

# The main feature of microcredit commerce essay



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This chapter describes results from interviews conducted with women entrepreneurs and other organizations related to microcredit like Nwec, Smeda, and DBM. Data collected through interviews showed a more in depth situation of women in Mauritius, there true picture of Mauritian women. Answers obtained by respondents enable to create concepts which characterize the impact on micro credit in alleviating poverty among women. Respondents will be referred to as follows in this chapter; women entrepreneurs Respondent will be coded as 1: L1, 2: L2, 3: L3, 4: L4, 5: L5, 6: L6, 7: L7, 8: L8, 9: L9 and 10: L10 and Nwec and Smeda as follows R7, R9. 4. 1 Incomelt is known that the main feature of microcredit is that it increases income-generated activities; many studies conducted abroad have showed this as seen in chapter 2. Micro-credit also promoted income-generated activities among women in Mauritius. Findings show that income is one the main themes of this study, most respondents agreed with this fact. For other respondents L5, L10 microcredit was very positive, in terms of income increase, they have been able to save up some money for other use apart for their business. L2 replied to the question " How did microcredit help to make your life better?", she said that " before she was staying at home while my husband was the main source of revenue and with time as our children were growing up his income was not enough to cope with expenses mainly for children needs. That why she decided to follow training offered by Smeda to become a women entrepreneur and have her own business..." For L6, microcredit has helped to reduce their economic problems and enable her to have her own revenue to invest for her family welfare. However L7 responded negatively about the fact that microcredit helps to increase income, for them ' This increase in income seems very invisible because I am

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still in the same situation as before." L4 said that " income does not increase as expected mainly when starting new business profitability is not much as big business in Mauritius". Respondent R7 answers focus more about how microcredit promoted income-generated activities for women. R7 said " Microcredit is a very good strategy which help to promote women image in Mauritius, it helps to empower them economically leading them to become independent in terms of decision making, managing their business, Our incubators helps to train them in their fields and provide counseling to these women about how to set up their business with business loans from other institution like the DBM to provide financial facilities to micro-entrepreneurs." However R7 described the government can implement better strategies to help poor women in Mauritius, " microcredit in itself is not is not enough".

#### 4.2 Empowerment of women

Findings show that with the training which these women followed, they have acquired many skills and also became self-efficient, taking their own decisions, managing their business. All respondents positively responded to the question about how microcredit has empowered them? L6 replied that " This project of empowerment helps women to develop their knowledge and become less dependent." When respondents were asked " how have you been empowered?", Most of them answered that before they were staying at home, doing household work and taking care of their family. L2 and L6 view " microcredit as an opportunity to become more self-efficient," they are now able to bring money for their family and satisfy their needs and enjoy life but at the same time saving it. During the interviews, L1, L4 and L8 said that " since they became entrepreneur, they are now participating in all decisions their business but also at home which was not much considered before." However for L9

women are rather being empowered economically instead of socially, microcredit leads to raise income, development of skills but what about social empowerment women still face discriminations by men and society. She said that " she still have to ask permission to her husband when going to work and even in her business her husband always want to have a word." L3 answered that there are many social barriers which prevent them to achieve, domestic violence, refused access to certain facilities or even face conflicts with their social role of housewife because they have to work even odd hours in order to meet profit targeted. Respondents were asked a question if they think more can be done to empower women, R7 answered that " women empowerment is at the heart of our norms and values, " we attach importance to women as nest builder not as a worker, that is why society find it difficult to accept women being an entrepreneur and being independent, it will take time for our society to adapt to this change. 4. 3

Development of skills During field work at the Smeda (R9), tutors were interviewed about their classes and how these help women. The respondents said that " women respond positively to these classes which are done for approximately 5 months or less. During which they are trained in the sector they want to operate afterwards." Respondents mentioned that these strategies implemented are very important to help women to develop their skills and knowledge and make it their source of income mainly those who are poor. " This is a very good incentive to provide opportunities to these women, re-value them in society and giving them the status they deserve". Many of these women have a low educational background, with training offered by Smeda and Nwec; they are given opportunities to develop their capacities which maybe were hidden in many fields like handicrafts, textile,

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food, and jewelry. This aspect of women empowerment is to achieve equality in Mauritius. Everyone deserves the same chances and the government is helping to achieve this through microcredit, creation of the national women entrepreneur council and the small and medium enterprises to provide support to these women. This micro credit programme is an open door for women to acquire leadership skills, becoming professional in their own business, part from their field they also learn about how to market their product to attract customers. Like all the respondents, L6 view about microcredit is that it was of great help because she never had " the opportunity to continue her studies because her parents did not have enough money to send her for tertiary studies." With microcredit she has been able improve her knowledge in many fields which were unknown to her which is now her source of income.

#### 4.4 Creation of employment

One main characteristic of microcredit is that it creates employment. It is true that women entrepreneurs in Mauritius are trained to develop their potential skills and learn others too (management skills) in incubators across the country. After their trainings some will create their own business or some join their friends or simply join cooperatives. For L1, she has said " I work along with her mother-in law and there are no other employees because this reduces cost". However when a business freshly starts, it cannot employ too many employees else the cost for employees salary might be higher than profit accumulated. Most micro-enterprise built up by women usually consists of 8-10 employees who work mostly in manufacture of products. L6 said " She employed 5 women in her business of pilchard's production; these employees help to increase production which result to more sales." However for L7, the fact they she work along in her business, she has all

responsibilities and it is very difficult although it is a small business. Other respondents agree that microcredit helps to create employment but there are fields which do not promote employment on long-term basis, for example L4 is in the production of candles, but people do not buy candles every day, compared to pilchard's production which attracts more customers." The fact that microcredit creates self-employment is very illusive, because not all women are able to employ other women in their business but many do it because of work load and having help from others is very useful to be on time with manufacturing.

#### 4. 5 Profitability

This term profitability was a common answer from interviews conducted with these women entrepreneurs. L2, L4, L5 said that their business was not a big but though being a little business they accumulated some profit from which they saved for their personal use (family), however for L7 and L9 " most of the profit accumulated tend to go in their loan reimbursement which they usually take on a scheme depending on how much they need for their business." One would think that microcredit helps to become millionaires is just an illusion because they have other costs to pay like materials, productions of their goods, marketing costs, employees and other petty things. Starting a new business with a new product is not easy task said L7, to make profit there should be sales to have sales there should be clients to buy the product which is not easy and to have clients there should be marketing at first but L1 said that with time and experience it became much easier to accumulate profit and invest in business but also for the family. With 10 years experience in micro-entrepreneurship, L1 has been able to achieve success with her business in jewelry, she is now independent and often satisfies her children needs in terms of luxuries also, and Microcredit improved her life

during these 10 years. 4. 6 Expansion of their business Microcredit is said to be a useful tool to alleviate poverty, but when considering all these steps to achieve this, there are many barriers like financial barriers later in other paragraphs we will see about social barriers. It is a fact that microcredit promote micro-entrepreneurship among women, they get support from institutions like Nwec , Smeda and others to built up their skills (professionalism) and set up their own business which they will control and also get financial facilities which are at lower interest rate. Respondents being for years in micro-entrepreneurship were asked if it was difficult to expand their business L1 answered that " expansion of my business took time but through years and the help of my husband it became reality". One aspect which should be considered is that the loan respondents applied for, they have to reimburse it with their business profit. For L7 this was the main problem, most of profit was for repayment, there were no money for to invest in her business and had to take other loans to achieve this becomes like a vicious cycle and they will always be struggling hard to accumulate profit to be able to repay their loan. It is not easy to make profit when a new business starts; it has to look for potential clients who are interested in such products. 4. 7 Change in Roles and responsibilities Respondents were asked one question during their interview, if whether their roles and responsibilities have changed since they have their own business. All of them answered that since they started their own business they have to devote more time to it and at the same time devote time to their family. L1 said that ' her work does not affect her roles and responsibilities at home". For many of them it is not difficult because they have the support of their family who help them in terms of taking care of the house when they are working, they help in

preparing dinner when they are late and even helping in their business. For most respondents, microcredit has changed their roles, they have become entrepreneurs, leaders of their business, and they attach lots of importance to their work. L1 said " this represents a great responsibility for her and she will prove that that is a good leader despite the norms and values of our country which picture women as housewife. However for those having no family support, no partner at home, it is more difficult to cope with all these responsibilities. On one side they have their children which are sometime left at home and on the other side these women have to work to satisfy needs of their family. L9 found it difficult to cope with all these responsibilities because her children are still young and she lives alone with them, and on the other side she has financial problems, that is why she followed the training to become a micro-entrepreneur. She often has to work odd hours to meet customers' orders because this business is her only source of income. After work she has to go home to take care of her kids and also of the house, it is like a daily burden for her.

#### 4. 8 Improvement in Standard of living

Similarly with the increase in income, these women can now enjoy a better standard of living though it is not that much they have seen improvement in their lives. With their income, they invest more for their family in terms of educations (secondary/tertiary) and also better health care to their family. Education is part of our culture in Mauritius and parents also invest more for the future of their children. Microcredit has brought a little transformation in women's life in Mauritius. All respondents said that they now have possibilities to do more things which were unthinkable before due to financial problems. For all respondents, microcredit had a positive impact on their standard of living, L1 is the mother of two children of 16 and 18



years old, she said that with savings he made from her business she is now able to invest n their education which is crucial to build their future. L3 related that " with income generated for her business she has been able to buy a car for her family and even built their own house which was their main projects for many years." Microcredit helps in alleviating poverty because with revenue accumulated these women and their family can have a better life.

#### 4. 9 Social values

Mauritius is a country which attaches high importance to norms and values. Usually our values are that women should stay at home to take care of the family. But recently we have seen that values has changed women now go to work and are very independent, but it is very difficult for society to adapt to this abrupt change. During interviews, respondents were asked about their husband reactions and opinions with the fact that they have their own business. Most of them replied that their husband supports them fully in their business but " their husband tend to always supervise them or interfere in their business, " said L5 and L6. L7 said that " despite they have their own business she still need her husband permission when going to work or going out, her husband still interfere in her business and control profitability." Her husband always wants to interfere in the business activities because he thinks I might go on the wrong track."

Findings also showed that some respondents ended in doing their business together with their husband and children, it became a family business where each member participates to make it successful. There were also cases where this business is taken over by the daughter it is a female business succession from mother to daughters which perpetuated through generation, this helps to ensure the future of the family in terms of money. The Mauritian Women is portrayed as submissive, devoted housewife, nest builder; it is

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difficult to accept women going out of the house to work, women are being emancipated, and becoming independent, successful leaders. L6 quoted that " Mauritius still need to progress to adapt to these changes compared to foreign countries where women are in control, women are president in charge of a country. This adaptation process already started but it is still very slow, because there are deep perceptions in the Mauritian society mainly about women." 4. 10 Loan repayment According to respondents, they all took a loan for their business, most of them have succeeded in repaying their loans but some failed and faced difficulties. L7 said that " failing to repay her loan, she got no assistance from the bank and got higher interest to pay. In this dilemma she had to take another loan to repay other loans, which created more debts.' This problem happened because she failed to achieve targeted aims of her business and this was followed by many other problems, they even had to take other loans to repay their debts which are a very negative side of microcredit. Loan is a good facility when starting a business, for L1 " the most important thing is to plan their budget first and then taking the sum of money needed to set up the business with the bank." She said that she asked for a loan scheme which was appropriate for repayment in due time, taking too much and failing to accumulate it in terms of profit to reimburse is not the suitable strategy to adopt." However many of micro-entrepreneurs do it without thinking about the consequences in case of delay in repayment. 4. 11 Discussion Many studies conducted in other countries have shown that the positive impact of microcredit is namely income increase, empowerment of women, and creation of employment [Geneva 2009] but there are also problems which micro-entrepreneurs face. Similar findings have been found in this study showed that women

entrepreneurs observed an increase in their income with their micro-enterprise. Income is important for our survival nowadays, without income it is difficult to enjoy a good standard of living, mainly with all the recession problems in the world, all price are increasing. Life is becoming harder and without an appropriate job it is very difficult to cope with this abrupt changes transforming Mauritius. Findings have shown that most of these women who were trained in incubators of Nwec and Smeda were able to have their own business and are now able to earn their own income. on the other side, is this income enough is the main question, when starting a new business, it is on small-scale, few customers or none at all, it takes time to built a good enterprise said all respondent. However this is not for long-term period as your business start to be unprofitable or financial issues erupts there are not doors to knock but interest rates on loans taken becomes higher and these women become more in debt than before impoverishing their situation. It seems that women entrepreneurs now have different opportunities to become professionals, there are able to follow training in their field and also learn about leadership and marketing for their future enterprise. Somehow it also promotes education because these training are made for women to learn and acquire skills just like Riley and Hashemi (1996) mentioned in chapter 2. There are 3500 entrepreneurs in Mauritius with many of them who are micro-entrepreneurs, through their training; they prepare them to work. Therefore Microcredit has helped to promote self-employment in Mauritius, as women have their own business, earn their own income and control their business. This has greatly helped to reduce poverty among women in Mauritius. Women are also able to enjoy a better standard of living with microcredit, they have been able to generate profit and saved for their

family mainly education for children and health care for their family as Siringi (2011) mentioned in chapter two. That's what findings shows but microcredit did not helped all families concerned with micro-entrepreneurship, beside the number of entrepreneurs in Mauritius is very low compared to total population who still face difficulties to earn their living mainly women.. Therefore comparing Mauritius to other countries implies considering many aspects like infrastructure, support, resources, counseling, which are not that accessible here. This study reflects similar result to those mentioned in chapter 2, Women face many constraints with microcredit namely the problem of debts which erupt when a business fails to accumulate profit, they are unable to save money to repay their loans and this delay leads to highest rates of interest just like the study conducted by Copestake (2001). This raises questions about microcredit, does it really reduce poverty? it is not what findings show women tend to fall back to poverty when their business fail , this safety net that is built it up to reduce vulnerability to poverty is not that strong. Microcredit tend to promote economic empowerment only as Eyben (2008) said, empowerment is more about creating opportunities for women to encourage economic participation but what about social empowerment? Women are still being looked down , still face unemployment when looking at CSO report about gender in Mauritius, women are still at lower position compared to men, there are also many cases of domestic violence on women, they are being battered by men. With micro-credit opportunities are being opened for women but there is no certainty about how long will these businesses last, there are no follow up done with these new women entrepreneurs, after training they are left on their own, even with banks where they apply for loans there are no

counseling sessions, no officers who visit customers with financial problems and they really apply high rates of interest when these women cannot repay. These women entrepreneurs tend to be trapped in these sectors compared to male entrepreneurs working on international scale production with high class products which are sold abroad, why are women not given these opportunities to developed, to expand their skills