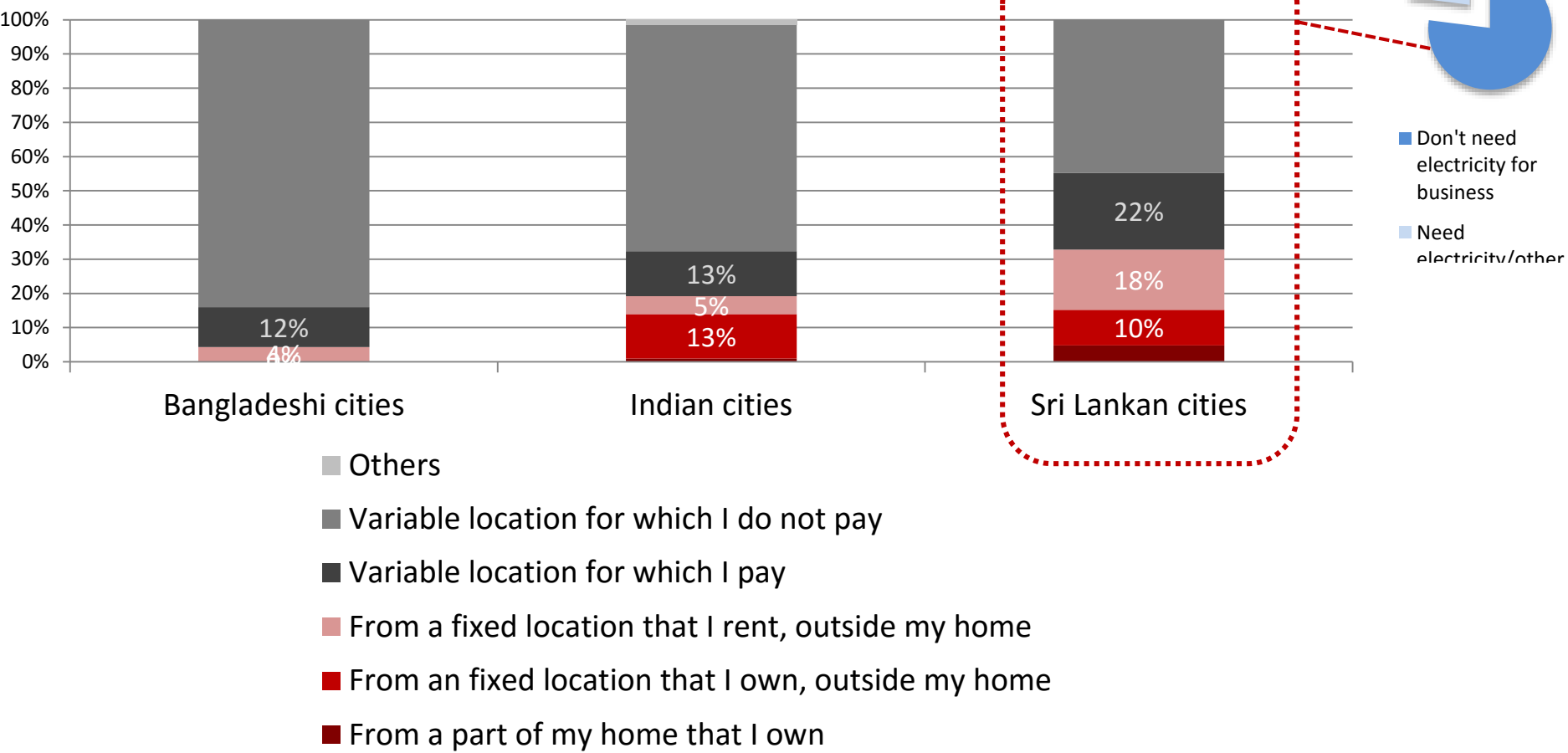
What is the main reason for not having electricity connection for business? (% low-income MEs who not have electricity for business)

# Comparable to telecom: 75% say they don't need a mobile for business. 24% cite expense

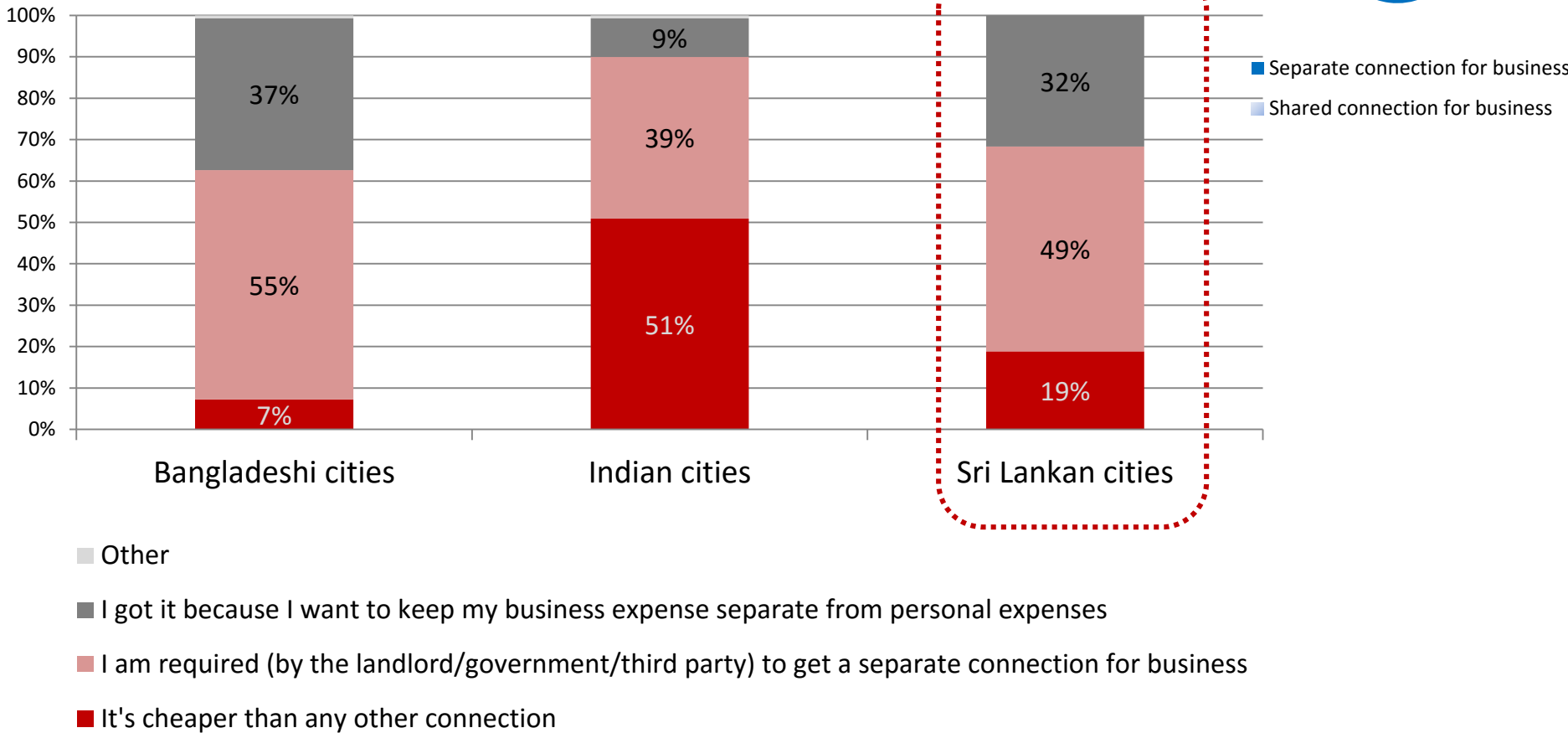




Some (22%) without a need for electricity operate from a variable location. But 28% with a fixed location also don't use electricity



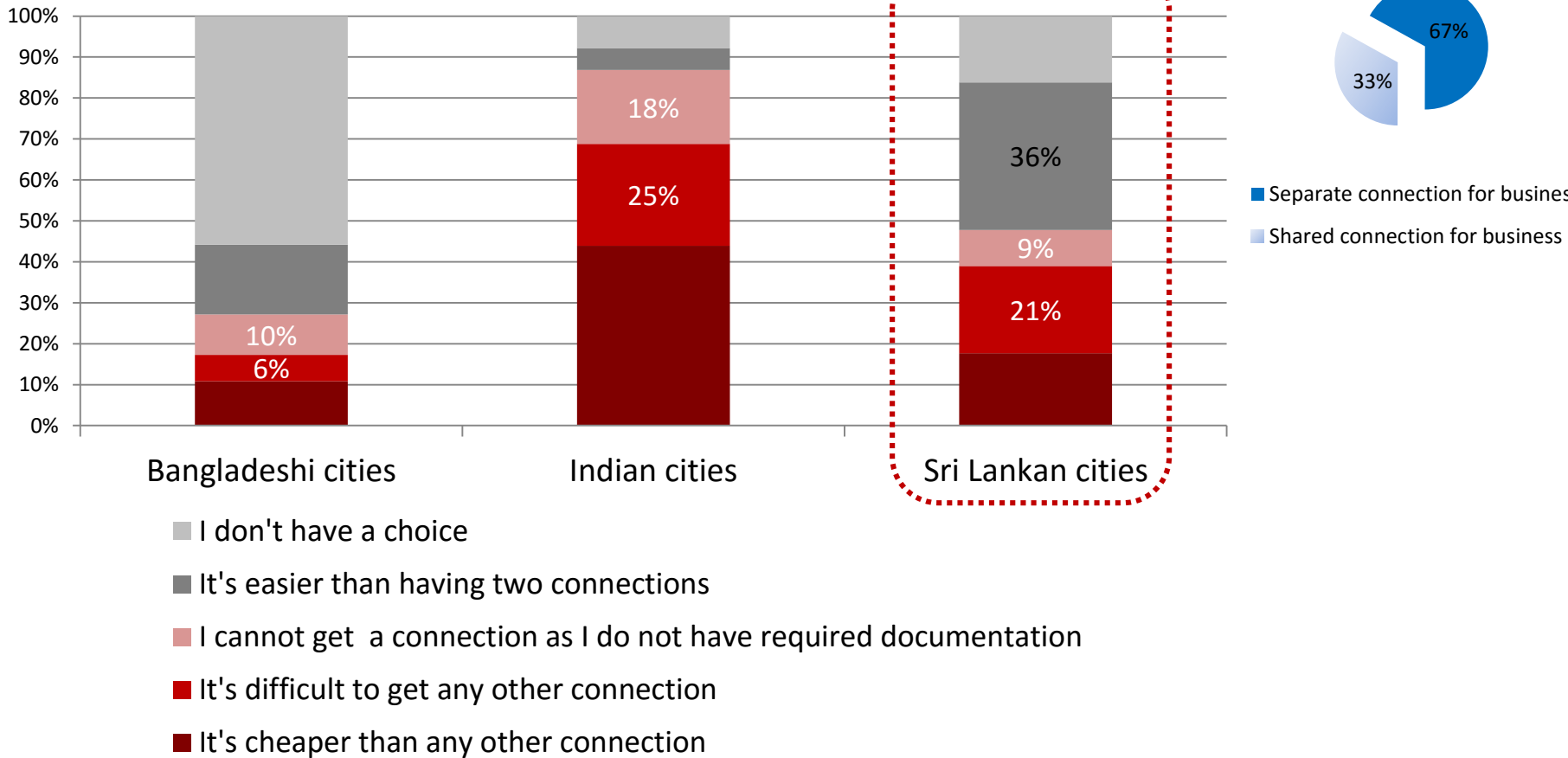
# 49% in LK have a separate connection for business because it is a requirement; 32% to keep business expenses separate



Please tell us the most important reason for having a separate electricity supply for your business? (% low-income MEs who have separate connection for business)

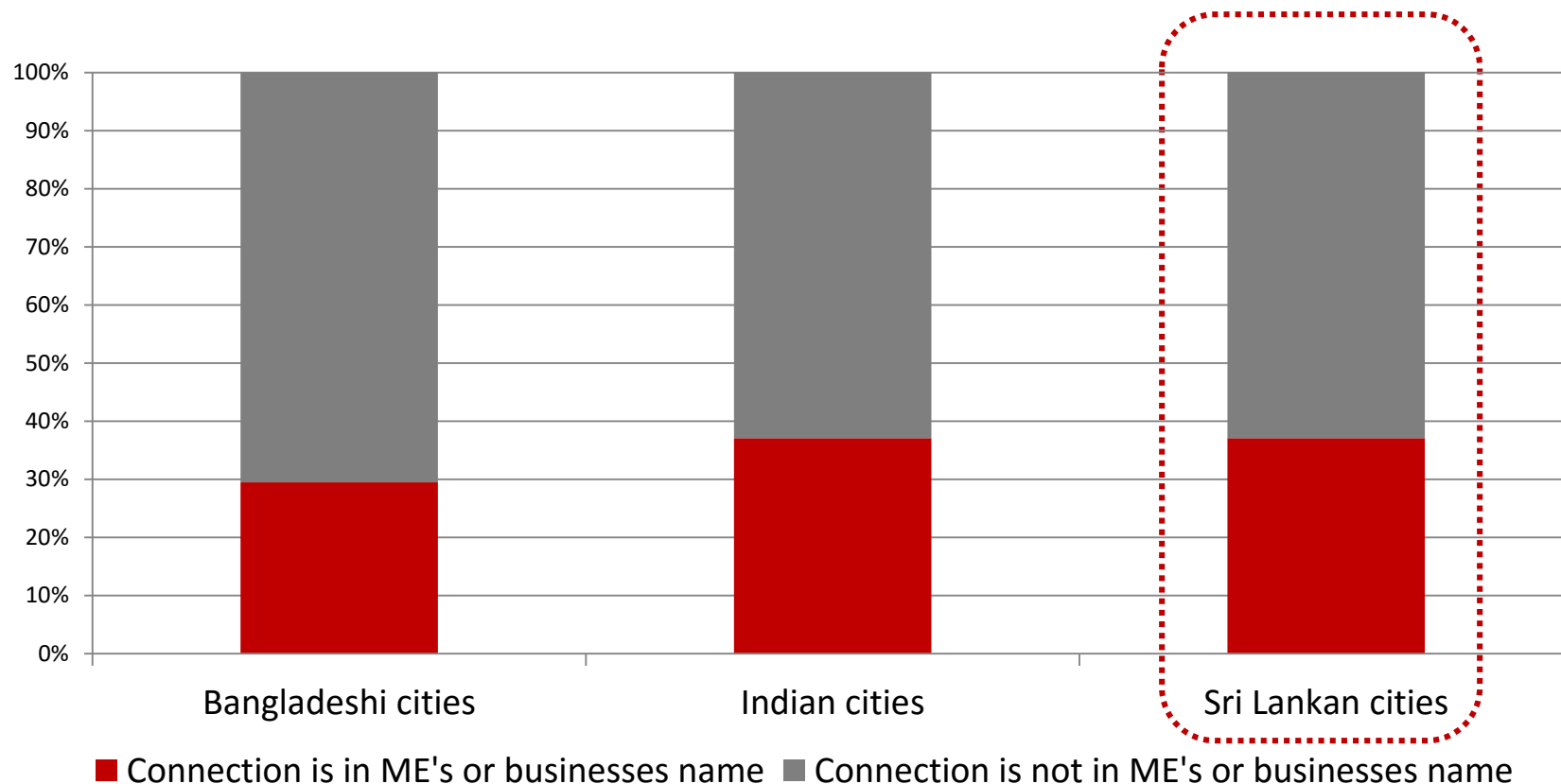


# Many in LK have a shared electricity connection because of ease. But 30% cite difficulties in getting a separate connection

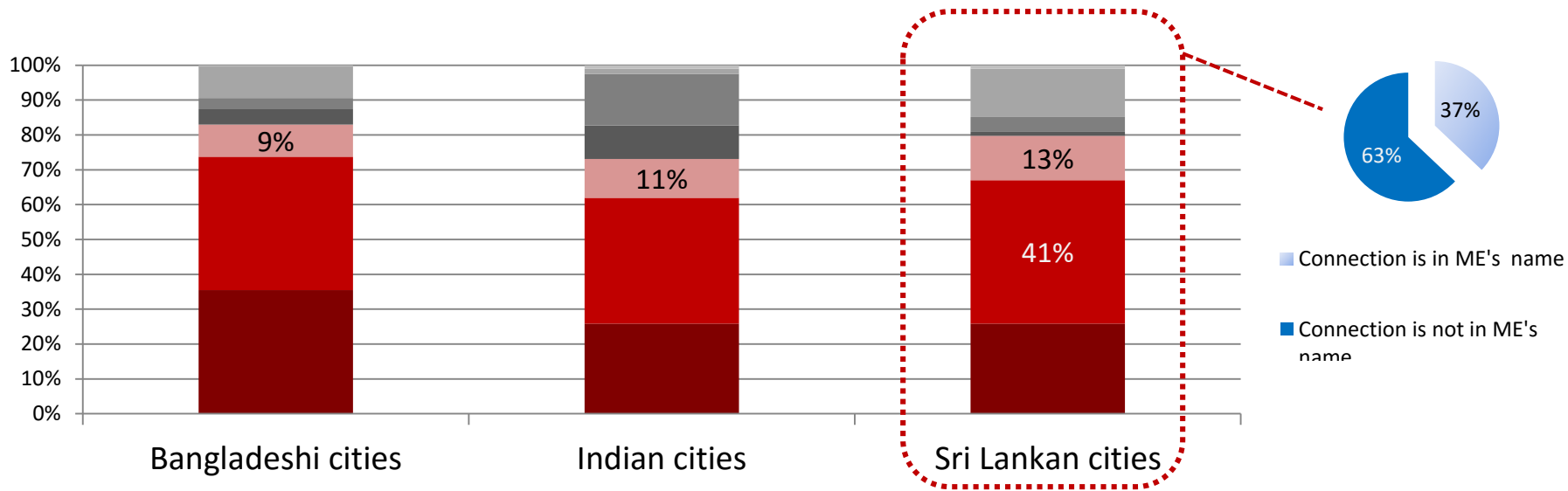


Please tell us the most important reason for having a shared connection [as a part of home or somebody's home/business] for your business? (% low-income MEs who have a shared connection for business)

# 37% of LK MEs have the connection in their name



# Most can't change the name because connection is in landlord's name; 13% cite lack of necessary documents

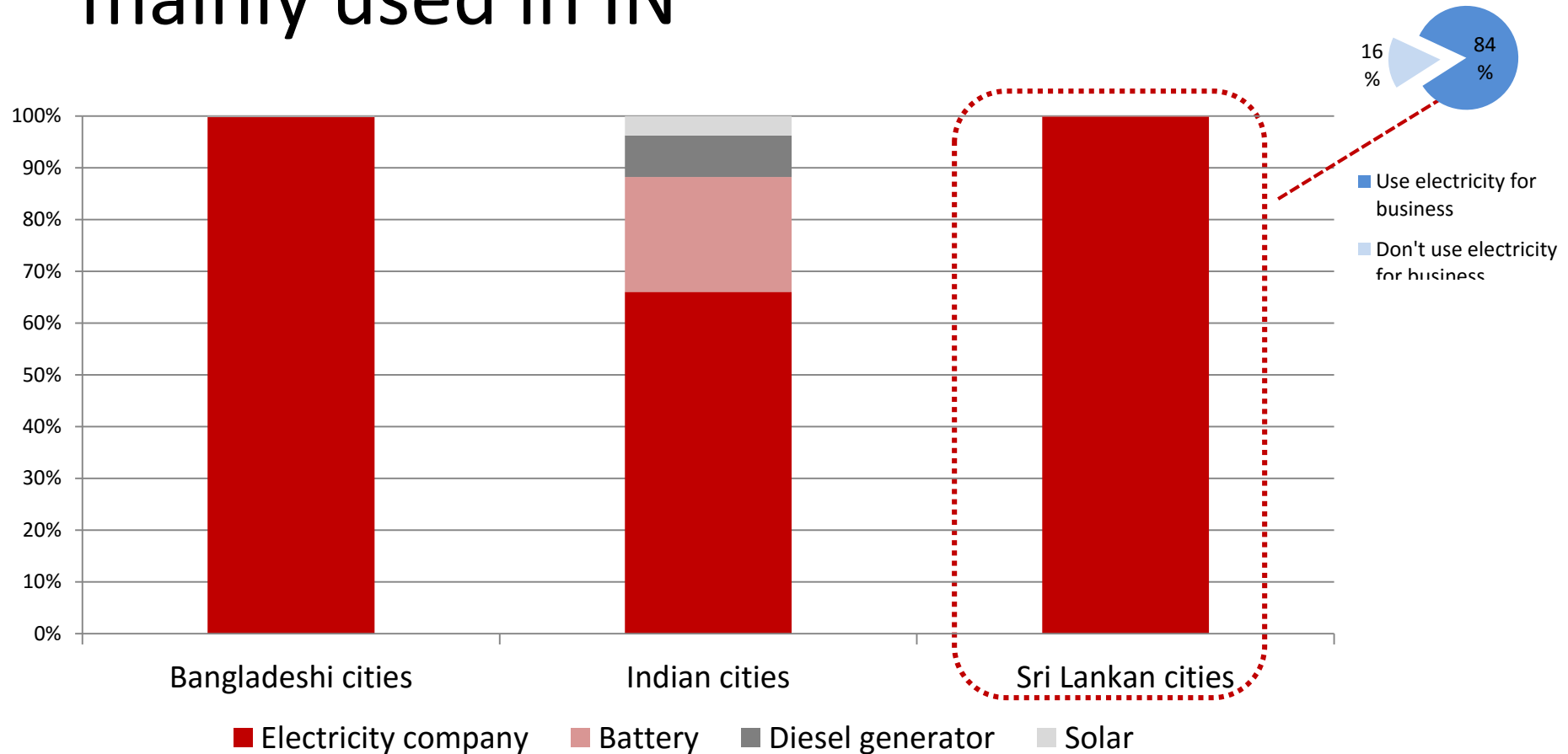


- I do not want to say
- It's in my parents/ spouses name
- No particular reason
- Procedures are too long
- I do not have necessary documents to obtain it in my name
- It's in the landlord's name and I can't change it even if I wanted
- Connection was already there and I didn't change ownership

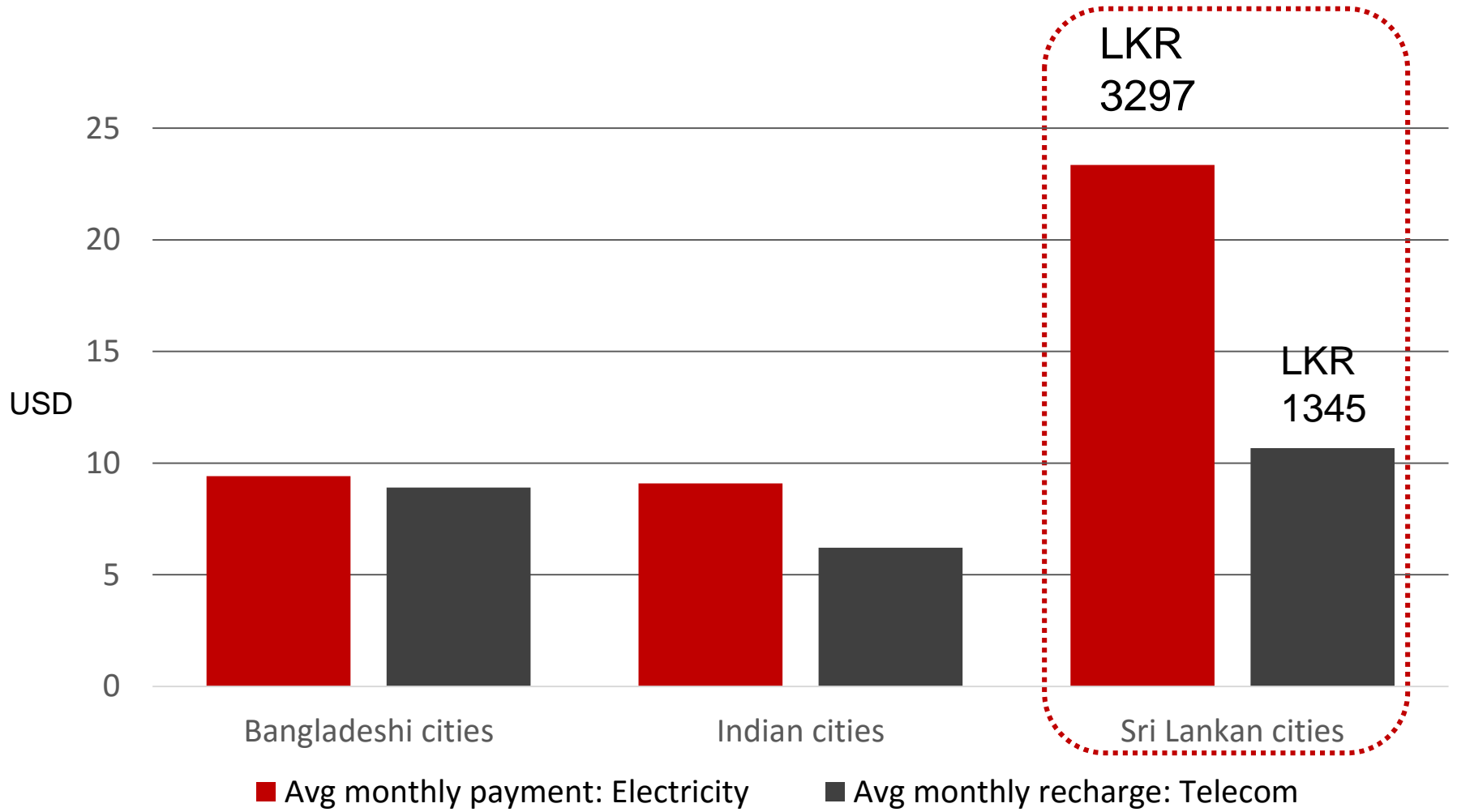


**Please tell us the most important reason for not having connection in your name**  
**(% low-income MEs who don't have the connection in their name)**

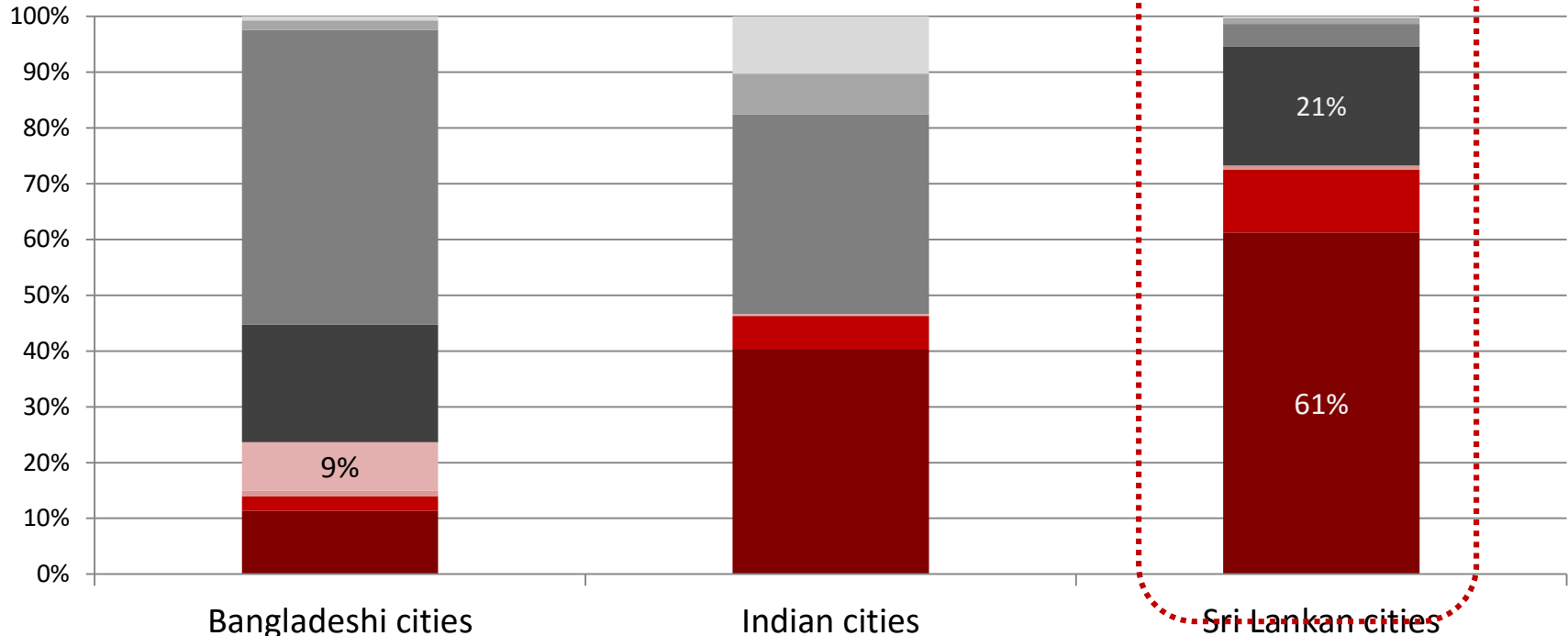
# LK MEs on the grid. Battery/ generators mainly used in IN



# LK MEs pay more than double what those in BD, IN pay for electricity



# Most LK MEs pay to the company itself. Banks/post offices are next common



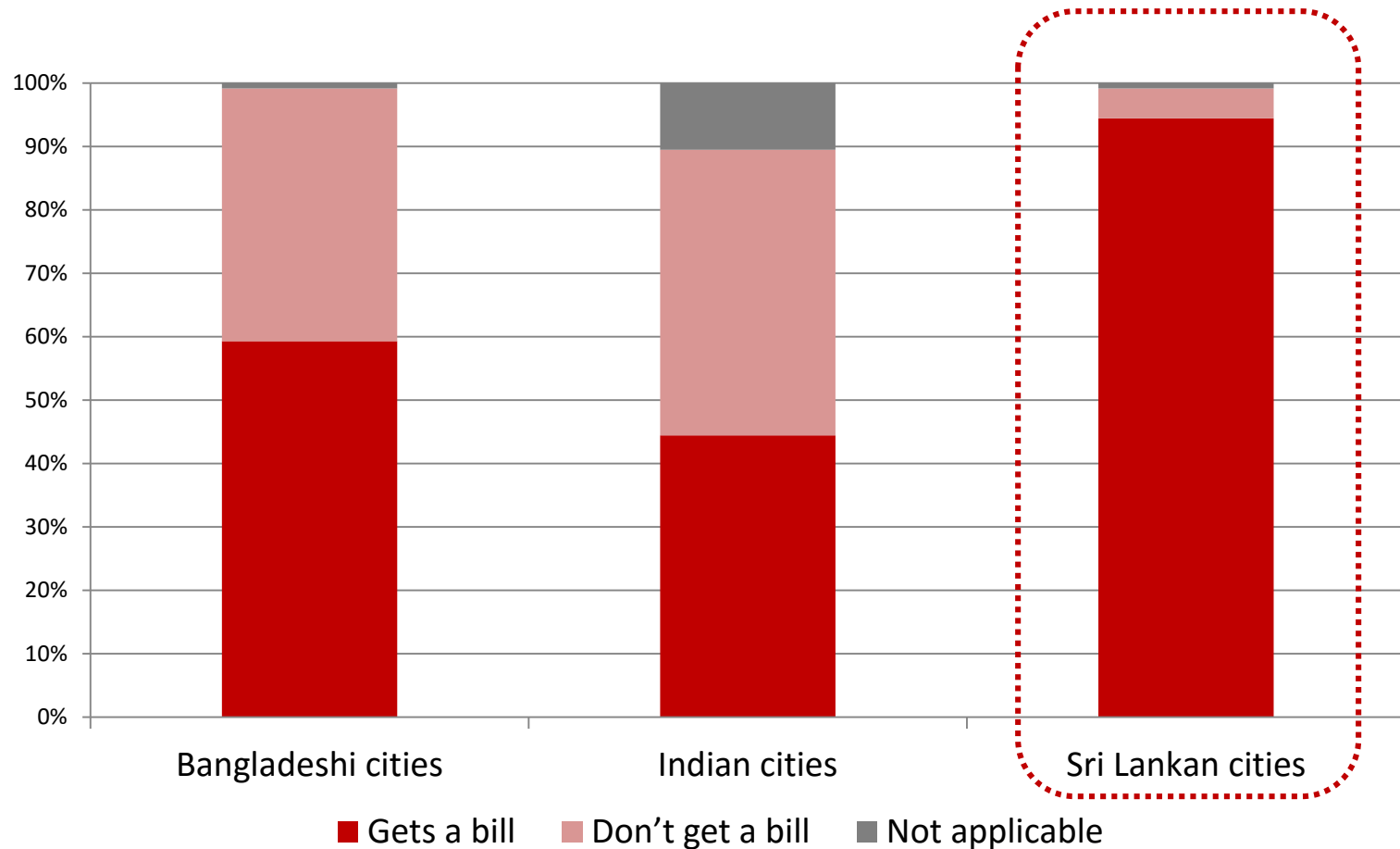
- Physically go and pay to electricity company
- Pay to a company designated payment point
- Online to electricity company
- Pay via mobile to the electricity company
- Bank/post office
- Pay to landlord
- Pay to third party (may include neighbours)
- I don't pay anyone



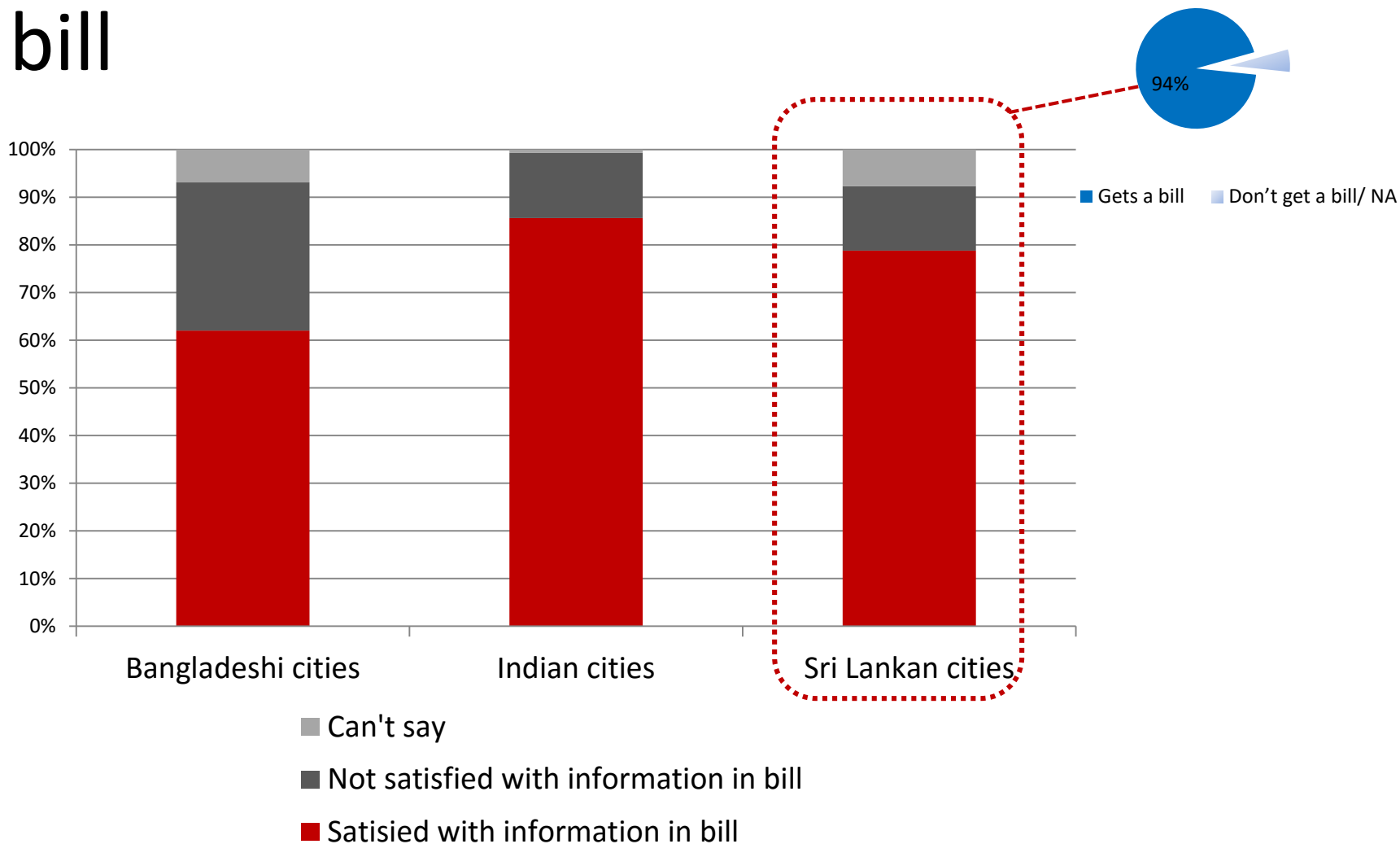
**What is the most frequent used method of payment for your electricity consumption?**  
 (% low-income MEs who use electricity for business with supply from electricity co.)



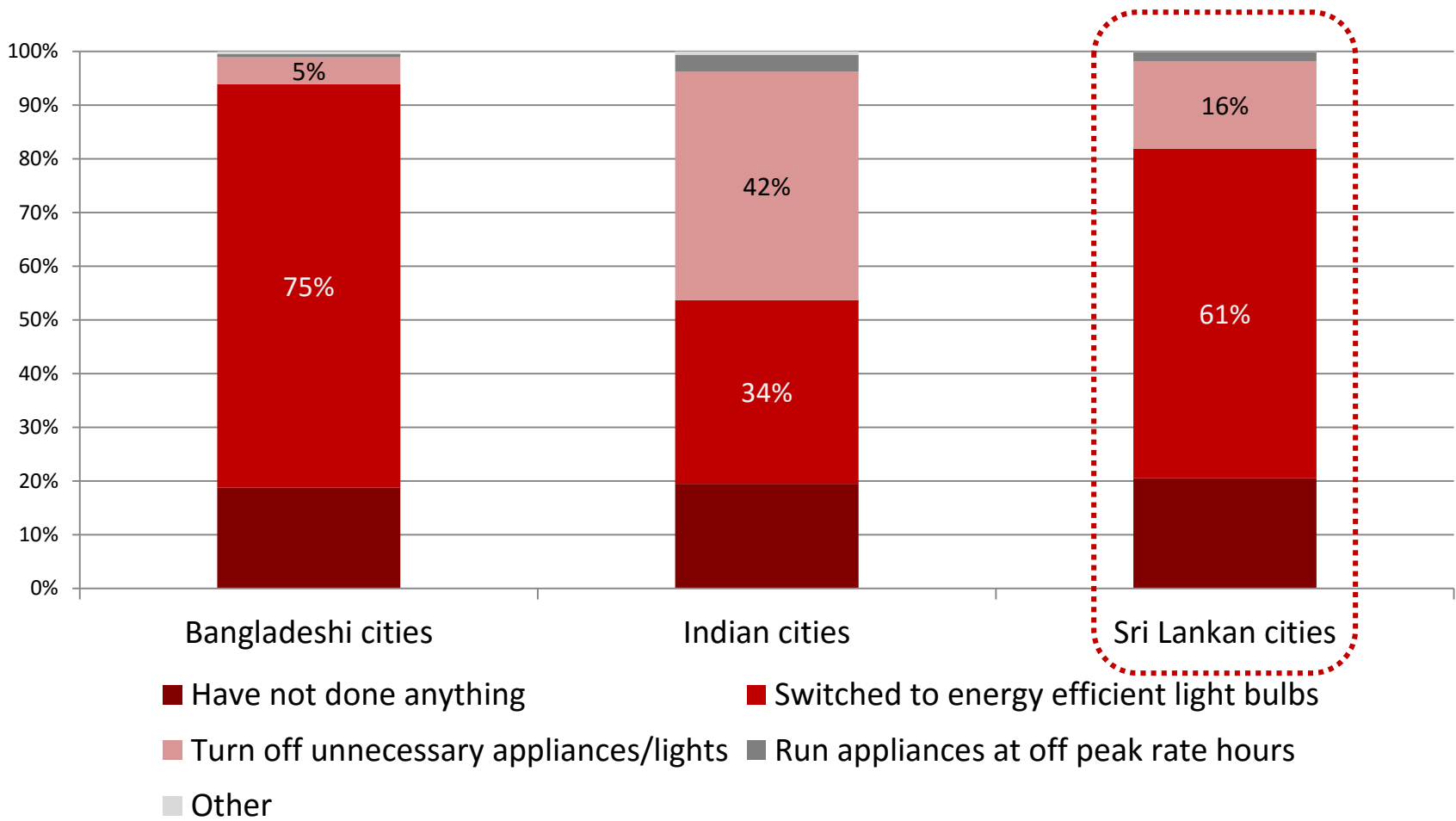
# 94% of MEs in LK get a bill



# 79% in LK satisfied with information in bill

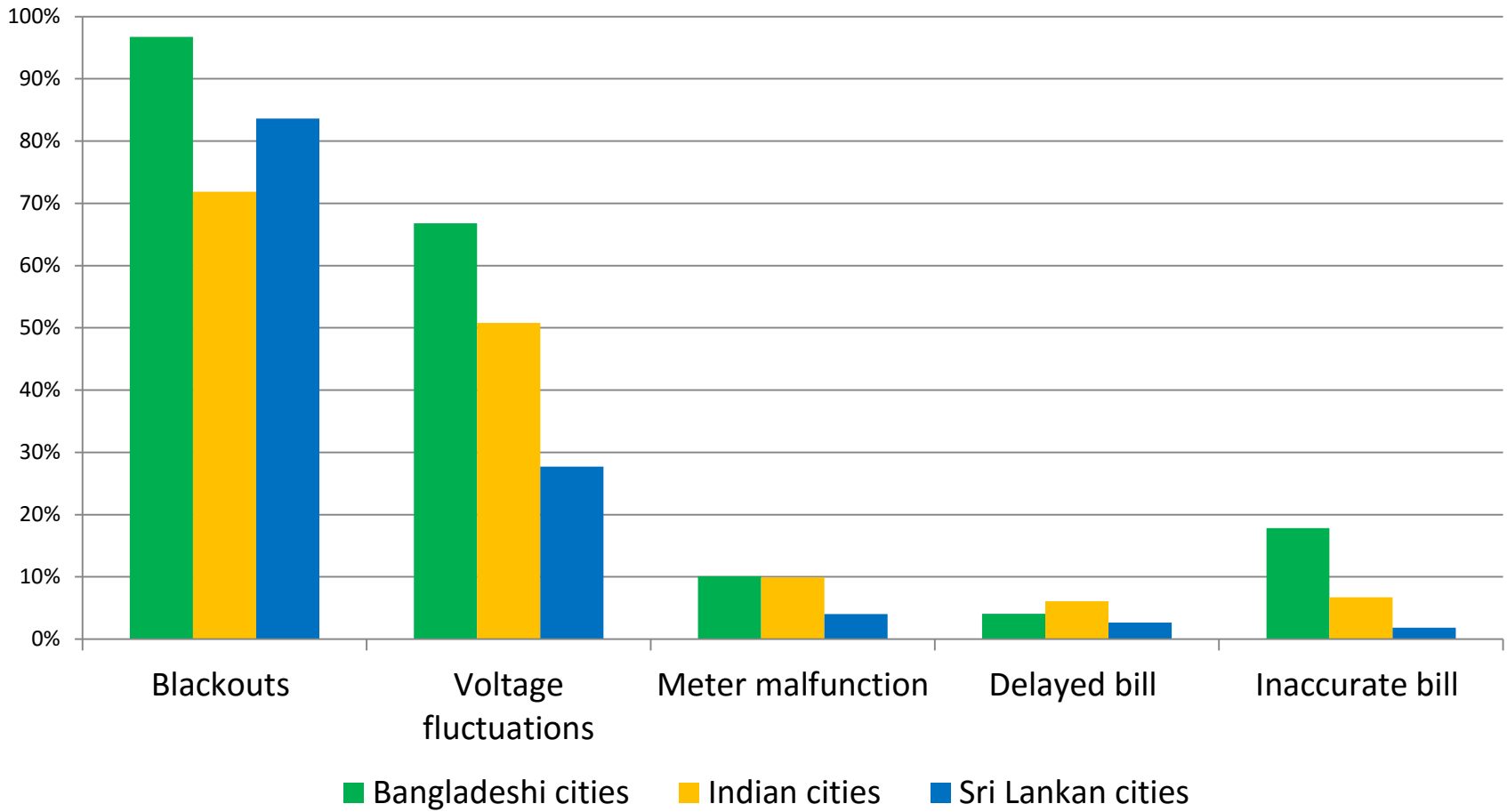


# Energy efficient lighting: most popular money saving method. 16% turn off equipment

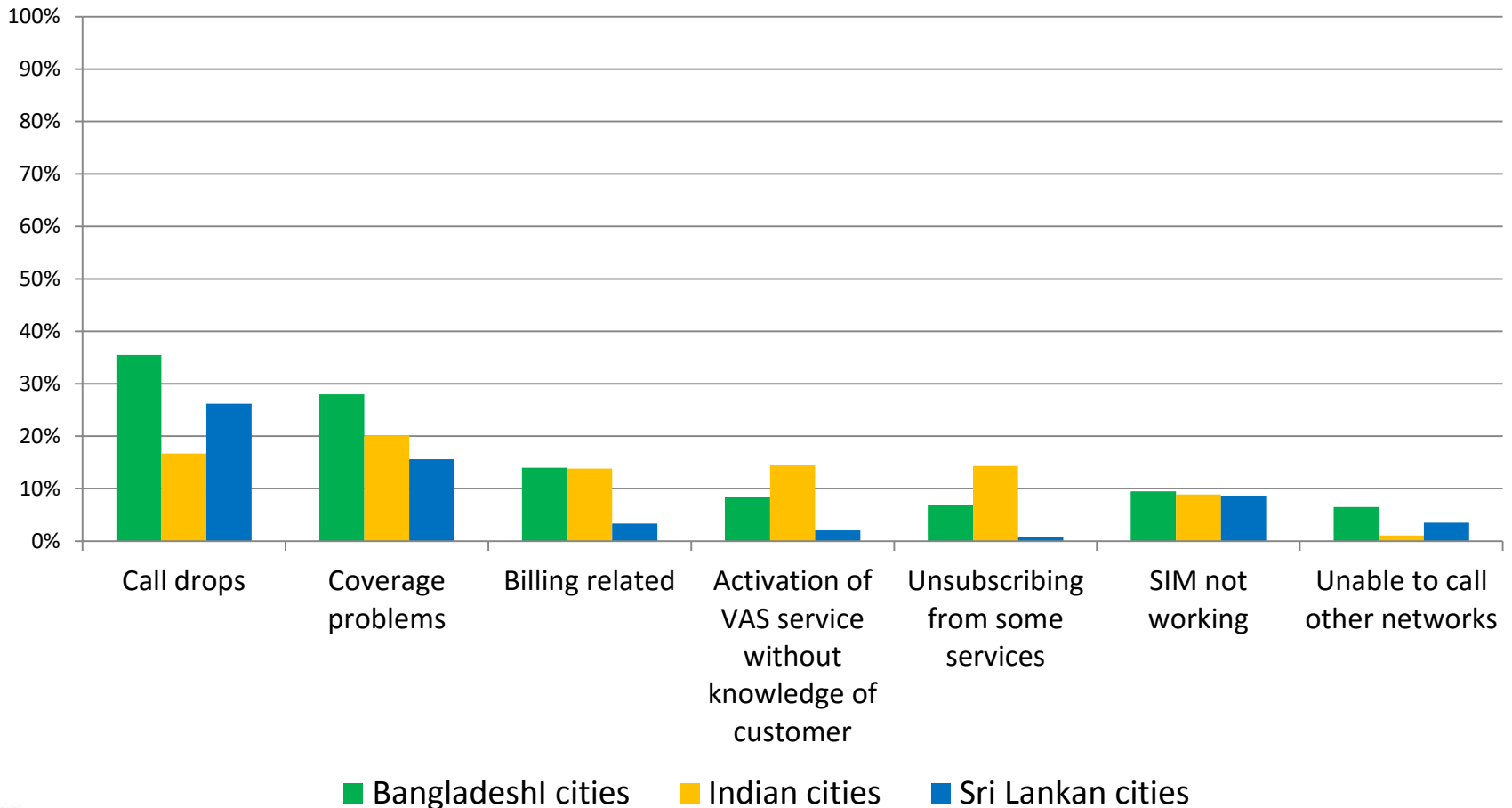


Please tell us about your most important step in conserving energy [reducing electricity bill] you have been following? (% low-income MEs who use electricity for business with supply from electricity co.)

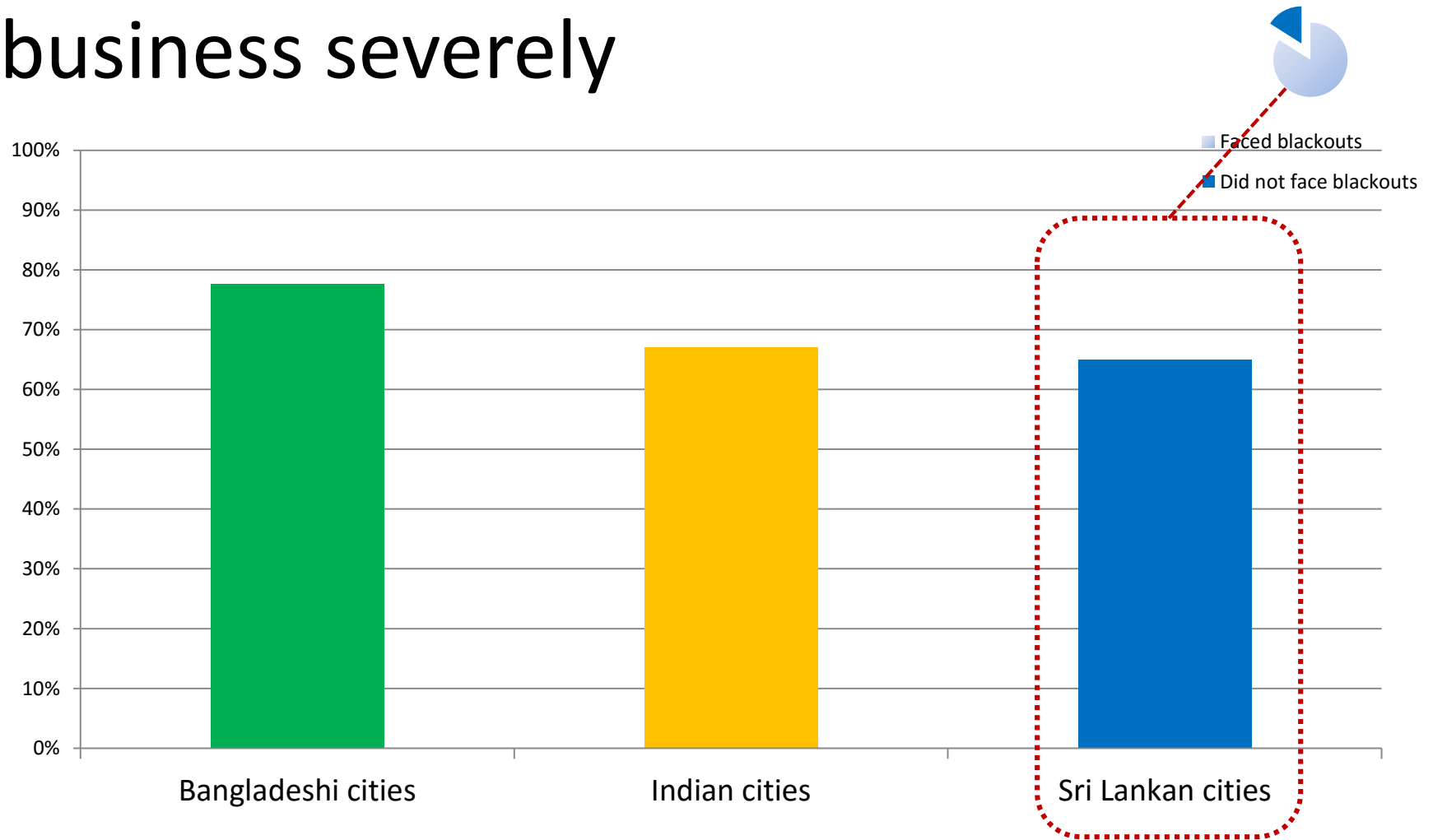
# Outages and voltage fluctuations most common problems in LK



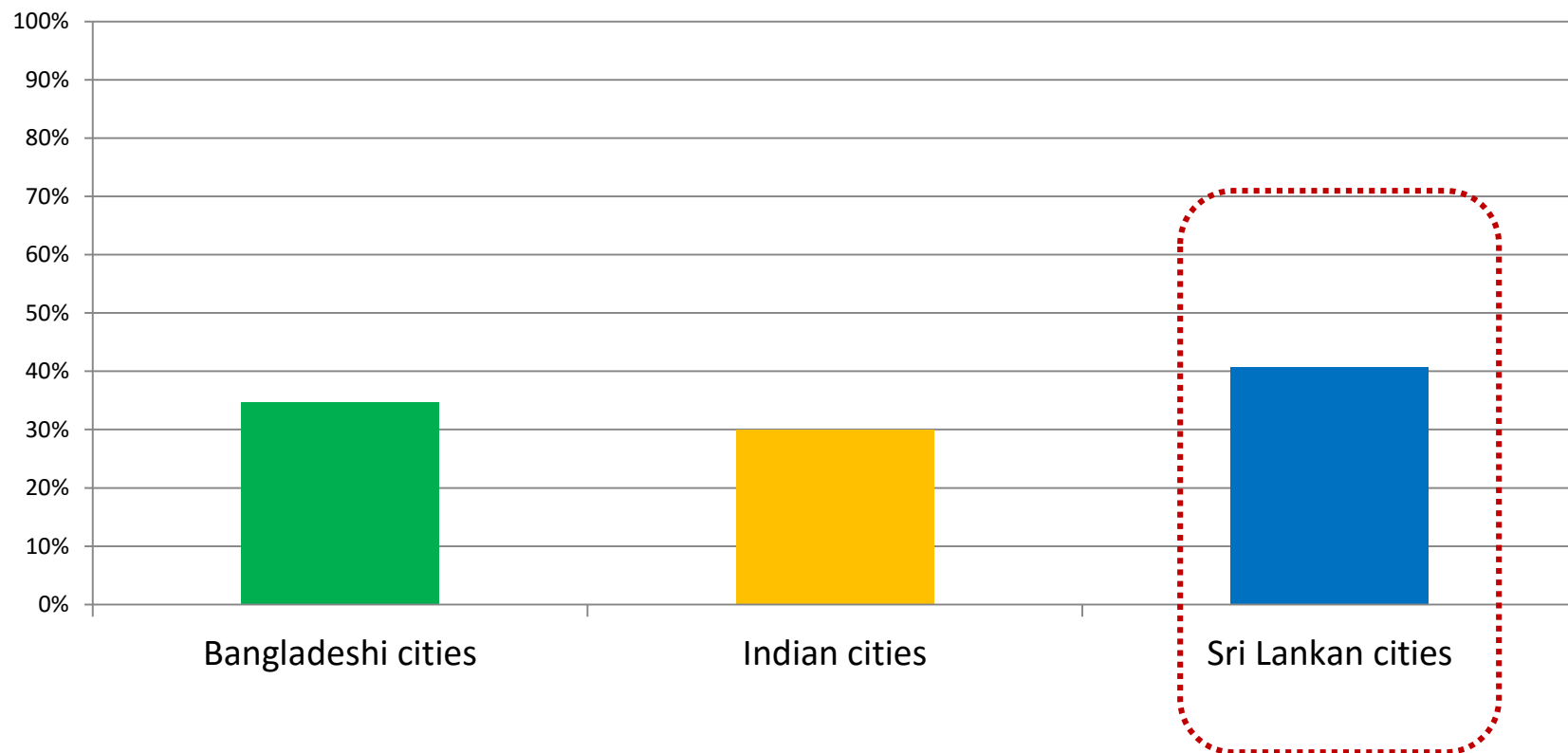
# Compared to call drops & coverage problems in telecom (that are less often cited)



# 65% MEs say outages affect their business severely

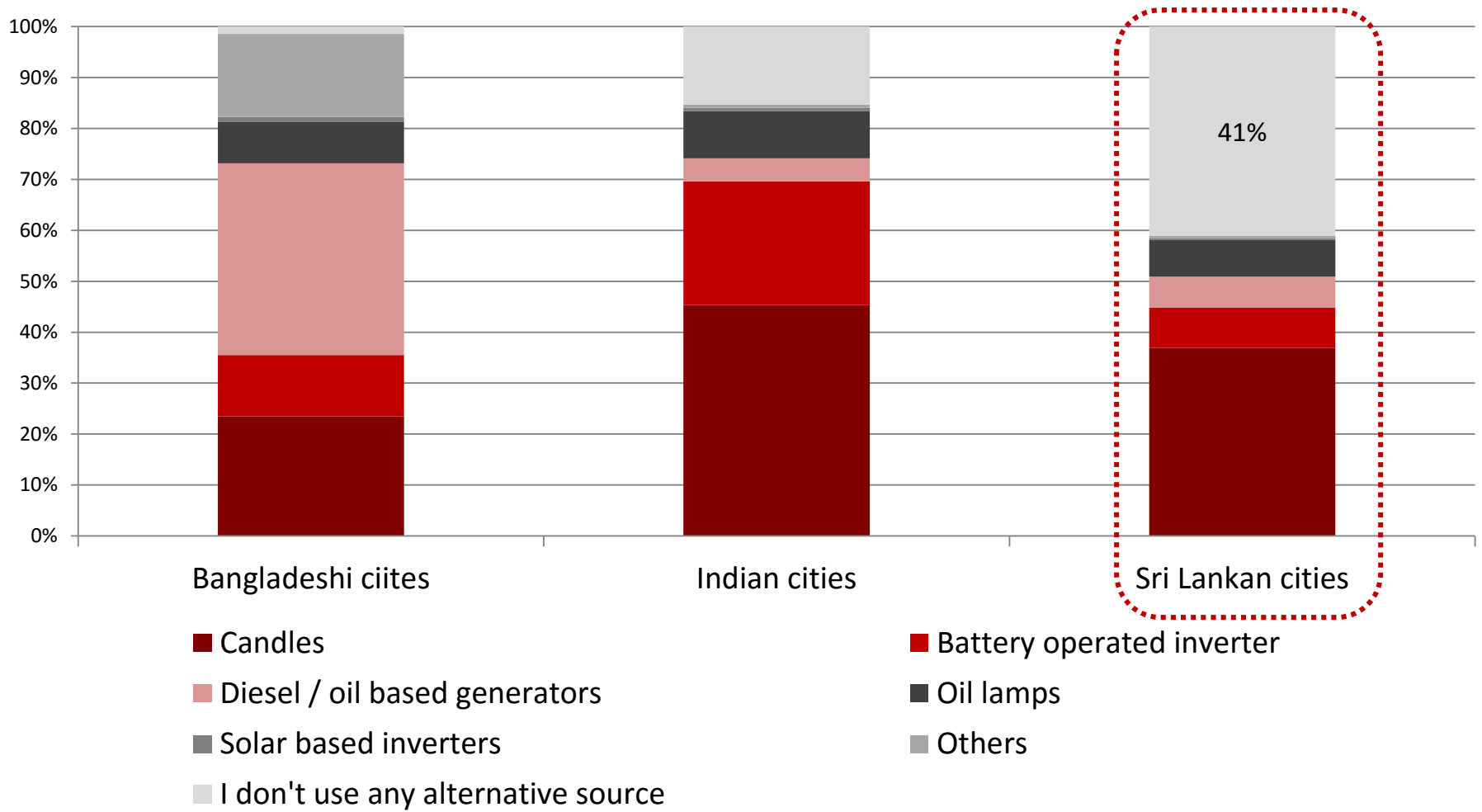


Compared to 41% of MEs who say telecom network dis-connectivity / call drops affect their business



**Does network dis-connectivity / call drops affect your business?  
(% low income MEs who use a mobile for business)**

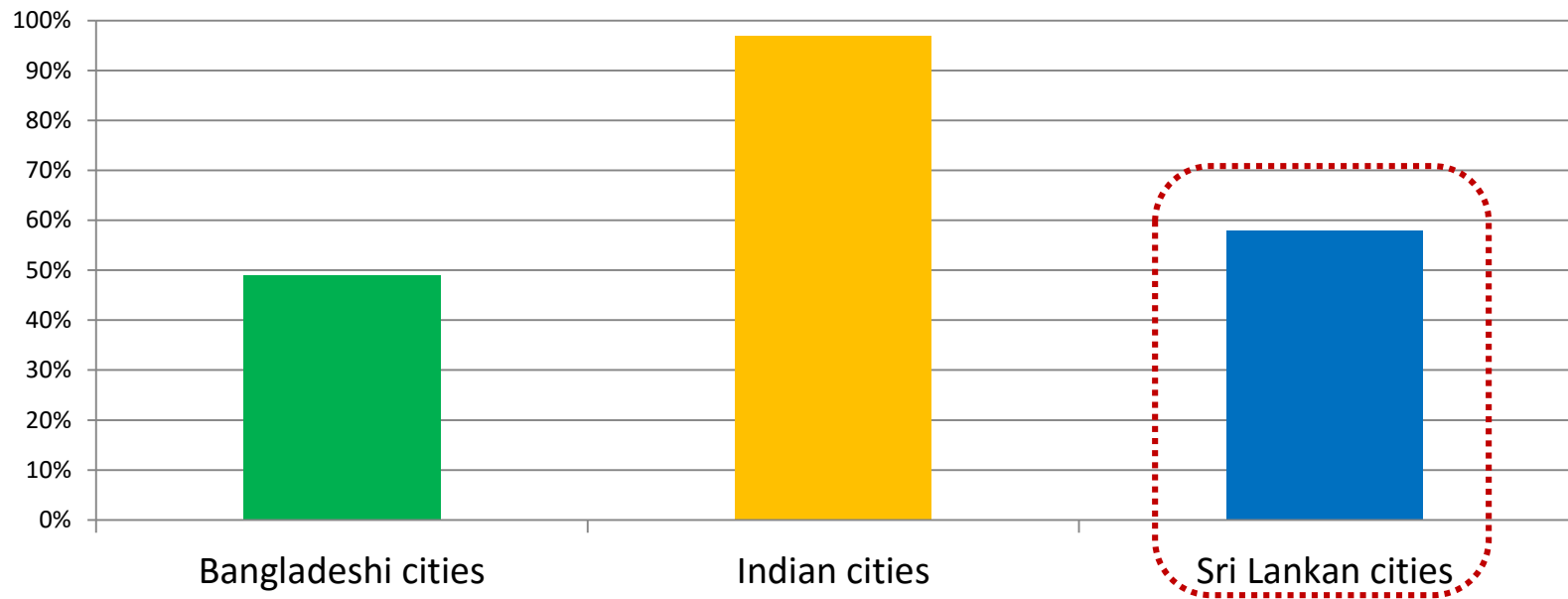
# Many LK MEs (41%) do not use alternatives during outages, or just use candles



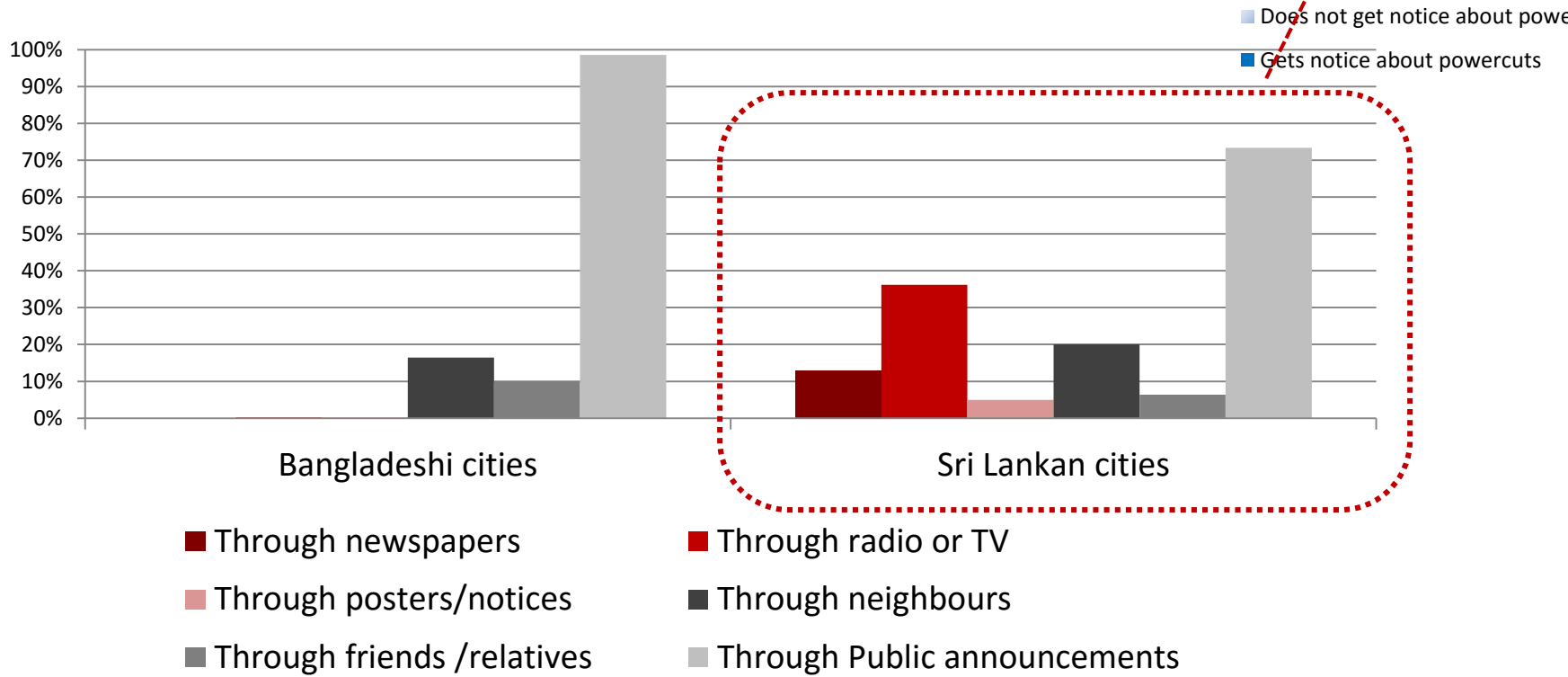
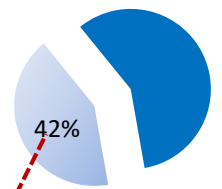
**For business purposes, what is the most commonly used alternative to manage power black outs? (% low-income MEs who use electricity for business)**<sup>32</sup>



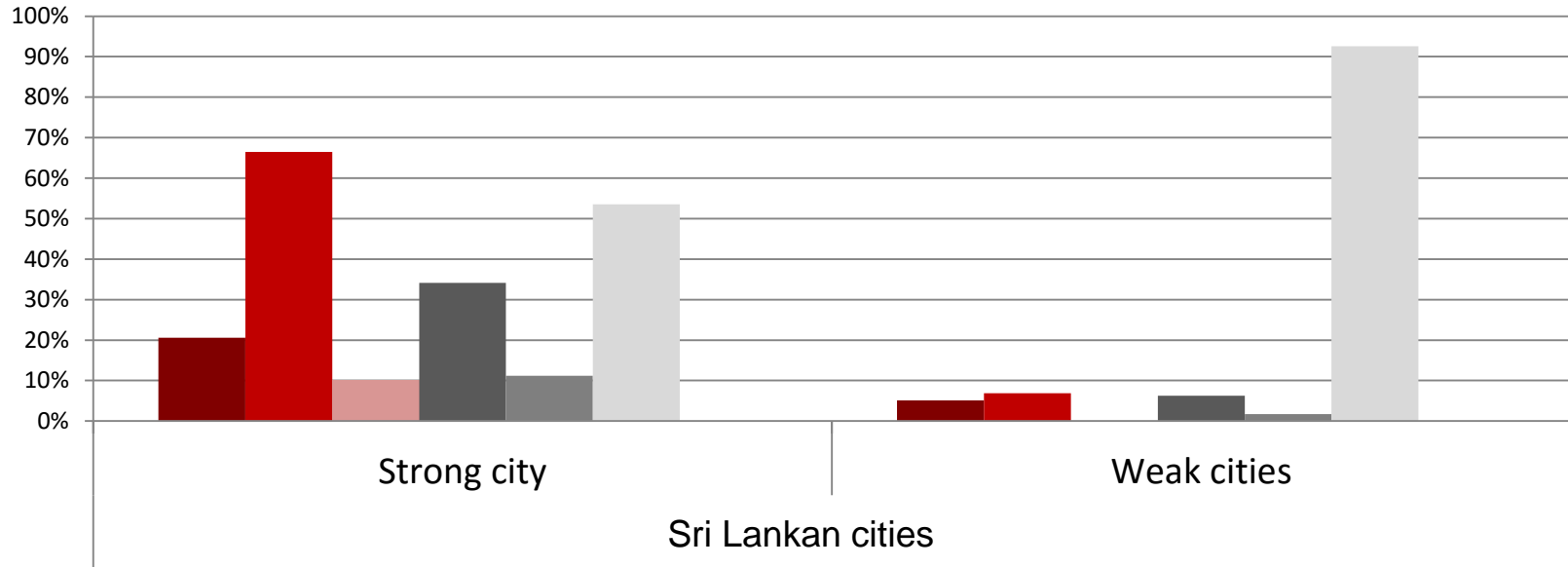
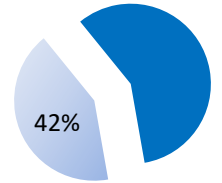
# 58% in LK do not get advance notice about power cuts



# Public announcements are how most MEs find out about power cuts. TV/radio next most common

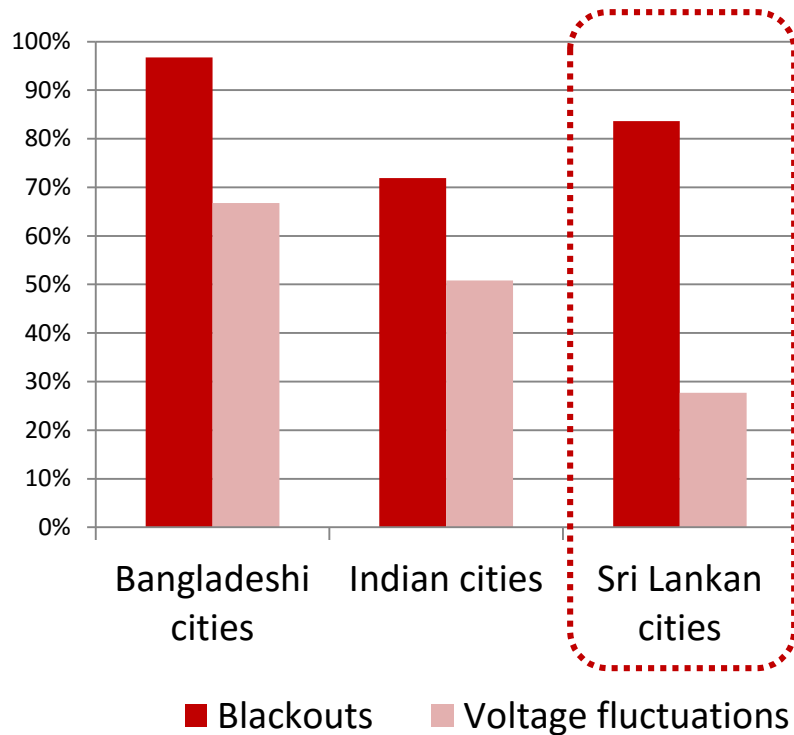


# Radio/TV only seen in strong city LK

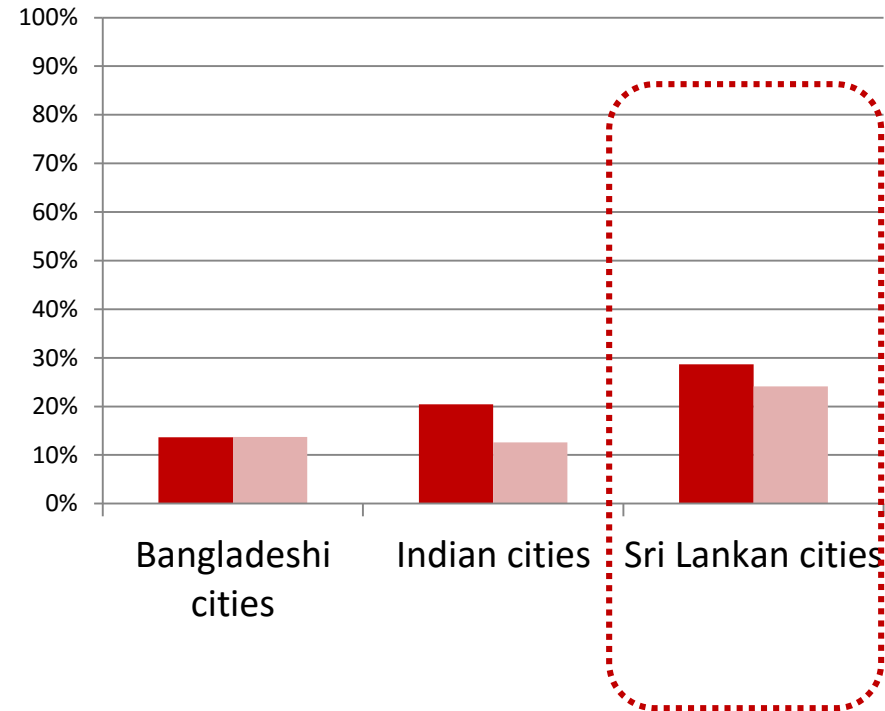


- Through newspapers
- Through radio or TV
- Through posters/notices
- Through neighbours
- Through friends /relatives
- Through Public announcements

# Blackouts and voltage fluctuations most common problems faced



# However few complained about it

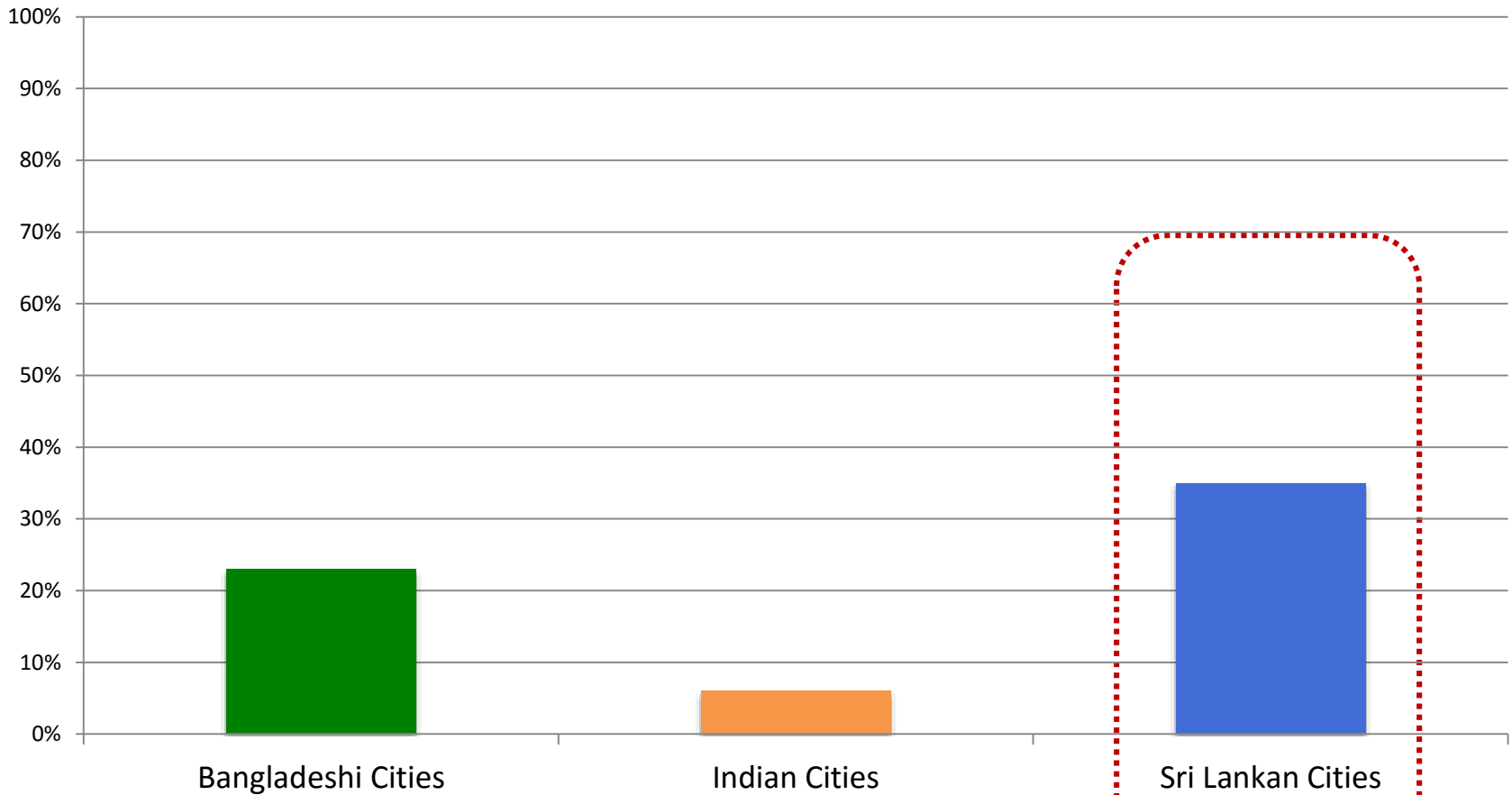


Please tell us whether you faced these problems in the last 2 years. (% low-income MEs who use electricity for business from electricity co.)

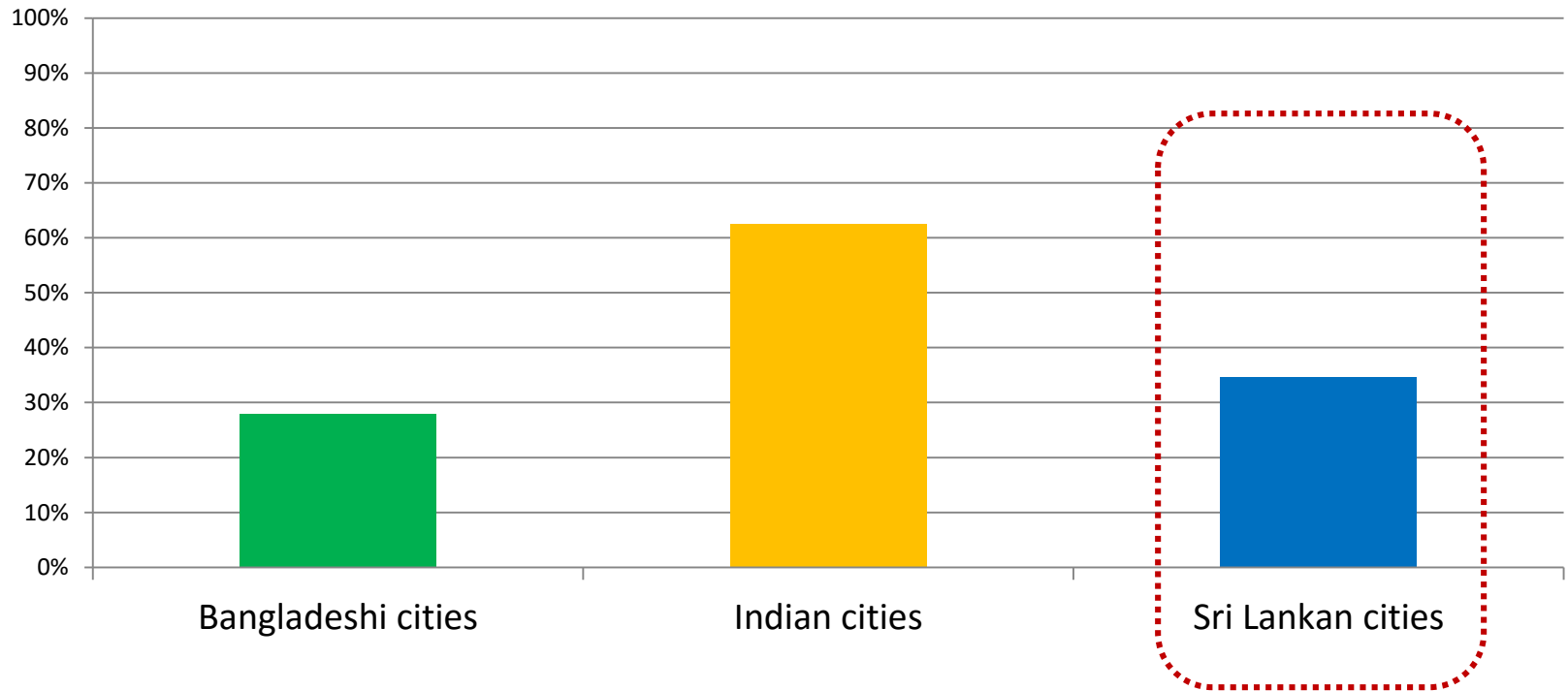
Did you complain about this problem? (% low-income MEs who faced those problems)



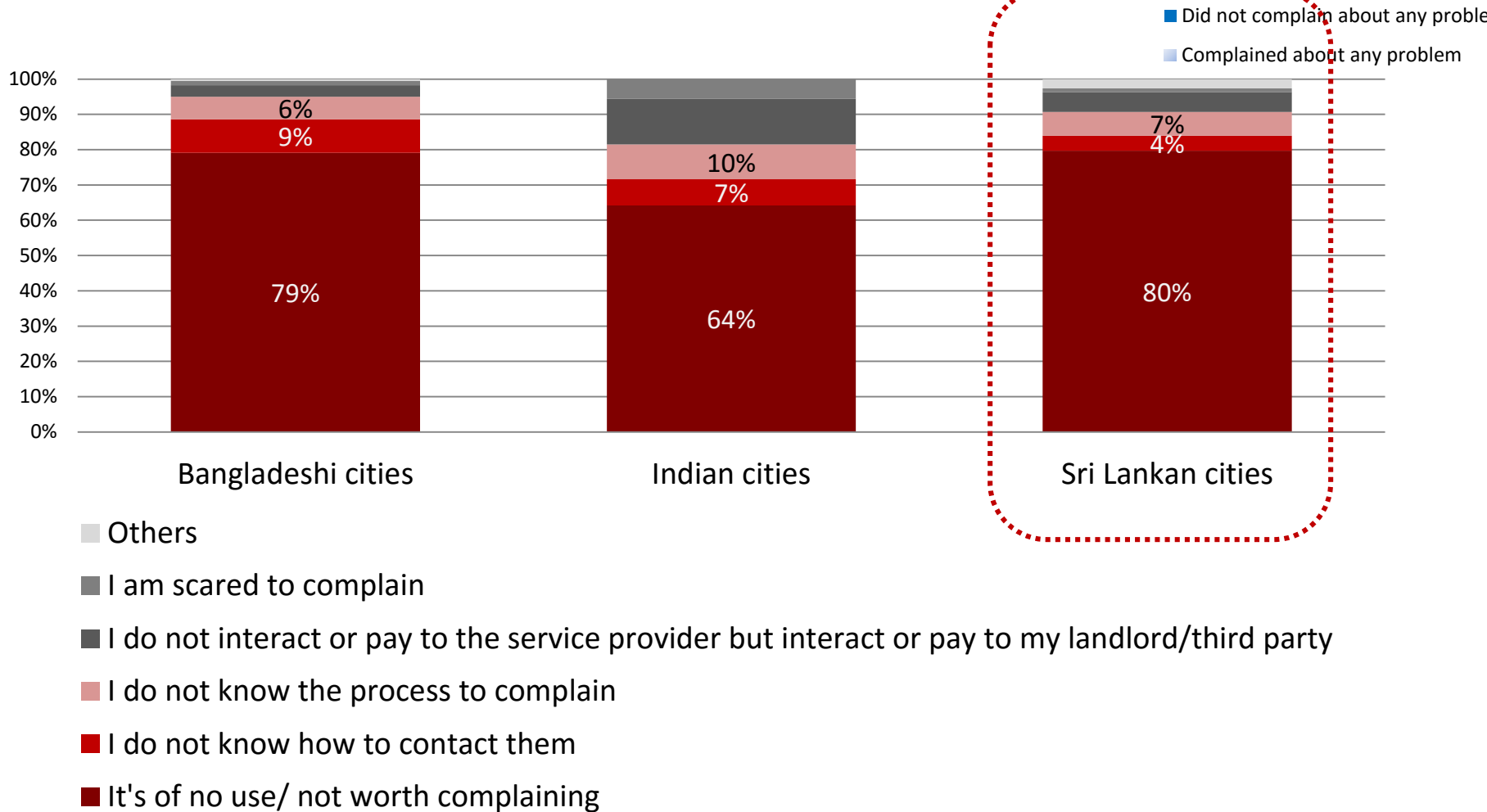
# Only 35% have interacted with the electricity service provider.



# Similar number (35%) have complained about telecom network problems to telco

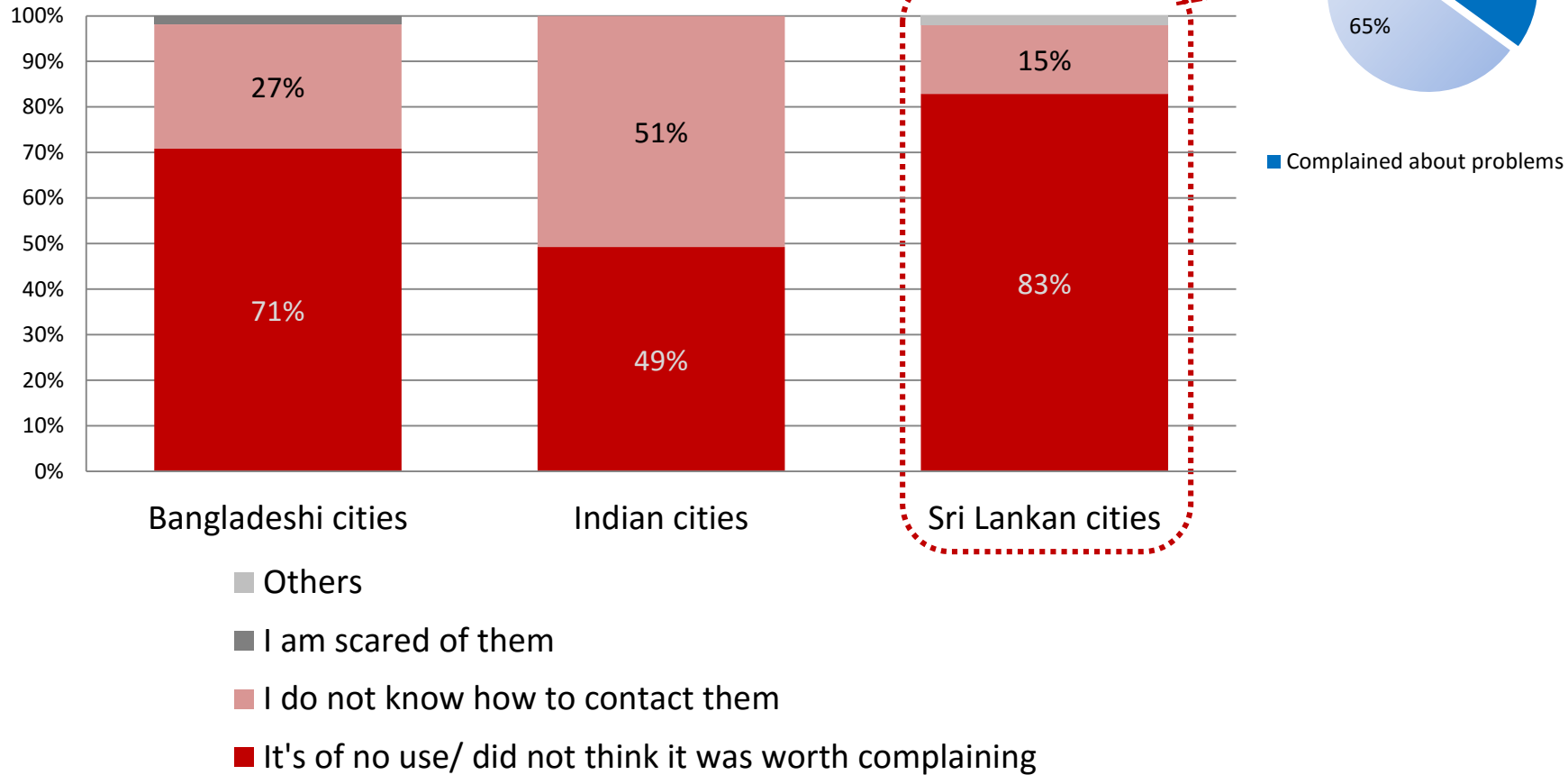


# Most (80%) see no use of complaining to Disco. 11% don't know how to



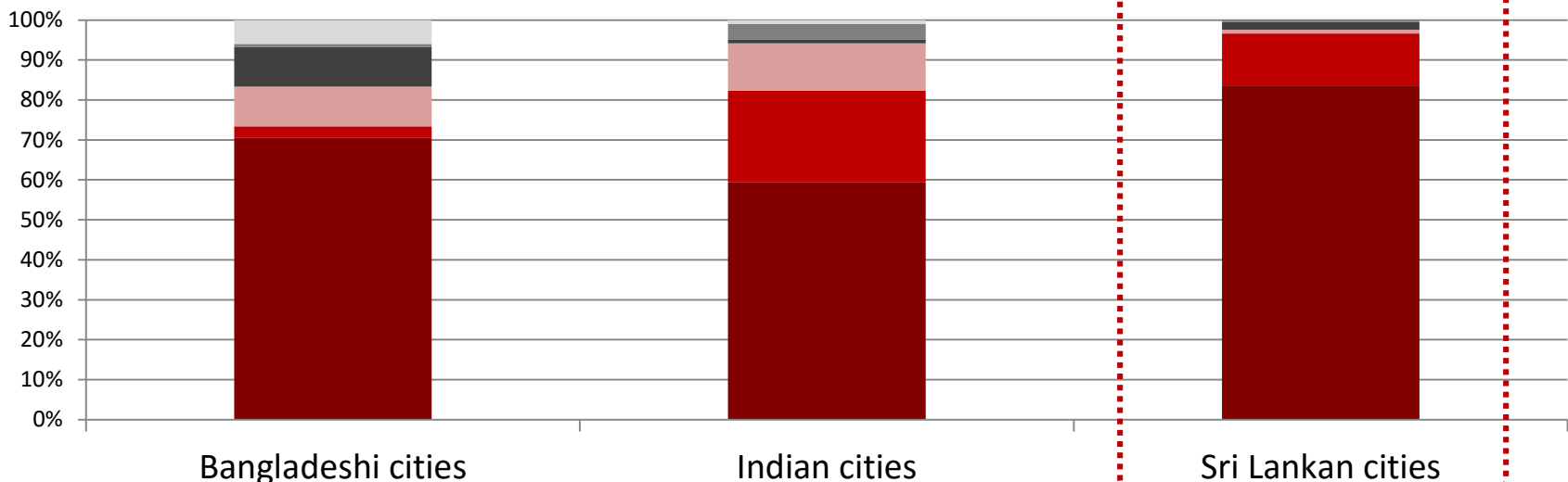
Why did you not complain to the service provider? (% low-income MEs who use electricity for business)

# Similar to the telecom sector





# MEs in LK mainly complained to office/depot of Disco. Few (13%) complained to the hotline



- Other
- I will not go to anyone
- Local electrician
- Landlord or other person in whose name the connection is registered
- Hotline / Customer care centre
- Office of the Electricity Company / depot



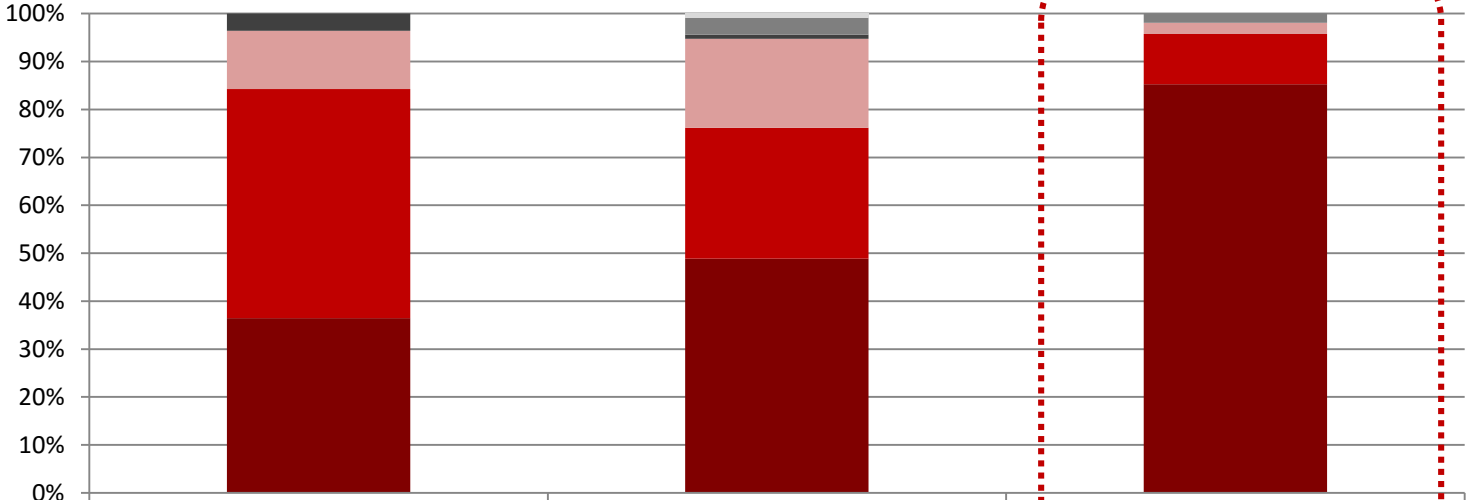
■ Did not complain about any problem  
 ■ Complained about any problem

**For the main problem with electricity you complained about, whom did you complain to? (% low-income MEs who complained)**

# Phones the most common way to complain about electricity problems in LK



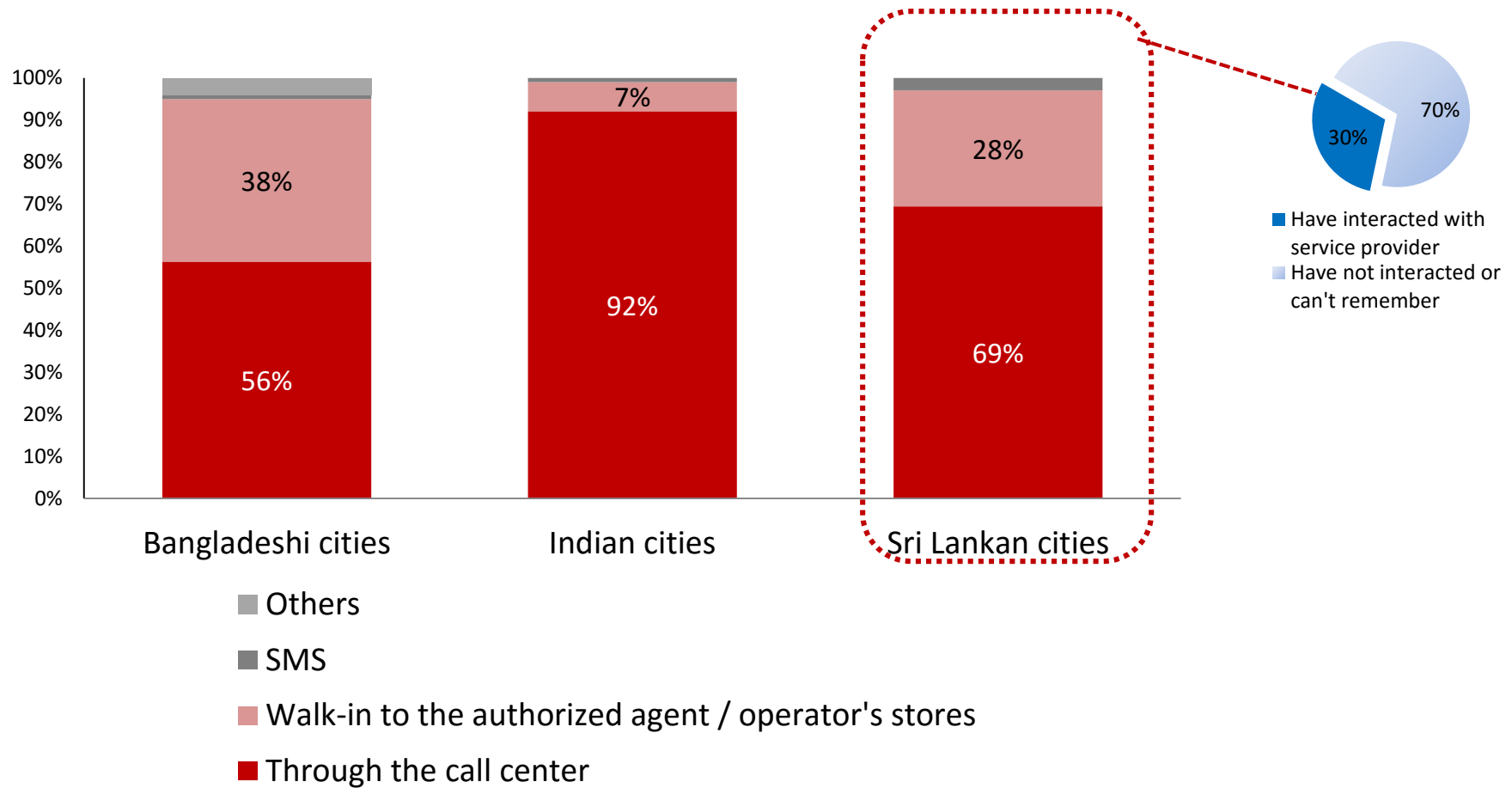
- Did not complain about any problem
- Complained about any problem



- Other
- Letter
- Email
- Informal talk
- Walk-in to the authorized agent/ providers office
- Through phone

**For the main problem with electricity you complained about, how did you complain? (% low-income MEs who complained)**

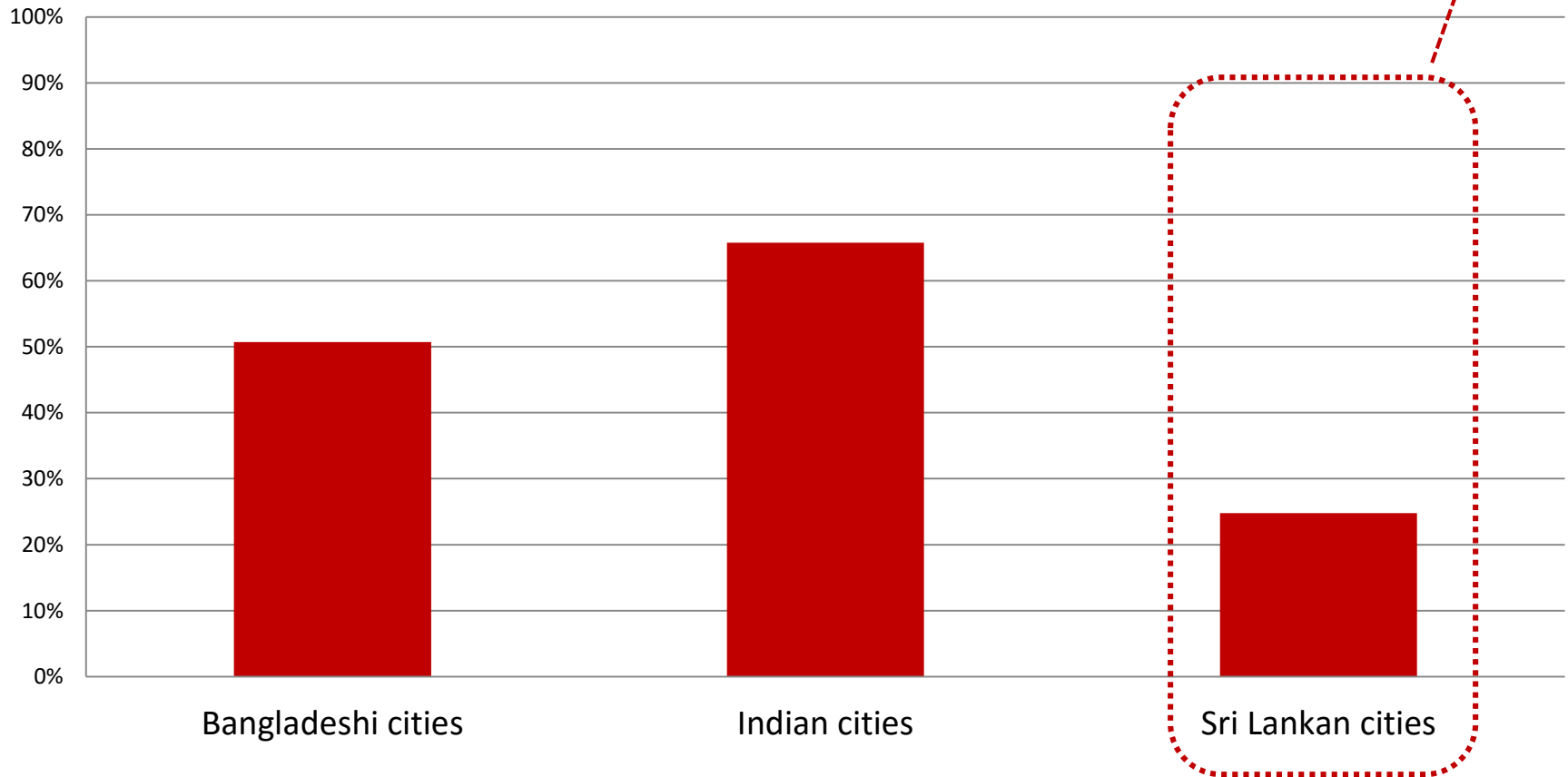
# Compared to 69% in LK who use call the center to interact with teleco



# 25% unsatisfied with the action taken for electricity problem complained about

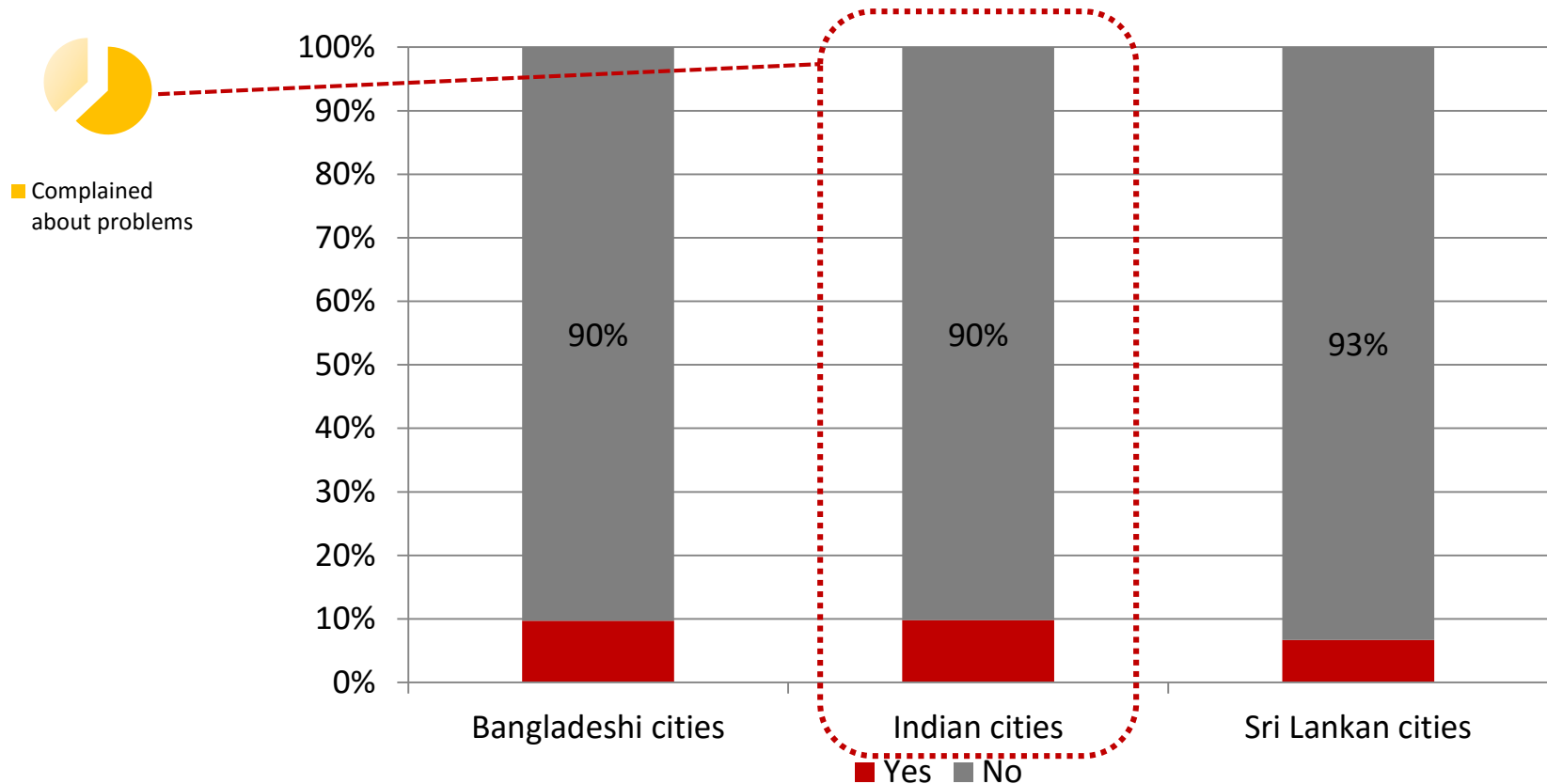


- Did not complain about any problem
- Complained about any problem



For the main problem with electricity you complained about, were you satisfied with the action taken? = NO  
(% low-income MEs who use electricity for business who complained about a problem)

# Compared to 7% telecom who say complaints have not been attended to



Have any of your major complaints NOT been attended by the service provider?  
(% low income MEs who complained)



# Experience can be improved

- Interacted with provider
- Have not interacted with provider

	Sri Lankan cities
It is easy to find the locations where payment can be made	66%
Information on procedures and documents to get new connection was readily available	55%
I was treated politely by their office / call center personnel	55%
Information on how to contact the service provider is /was readily available	46%
Information on procedures to reconnect was readily available	45%
The amount of time I need to wait to get a new connection is satisfactory	44%
Amount of time taken to reconnect was satisfactory	39%
The waiting time to reach a concerned officer was appropriate	38%
Information about the procedure for changing ownership of a connection was readily available	32%
The amount of time I need to spend to change the ownership of the connection satisfactory	30%

**Experience with the service provider- YES (% low-income MEs who have interacted with the provider)**

# ....particularly compared to the telecom sector

Sri Lankan cities	Telecom	Electricity
I was treated politely by the office / call center personnel	97%	55%
The waiting time to reach the concerned officer was satisfactory	78%	38%
I find the automated responses (IVR) in call center helpline are clear	50%	34%
Information on how to contact the service provider is /was readily available	77%	46%

# But LK MEs are difficult to please (compared to IN). High expectations?

Interaction with the electricity service provider	BD cities	IN cities	LK cities
Information on procedures and documents to get new connection was readily available	49%	62%	<b>55%</b>
The amount of time I need to wait to get a new connection is satisfactory	39%	62%	<b>44%</b>
Information on procedures to reconnect was readily available	39%	52%	<b>45%</b>
Information on how to contact the service provider is /was readily available	51%	54%	<b>46%</b>
Information about the procedure for changing ownership of a connection was readily available	29%	50%	<b>32%</b>
The amount of time taken to reconnect was satisfactory	33%	44%	<b>39%</b>
It is easy to find the locations where payment can be made	66%	88%	<b>66%</b>
The amount of time I need to spend to change the ownership of the connection satisfactory	19%	48%	<b>30%</b>
I was treated politely by their office / call center personnel	75%	72%	<b>55%</b>
The waiting time to reach a concerned officer was appropriate	50%	56%	<b>38%</b>
if needed, Tracking my application or complaint through a phone/internet was possible	25%	39%	<b>30%</b>
I find the automated responses in call center helpline are clear	47%	29%	<b>34%</b>
Service provider wants me to contact through phones only	34%	9%	<b>25%</b>
Service provider wants me to obtain information through self service	19%	5%	<b>12%</b>
The interaction with the office was carried out in my language	89%	92%	<b>48%</b>



# Our advantages

- Relatively well-educated, numerate group of poor MEs
  - They also pay a lot more than their counterparts in India and Bangladesh → expect good service
  - Also more familiar with more-than-voice applications on the mobile
- Mobile operators are anxious to offer more-than-voice services
- Sri Lanka's government has approved mobile money so even payments over mobile can be arranged