Abstract

The paper considers the effects of microfinance in developed countries, and specifically the start-up of micro-business by women entrepreneurs with limited access to credit, having benefit from a microcredit program to develop their self-employment projects. As a part of more general project to try to understand the impact of the existing Microfinance Institutions (MFIs), the present research aims to the study of the social impact of the micro-businesses started-up by women entrepreneurs granted with micro-loans.

By means of a qualitative approach, the case-study proposed involves a total of ten women, clients of three different MFIs based in Catalonia. Semi-structured interviews have been used to conduct the research. The results have been analyzed with the help of a framework in which parameters related to the women micro-entrepreneurs, to their entrepreneurship experiences, and to the MFIs granting their loans are regarded as indicators of the personal and family impacts, of their professional lives and of the social impacts of Microfinance. The found impacts are mostly related to personal and family issues, on account of the limited capacity of the microcredit instrument to better the women’s standards of living. Social impacts, although expected to be marginal, are also revealed by the study.

Key words: Microfinance, social impact, women entrepreneurs, developed countries.
1. Introduction

There is ample literature concerning women empowerment related to the provision of microcredit. The second part of the 1990 decade witnessed a progressive awareness at international level of the role of microcredit in the eradication of poverty. Such awareness is shown in the resolution adopted by the United Nations in 1998, proclaiming the year 2005 as the “International Year of Microcredit”. The declaration specifically mentions the microcredit programs as to “have especially benefit women and have resulted in the achievement of their empowerment” (UN, 1999). Microfinance services are considered a key development tool, particularly for women who are the target of most microfinance programs (Guérin, 2006). Not only female borrowers do have better repayment records (Sharma and Zeller, 1997), but return to investments seem to better reach all household members, especially improving children health and schooling (Pitt and Khandker, 1998). Improvement of women self-esteem as well as her family status has also been put forward (Amin et al., 1998; Panjaitan et al., 1999).

However, further evaluations of the effects of microfinance programs on women’s empowerment generate mixed results. While some are supportive of microfinance’s ability to induce a process of economic, social and political empowerment, others are more skeptical and even point to a deterioration of women’s overall well-being (Holvoet, 2005). In particular, the details of the current practices used by the microfinance industry have been highlighted as to be especially significant by many researches (e.g. Mayou 2001 or Guérin 2006 for the African context; Mahmud 2003, Holvoet 2005 or Moodie 2008 in Asia; Velasco and Marconi 2004 in Latin America). A more cautious conclusion will therefore be that microcredit can indeed make a significant contribution to women’s empowerment, provided that such practices are well adapted to their economic and social entourage, and singularly to the diverse demands of women (Hartung, 2007; Holvoet, 2005; Guérin, 2006).

The present study takes a slightly different point of view, considering women and microfinance in developed countries. Although with lesser scopes, microcredit programs and Microfinance Institutions (MFIs) are also available in developed countries. Indeed, lack of access to credit through the traditional banking system for people without collateral is not a problem only in developing countries. Potentially profitable businesses started up by poor entrepreneurs have been therefore one of the preferred targets of the programs providing social credit in developed countries.

Micro-enterprise development associated with limited access to credit is nevertheless not easy in developed countries. The existing alternatives to self-employment (public assistance, wage jobs) provided in those economies is one of the argued differences with microfinance in developing countries (Schreiner and Woller, 2003). Moreover, it deserves to be mentioned that entrepreneurship requires predisposition and some abilities to carry out the development of a productive project, therefore narrowing the set of prospective clients of a microcredit program. Furthermore, the feeble presence of the informal economy in those countries entails a large number of administrative stipulations associated to the development of any (formal) productive project. All of them act as counter-effects to the incentives individuals can have to start-up a (risky) self-employment project.
The above mentioned obstacles have nevertheless not precluded the introduction and development of microcredit programs in all developed countries. The proportion of women undertaking such productive projects is far from the large numbers found in most developing countries: 83.4% of the poorest clients of the MFIs reported to the Microcredit Summit Campaign during 2007 are women (Daley-Harris, 2009), while in western European only the 39% of the total clients of MFIs were women, according to Guichandout (2006).

Although neither clients nor microcredit design and conditions are copycats in developing and developed countries, the study of the impact of such programs is of interest in both cases. Since Microfinance Institutions do not operate in a vacuum (Zohir and Matin, 2004), their impact outstretch their ability to facilitate financial services to the excluded. Among others, their capacity to interact with other actors who are engaged in social mobilization for economic and non-economic reasons must be taken into account.

Our paper aims to contribute to the understanding of the impact of microfinance in the personal, professional and social lives of women in developed countries. It is based in Spain, and specifically in Catalonia. Two main reasons must be mentioned regarding this choice. The first one concerns the Catalan rich tradition of nonprofit organizations of the most diverse scope. Between them, the pioneers MFIs were established in Catalonia in the early 1980’s. The second reason is related to the characteristics of the Catalan MFIs. Studies on the Catalan microcredit sector reveal that a little more of half the MFIs’ clients are women (Estapé-Dubreuil and Torreguitart-Mirada, 2011), clearly above the western European mean for the sector (39%).

The rest of the paper is organized as follows. Section 2 provides an overview of the main characteristics of the social credit programs existing in Spain. Section 3 establishes the objectives of the paper, as well as the methodology used. The proposed model providing the framework for the analysis of the social and economic impact of the Spanish microcredit programs, as well as the results of the empirical case-study carried on, are described in section 4. Finally, section 5 offers some conclusions and comments on further research directions arising from this study.

2. Social credit programs in Spain

2.1. General characteristics of the Microfinance Institutions in Spain

Presence of Microfinance Institutions in Spain is attested since the early years of 1980’s. The first providers of social credits were third sector organizations, which remained the exclusive suppliers of microcredits for a twenty years period. Focusing either on minority groups (women, immigrants, unemployed, etc.) or third sector organizations (nonprofit institutions promoting social reintegration, cooperatives, etc.), this MFIs provided, and still do so, micro-loans to purchase work tools, and to start-up or consolidate micro-business. Among them, the “solidarity bank” funded in 1984 in Barcelona by ASCA (Acció Solidària Contra l’Atur, or Solidarity group against Unemployment) or the program established in 1998 by FIDEM (Fundació Internacional de la Dona Emprenedora), focusing women entrepreneurship. This last program is by now an
intermediation program, since FIDEM has agreements with several savings banks to provide loans to women entrepreneur following FIDEM’s recommendations.

From 2001 on, the microfinance sector in Spain entered a new stage, when organizations linked to the traditional banking system joined. Diverse savings banks, as well as the Spanish Official Credit Institute (Instituto de Crédito Oficial, ICO), promoted microcredit programs. The starting one was Caixa de Catalunya (Fundació Un Sol Món, FUSM), launching a program established initially in Barcelona in 2001, and extended to other areas of Spain three years after. By 2007, one third of the total Spanish savings banks offered some kind of microcredit program or social credit, most of them through their Social Foundations.

Regardless of the Institution, self-employment is one of the main goals of Spanish microcredit programs, a feature shared by other MFIs in Western European countries (Guichandut, 2006; European Commission Report, 2003). The vast majority of loans are aimed at the start-up, consolidation or expansion of recently created micro-business. Consequently, most microcredits are granted as individual loans, and both personal and business-related guarantees are required as substitutes for material collateral. In particular, the presentation of a detailed business plan, independently checked for economic viability, is always required. Thus, social mechanisms widely used in MFIs in other parts of the world to ensure repayment, such as group-based loans, or joint-liability contracts (Ghatak and Guinnane, 1999; Morduch, 1999), or the granting of progressive loans (Jain and Mansuri, 2003), have not been considered in the Spanish microfinance sector.

One of the factors of differentiation between Spanish MFIs is the management of the microcredit applications received, as well as the further back-up offered to the approved projects. For the third sector MFIs, the appraisal of loan applications is made by the Institution itself. Voluntary or regular staff is in charge, usually meeting with the would-be entrepreneurs to assess their business-like “capacities” and actual experience, as well as the economic viability of the business project. Loan approval is made in accordance with its own mission and requirements. As for the MFIs linked to the traditional banking system, most of them have created networks of non governmental organizations (NGOs) and local public development agencies to assist in the processes. Organizations within the network of a given microcredit program usually makes the initial appraisal of the applications, advising would-be entrepreneurs on the configuration of their business plans. The final approval process is nevertheless typically made by the microcredit program’s own staff, sometimes rejecting projects that had previously received a “green light” from their nonprofit associates. Further back-up to the projects is always provided through one of the organizations of the network, usually NGOs rather than public agencies.

Two relatively recent changes in the relationship between third sector organizations and MFIs linked to the traditional banking system deserve to be noted. The first one is related to a public intervention initiated in 2004, a program fostered by the national Instituto de la Mujer (Women’s Institute) to promote women entrepreneurship through microfinance. It links several NGOs and women entrepreneurship organizations and has established agreements with several banks and savings banks to provide low cost micro-loans to women’s self-employment projects. The second one concerns the micro-loan portfolio of the pioneer savings bank, FUSM. From June 2007 on, it is managed directly by different NGOs, selected among the FUSM’s previous network of nonprofit
associates. In particular, an agreement made with Fundació Privada per a la Promoció de l’Autoocupació de Catalunya, CP’AC, endows this third sector organization the funds to independently manage the FUSM’s program in Catalonia, also taking care of the previously approved micro-loans.

2.2. Women beneficiaries of the Spanish MFIs

The characteristics of women beneficiaries of the microcredit sector in Spain, as well as of their business initiatives, shall be of interest to contextualize the analysis proposed in the paper. Using data from the business plans presented with the applications to the diverse MFIs operating in Catalonia, Estapé-Dubreuil and Torreguitart-Mirada (2011) were able to extract a portrait of the women micro-entrepreneurs. The following is a brief accounting of the results obtained in the study:

• At an aggregate level, 54.8% of the total portfolio of individual clients of the Catalan MFIs was awarded to women. Although some MFIs had women has preferred target, there is no reason to support the hypothesis that any kind of gender distinction is made in any of the MFIs’ programs. This is true both when deciding whether to award a loan, and even when setting the amount to be awarded.

• Among the personal traits of women micro-entrepreneurs, the distribution of their age when the decision of starting up an independent business activity was made was studied. Having a mean of 39.57 and a standard deviation of 9.26, the distribution shows feeble agreement with statistical normality. Nevertheless, 71% of women fall in the interval [30,49] (mean ± standard dev.). The most frequent interval is (35,45], accounting for 40% of the total women considered in the studied sample.

• Geographical origin of the women entrepreneurs is also a variable of interest to configure their personal portrait. Spanish nationals account for 55 out of each 100 women receiving financial aid, whereas 37 were immigrants from developing countries. Among the last group, nationals of the countries in the Latin American region were the most representative group, accounting for 28 women out of every 100 MFI female clients.

• Regarding the business activities of the female entrepreneurs, more than 89% of the total funded business projects intend to start-up a self-employment venture in the service sector. Women’s most prevalent type of services is commerce (retail trade at a very low scale in most cases), accounting for circa 42%, followed by personal services of various kinds (22.5%) and restoration services (14%).

• The statistical distribution of the microcredit loan amounts awarded to women entrepreneurs has a mean of €8,678.14, with standard deviation of circa €5,000. It is far from standard, given that almost all loans (92.36%) are awarded with less than €15,000. Moreover, it has to be mentioned that the loan financing ratio (part of the total investment covered by the microcredit) has a mean of 0.548 (standard deviation, 0.268). That is, on average only 55% of the required business investment is obtained via the micro-loan.
3. Objectives and methodology

The main objective of the paper is to study the economical, financial and social repercussions, on the women’s personal and professional lives, of their participation in a microcredit program. Furthermore, to study whether, and to which extend, the microcredit programs have other “side-effects” from the civil society point of view. That is, women beneficiaries of the microcredit programs, while managing their own micro-businesses, have also contributed to the formation of human or social capital in their own entourage?

Borrowing the terminology from Wright and Copestone (2004), although it could be considered a paper on impact assessment of microfinance, its accent shall be put on the “impact improving” rather than in the “impact proving”. That is, it tries to understand the impact of services on users rather than measuring costs and net benefits of the programs. Specifically, the research aims to the identification of the most significant parameters of the women’s business and social lives, and of the role taken by the MFI in that context. Its ultimate purpose is to suggest the MFIs relevant courses of action to further encourage not only the economic but also the social integration of their clients.

For the purpose of our study, three different nonprofit organizations have been considered. All of them had been briefly described in section 2: ASCA, the pioneer MFI in Spain; FIDEM, one of the MFIs focusing women entrepreneurship and linked to the national wide microcredit program fostered by the Instituto de la Mujer; and CP’AC, the third sector organization taking care of the former savings bank FUSM program. All are based in Barcelona, running microcredit programs for more than ten years. The MFIs have been selected in the same geographical area, Catalonia, allowing for the neutralization of the effects of the territory on the analysis.

Each one of the three MFIs has been contacted and asked to collaborate in the study by providing access to several of their clients, which would agree to meet with the researchers. Attention has been paid to consider women of diverse geographical origin, as well as operating in different economic sectors, thus taking into account the main profiles of women’s microcredit clients. From a larger number of candidates, a total of ten women have been located and agreed to collaborate in the study, four of them beneficiaries from ASCA, three of them from each of the two last MFIs considered.

Semi-structured interviews have been used to conduct the research. A first set of introductory questions, asking for some context parameters (age, formal education, languages spoken, etc.) was also designed to ease the way to a more confident and friendly interview. The design of the interviewed questions included four additional categories of items. The interviewers were nevertheless instructed not to follow a strict order in the questioning, but rather use them as a guide to act as prompts to open-ended questions to be introduced during the interview.

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1 Going through the MFIs was the natural way to have access to personal data and to interview the MFI’s clients. There is an obvious problem in using this channel, since the MFIs could pick up the clients using their own criteria. But given the sparseness of the microcredit clients in developed countries, it seems the only possible approach.
The first category was related to the access to finance, asking about their previous knowledge on microfinance, pre-business activities, including motivating factors to enter the entrepreneurship path, institutional and informal supports asked for and obtained when designing the business plan, financial support, etc. The second one refers to the set-up of the business activity, and the difficulties encountered meanwhile, as well as to their actual management (business daily hours, support from other family members, income generated through the micro-business, etc.). The third category concerns their social relationships, including those related to the MFI. A fourth category included questions related to the use of Information Technologies, both at personal and professional level.

The interviews, each lasting about one hour, were recorded, asking the previous consent of the interviewed women. Later on, each one was literally transcribed by the interviewers, who were also asked to give a personal report of the interviewed women and of their business – given that all interviews were made at the business places. All interviews took place during a two-month period in the fourth trimester of 2009. Their analysis was made independently by the two authors, using a grid to code and classify the content of each interview. Afterwards, the classification labels used in each grid were compared, to obtain a consensual list of relevant parameters describing the information and feelings of each interviewed women. The classification of its contents has led the authors to propose a framework in which to analyze the ten case-studies observed. The description of this framework will be presented in the next section.

4. Social and economic impact of the Spanish microcredit programs

As revealed by the literature review made at the introductory section, there are a large number of parameters and variables that can be taken into account when considering the potential impacts of microfinance in women and women entrepreneurship. The particular selection of parameters considered in this study is presented in the next subsection, through a proposal of a framework for the analysis. Later subsections contain the analysis of the different clusters thus considered.

4.1. The framework for the analysis

The model used in this analysis takes into account items related to four different categories: (i) parameters related directly to the women micro entrepreneurs, (ii) parameters describing their entrepreneurship experiences, (iii) parameters linked to the Microfinance Institutions in which credit was obtained, and (iv) indicators of the social and economic impact of the microcredit in the women.

The above considered items must also be classified according to a double set of criteria. A first one is related to the endogenic or exogenic quality of a given parameter with respect to the model. The second one is the ordering in cause-effect of the endogenous parameters. Considered together, this double classification gives rise to a set of five groups of related items, three of them in causal ordering (input variables, functional parameters, output variables) and the last two of them contextualizing the former three groups. Figure 1 provides a visual proxy of these five groups.
The framework distinguishes a set of initial parameters (input variables) which refer to some characteristics of the entrepreneur’s personal economic situation at the time she conceived her self-employment project. Previous knowledge of financing possibilities using either the traditional banking system or microfinance is also considered an input variable. Entrepreneurship motivation is used in this initial group as a linking item between the two already mentioned variables.

Input variables are also linked to the personal characteristics of the entrepreneurs. Nevertheless in this framework these will be considered as contextual parameters, given that such items are more usefully considered as to be general descriptors of the women entrepreneurs. In fact, such personal parameters are related both to the above mentioned input variables and the functional parameters, as well as the output variables of the framework. A similar role is reserved to the
MFIs and their micro-enterprise support organizations, which will be considered as social contextual parameters of the model.

The actual management of the business started-up by the women entrepreneur shall be outlined using two complementary aspects, both considered under the label of functional parameters. The first one includes data describing organizational parameters of the business, while the second one deals with financial aspects of the business. The role played by the MFIs, providing financing – as well as assistance – to the women’s business project is the central item linking the two above mentioned complementary aspects.

Within such a framework, the model formulates the hypothesis that the interaction between input variables and functional parameters, given the contextual parameters observed, will show a given realization of the impact of Microfinance. It can be captured considering the economic impact of the micro-business, its social impact (at a community level) and the personal and familiar impact of the entrepreneurship (Sebstad et al., 1995). This group of items is represented in Figure 1 under the label of output variables.

4.2. Personal Context Parameters

To begin with, this subsection contains the description of the personal context of the group of 10 women forming the empirical case-study analyzed in this paper. From a statistical point of view, the profile of the different women approximately fits the characteristics of women micro-entrepreneurs funded through MFIs obtained in the quantitative study mentioned in section 2.2. Three different characteristics can be put forward in that context:

- **Age**: the mean of the considered sample is 44.3, with a standard deviation of 10.58. Although these values are both superior to the obtained in the general case, the distribution is indeed similar: of the 10 women, the age of 6 of them falls in the interval [30,49], while 3 are older than 49 and one of them is younger than 30.
- **Geographical origin**: a total of 5 (or 50%) of the interviewed women are Spanish nationals, while another 4 women came from Latin America and the last one of the studied group was born in Africa. Again the sample roughly matches the distribution of the most prevalent geographical groups among Catalan MFIs’ women clients.
- **Formal Education**: All but one interviewed women had either secondary or higher education, in a wide diversity of degrees (anthropologist, school teacher, accountant, nutritionist, esthetician, textile designer, etc.)\(^2\). Four of them (two Spanish nationals, two immigrant women) have academic university degrees obtained in their respective home countries.

\(^2\) Data related to formal education was not included in the above mentioned study of the personal characteristics of the female clients of Catalan MFIs due to lack of information on the part of several microcredit programs. Nevertheless, and according to the available data, level of formal education must be considered high among women MFIs’ clients. The percentage of FIDEM’s women clients having only primary education is inferior to 15%, and reaches approximately 32% of female ASCA’s clients.
Most of the interviewed women live in Barcelona or in the nearby cities, thus matching the most common profile of the MFIs’ clients. Only two of them live in towns of less than 20,000 inhabitants.

4.3. Input variables

There has been found a large variability in the personal economic situation of the women taking part in the study, at the time they started their own self-employment projects. Neither the family responsibilities of the women, nor their standards of living were similar. Only two of the women included in the study, both immigrants, fit into the “standard” category of married women with children, their husbands being also economically active. Furthermore, four other women had children or other relatives economically dependants. Moreover, in all of those last cases, she is the only provider of economic resources in the family. Most women having no family obligations fall either in the younger group (aged less than 35) or the oldest one (more than 55 years old).

Concerning the housing, two of the women live in their own apartments—one married, one divorced—, although in both cases they are striving to pay a mortgage. Renting is the only option available to six of the women, whereas two of them can not even afford to pay for the rent of their living apartments, which are own by relatives (their mothers in both cases).

As is it usual in developed countries like Spain, all women had limited access as clients to the traditional banking system. They are able to open bank accounts, and to get credit and debit cards issued at their names. Neither of them had nevertheless access to the traditional banking system to obtain a loan to start-up their own business.

Local public organizations appear to have had a key role to connect MFIs and their prospective clients. In 8 out of the 10 cases analyzed, the initial recommendation to the women came from an organization linked either to a local public development agency or to social assistance programs. Recommendations usually addressed the women to a specific MFI, depending upon the particular preferred target of each one. Most women had no previous knowledge of microfinance or MFIs, and therefore the suggested MFI was in all cases accepted.

Entrepreneurship motivation is also a shared characteristic in most of the interviewed women. Almost all of them consider self-employment as a source of further personal and professional development, a key to attain economic independence as well as personal and economic stability. Two of the women also put forward their intention to help disfavored groups while starting-up their own business.

4.4. Functional parameters

The business activities developed by the interviewed female clients of MFIs do not significantly differ from the orientation towards service sector found in the general case. Four of them had business related to restoration services, with varying infrastructure. Commerce, sometimes linked to artisan production of the items traded, is nevertheless the central occupation of the rest of the

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3 Data from the quantitative study mentioned in section 2.1 shows a 65% of female MFIs’ clients living in Barcelona city, and 18.4% in the nearby cities and towns.
interviewed women. In one case the trade involves also the design of the good (cloth dolls), although the production is actually made by women from a Guatemala organization.

All interviewed women have been very active in the preparation of the business plans to qualify for a microcredit, as well as in the paperwork required to start-up their businesses. This holds true not only in the (two) cases when the entrepreneur is formalizing a previous informal self-employment or for women having had previous entrepreneurship experiences, but for other women as well. The support of the MFIs, and in some cases of local public development agencies, has also been attested by 8 out of the 10 interviewed women.

While the granting of the microcredit has been done relatively quickly⁴ (between 2 weeks and 2 months, once the business project was presented, and a maximum of 6 months after the first contact with the MFI, according to the women entrepreneurs), the granted amount of the loan has been generally inferior to the microcredit requested (in 7 out of the 10 cases considered). As a result, those entrepreneurs have been forced to adjust downward their initial investment. When referred to commercial activities, this has usually been done by reducing their inventory or by working with less variety of products than initially expected.

A few women have also invested some previous earnings in their business. The ability to provide a few own resources is positively valued in most MFIs, since it shows a higher level of commitment and personal involvement in the entrepreneurship. It is therefore not surprising that almost all of them (3 out of 4 women) have been granted the total loan amount requested.

Once started-up, all women’s micro-enterprises have minimum infrastructures, using either their home (40%) or nearby rented premises. In all but one case the businesses do not have employees other than the business promoter. Since most of those business activities can be defined as local services, their usual customers came from the district in which it is located. Only two of the women entrepreneurs are prepared to sale through the Internet.

The relationship with their suppliers has been assessed as good of very good by all women entrepreneurs. This assessment, plus the fact that all are micro-business, may indicate that purchases are made in small quantities, therefore not having generated a relationship of financial dependency with their respective suppliers. As some of them asserted, the women entrepreneurs usually “pay for their purchases and get their supplies on the basis of their sales forecasts”. Some of them even do not have specific suppliers, since their low volume of purchases does not allow them to use a wholesaler.

As it can be expected, the business management occupies a huge part of the women’s time, often more than 8 daily hours, seven days a week. They all feel that such large numbers of daily work hours are essential to ensure the precarious economic viability of their businesses, at the expense of their family time. Only three of them have a working day of eight hours, and feel that it is enough to maintain their business.

⁴ The sentence does not convey that the time-response was perceived as quick on the part of the women entrepreneurs. Nevertheless only in one case it was considered an excessive delay.
Some of the women entrepreneurs have continued to use the support offered by the MFIs to help in the management of their micro-enterprises. However, many of them operate autonomously, doing all the necessary paperwork and accounting personally, without recourse to external managers. In two cases, nevertheless, a hired accountant keeps their books and helps with income statements. Only three of the women have completely differentiated their businesses from their personal lives, having self-assigned a salary to their work in the micro-enterprise.

As in the string of their appraisal of the outcome of their businesses, the women’s responses are related both to the number of working hours invested and to the return obtained. Negative appraisals are given by four of the women, characterized by their effort investing large number of working hours in their businesses, despite the fact they all have family responsibilities. Half of them feel that their businesses are their only instrument to survive, but the actual economic context does not make them optimistic. On the other hand, five women entrepreneurs affirm to extract (enough but limited) business earnings to make a decent living. Prospective earnings make them see their business in a more optimistic way.

Six of the women entrepreneurs have not had to ask for an extension of their microcredit, due to the more or less smooth functioning of their respective businesses. Curiously, four of them have been granted lower loan amounts than they had applied for, therefore highlighting the sound management made of the MFIs, in an effort to efficiently allocate their scarce resources. The other four women, however, had applied for an extension of their microcredit. Mixed responses have to be reported in such cases: granting of the extension by 100%, by only 50%, or refusal thereof. It seems that the monitoring made by the MFIs is a major factor to grant such loan extensions.

Despite any other consideration, all women showed their satisfaction to be granted a microloan, taking into account that it was their only available resource to star-up their own businesses. However, most of them also highlighted the meticulous follow-up made by the MFIs of the fulfillment of the financial obligations of their clients, allowing certain flexibility only in one of the MFIs. All in all, the appraisal of the MFIs made by the women entrepreneurs has been positive or very positive, regardless of the Institution that had provided the financial service. Asked for a numeric grade point (from 0 to 10), all women have given marks between 7 and 10 to their own MFI, and would recommend it to other women entrepreneurs.

Such a good appraisal of the MFIs is also linked to the support offered by the diverse Institutions during the start-up and consolidation of their micro-businesses. All women report to have been very well attended at all times, dealing with them as “entrepreneurs”, by opposition to beneficiaries of social services. This quality of service dignifies women, and moreover, women entrepreneurs not having access to the traditional banking system.

4.5. Output variables

As a first obvious impact of Microfinance, the effective creation of the women’s micro-business should be highlighted. All interviewed women recognize the essential role played by the granted microcredit to carry out their entrepreneurship plans. It should also be noted that most of them
affirm that they would act likewise when put in the same initial situation. Their answers seem less
dependent on the results achieved by the micro-business than on the level of personal
satisfaction of each woman with the path followed since the start-up of her business. Negative
responses came from women who have had to change their original business plans to adapt to
the demands of its clients, or who would prefer not to be on their own at the start-up of another
micro-business.

Asked for their appraisal of their current level of earnings, six of the interviewed women
considered them “appropriate” or “normal”. That is, their business allow them at least “to keep
on going” from an economic point of view, therefore gaining at least some personal and family
autonomy. In particular, half of them considered that their business had moderately improved
their family’s economic situation. For some of them, though, their business is considered a bit of a
burden, which only allows them to “precariously survive”. Every one of them, nevertheless,
believes that eventually her business can help her to improve her/her family’s living standard.

The assessment made by the interviewers of the personal image of the different women is very
much coincident with the answers reported. Most of them were perceived as optimistic, having
both a personal and a business project, tough, tenacious and with many desires to improve.

A related consequence of the women’s business activities is their impact at a community level. It
must be mentioned that the funded business had improved the local services (supermarkets,
cafeterias, etc.) in their neighbors. Stores and other establishments have been restored and
remodeled, improving also the neighborhood. One of the business plans has even reached
women in developing countries, which manufacture the products that are then sold in Spain.
Other forms of community participation have also been put forward by the interviewed women,
since at least half of them are (more or less active) members of third sector organizations at local
or national level.

5. Final remarks

The first consideration to emphasize here has to be related, in our opinion, to the
entrepreneurship motivation of the women. Besides the desire to improve their standard of living,
all interviewed women mentioned their wish for further personal and professional development.
This is an important component when deciding on the start-up of a business instead of searching
for a (more or less precarious) salaried job. That is, since in a developed country like Spain, self-
employment is not the only available resource, motivation has to be stronger than “mere”
considerations about the improvement of the family economic situation. Moreover, the
compulsory legal requirements to comply when starting-up a business act as a further barrier to
enter entrepreneurship.

Microfinancial Institutions must be aware – and indeed seem to be aware – that in developed
countries only individuals with strong entrepreneurial motivations can succeed in self-
employment projects with minimum guarantees. Being in that case, it is straightforward to
explain why all interviewed women were very satisfied to have been able to be granted a
microcredit to start-up their business activities, and why they would recommend it to other women entrepreneurs, regardless of the current outcome of their own businesses.

The yearning “to go ahead” showed by most women also explains why the support service given by all the MFIs considered in this paper is so appreciated by all women-entrepreneurs. Nevertheless, only two of them were aware that their MFI was a third sector organization, in which most tasks were performed by voluntary staff. Their appreciation of the quality of the service provided, and also the warmness of their reception, was somehow taken for granted. The MFIs should take into account this fact in their future social strategies.

The impacts of the microcredit programs found in this research are mostly related to personal and family issues. This is consistent with the profile of women without access to traditional banks’ credit, seeking for better standards of living. Social impacts must be therefore expected to be marginal at such a first stage. The large number of working hours carried out by almost all women-entrepreneurs does not leave much scope for many activities besides family and business. However, finding out that more than half of the interviewed women were up to a point collaborating with local NGOs has been a surprise. Taking into account the energy that most women seem to display, their future contribution to the social impact of Microfinance will doubtless be increased.

Even though the study of only ten empirical cases allows for very few generalizations, the fact that the profiles of the women interviewed match the statistical data available tolerates some conclusions. More interestingly, it had allowed us to draw a clearer panorama of the needs, feelings and hopes of the women that have started-up their own businesses with granted loans. Furthermore, it also opens the possibility to undertake further studies on broader groups of MFIs’ clients, taking into account what we have learned from this study to design less expensive and time-consuming methods of gathering information.

6. References


