

Microcredit, an educational need for vulnerable microentrepreneurs and consultants

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Abstract:

The training to microentrepreneurs and consultants is reviewed in this paper, which analyzes the sustainability of small family's companies. The methodological strategy used for the research is based on the methods of bibliographical revision and analysis-synthesis. The main result obtained is discussed here, a result of the findings of bibliographical inquiry and the data obtained by means of surveys. The polytechnic centers and universities should contribute to the training of human resources to advice, implement and create a pedagogy that contributes to the economic science. The experience of Ecuador demonstrates that besides practicing microentrepreneurial theories, training and consulting are also decisive for State politics.

Keywords: Microentrepreneur; Microcredit management; Financial management; Case Analysis Method.

INTRODUCTION

The micro credit procedure and the company development depends on a relation of great significance, that is supported in the articulation of causes and consequences, which is an evident equation mediated by control to make the purposes of the banks and the needs of the beneficiaries more solid (Kulkarni y Raghav, 2015). This mediation constitutes a service that, in spite of its cost, incorporates an analytic capacity and vision able to ensure with its methods, the successful fulfillment of a credit.

With this procedure had been identified an agent that has qualities as a guarantor for the satisfaction of the elements involved in this purpose, this direction point out to the believe that the main key that will determine the success is to set a credible and a solvent company in motion. Why? Because in the 95 % of the occasions the only required reference is the personal guaranty (Novoa, 2010), this apparent facility makes some actors to be the

responsible for the given finances: the financier, the beneficiaries, the solidity of the project, the control and productivity technologies, the methodology to implement projects until the commercialization or affordability of the financiers resources invested. On the other side, the micro entrepreneurs, which are vulnerable because of the ignorance about how to invest conveniently their credits and finances in function of the flourishing and sustainable development of their micro entrepreneurs, have the need of an adequate advice and capacitance urgently.

All this arguments constitute precedents and demands of knowledge that only be achieve with education that is why is a logic that claims an educative projection as an answer to the needs of advisers and micro entrepreneurs. In this sense this article is a proposition to analyze the necessary training of the micro entrepreneur adviser, as key actors in the procedure of micro credit for the development and sustainability of smaller familial company.

This methodological strategy is conceived as a circuit that systematizes the constructive resources of micro credit, the contextualization of the research with an intervention in the field; throw the application of surveys to the beneficiaries and techniques from the institution. It is synthesize those procedures and techniques with a verification that they give to the economic resources provided by the credit of bond human development. Significant results can be find such as the information about this theory and economic practice, the determination of the fallacies about training, perform and control, and the recommendations that are not stuck in the case, if not that they project it vision to the universal movement of the micro credit.

The answer in this universe could be find in the polytechnic centers and universities, that have the responsibility to prepare the human resources to advice, implement and create a pedagogy that helps to answer the claims of the economic science. Of course, is not only about methodologies, so it also reaches a material dimension that will be shown in this work.

DEVELOPMENT

Before starting to talk about micro credits, it is pertinent to speak about what in economic sciences is called financial management, so what is called logic has in one of its ends precisely the procedure. That can make us think that it has a determinant role of the rhythm

about the logic, and when we analyze the other extreme or pole of the logic its effect will return to the procedure once more.

In these sciences it is called financial management or management or movement of funds to all the processes that consist in getting, keeping and using money. A micro credit management is then a series of processes that focused in a small credit, originally for poor people in underdeveloped countries or on the way to development, is destined to support the enterprising spirit, to relief poverty, also in most of the cases, to provide strength to women, and making whole communities better.

From their perspective they have the feeling that they have personal conditions to solve this situation, but they don't have the resources. This fact explains the self conviction that they can start their mission with a monetary operation. This view from the investment customer is not a guarantee for success, it requires, at least, some basic knowledge about economy and should be done by professionals of economy, but also students and professors of polytechnic schools and universities, and they can use it as pre professional practice, then they can contribute in another spheres as mediators in training micro entrepreneurs for the development of the national economy.

To elucidate which sector should need this capacitating, which are the possible vulnerable micro entrepreneurs, is something that has to be taken into account if it is about how to guarantee the efficacy of the micro credit management.

Can microcredits generate an educational space?

In 2009, about 74 millions of people were benefited of micro credits, that can be translate as 38 billions of dollars. The Grameen Bank, creator of the idea and organization and because of that it got the name of “grameen credits” (Yunus, 2007), inform that the successful rates in the devolution of micro credits take place between the 95 and 98 %. These facts confirm the foundations of the financial step that illuminate the route to the diversity of that investment actions that are expedite in this way.

Micro credits are part of micro finances that provides, amount the diversity of solutions an enlarge range of financial services, specially saving accounts, destined it for the poor people.

Micro credit is a modern concept created by Grameen Bank, Bangladesh in 1983, this generated an inner banking movement and a type of service incorporated know a days in spite of the suspicious that this kind of financing creates in the traditional bank. The

declaration of The International Day of the Micro credit made by the Union Nations in 2005 (UN, 2005), was a legitimization not only for the initiative of the humanity, but also to the creativity applied to the field of financial where a lot of people think that it is no place for the creative thought. The micro credit is considered as a tool of enormous potential in the help to eradicate poorness.

In spite of that, women, and particularly the South American, due to historic, cultures and social factors, had being conditioned to be one the most micro entrepreneur. The lack of a stable job and demonstrable of women make difficult to fulfill the conditions that the lenders demands to give them the credits, so that a big part of this population is illiterate, so they are not able to fulfill the bureaucratic procedures associated to this step. This considerations are due to the fact that this persons does not have the information about the control of the financial resources: at the same time it is obstructing any decision concerned to the educational matter, for such reasons in this study it is preferred to recommend practical actions that could orientate the beneficiaries in the habit to implement any kind of control.

Several social factors prevent to this women to be dedicate to the study that is very complicated to find the time for her training. Plus to this situation that part of the explanation of the primacy of women between the most vulnerable workers reside in the social and economic relationship that leave for women the familiar responsibilities not remunerated (Cassirer y Addati, 2007). This socioeconomic conditioning is result of alternatives to transform speeches in true actions that construct policy of equality and development. This reality could be seen from two points of view one as a vulnerable sector with educational needs and financial advisers, the other as case study for the formation of the futures professionals of the Economic Science.

Better experiences of the polytechnic teaching are inspired in case study which for his load principally practices that adapted to the social peculiarities of the beneficiary facilities them to develop capacities to register and find the financial resources. The "Method of cases" is one of the principal tools for the exercise on Economic Science in the Universidad Nacional de Cuyo (Ruótolo, 2008). This is a complex educative instrument, that combines with other didactic procedures, integrate and complement, making emphasis in significant learning. This case is a good example of the real life that could be a vehicle by means of which students and teachers will examine it thoroughly in the classroom. In this case instead

of the examiner thoroughly the key is to make several exercises to install a methodology algorithm which will be use to face various problems. The teaching trough the method of case induces to the student to stimulate in the comprehension the complex of the concept and difficulties.

On the other side, critical voices (La Prensa, 2015) put forward, however, that micro credits do not have a positive impact in the gender relation and that they do not relieve poorness as they lead to many borrowers to a “debt trap” (Arias, 2012) and constitute a “privatization of the well-being” (ESADE, 2013). This position unknown install another vision that it is sustain in the reivindicative movement of the women, that could be the reading to the effects and causes ignored by the growth investor, but that inside the limits of some states it is not more than a constructive alternative.

The first sadistic of the evaluation of the micro credit done by Duflo (2010), it has contradictories results: it does not have any effect in the expenses of the familiar unit, in the equality or education or health, however, the number of business grows in a third part. Is a require to adjust to the veracity of the facts, the micro credits is not a solution to all the economics problems, it is an available alternative, in this direction Dean Karlan form Universidad de Yale point out that in spite of that the micro credit generates benefits it is not the panacea it is suppose to be (La Prensa, 2015). And he propose also for poor populations the possibility of an easy access to the saving accounts.

In relation with the items of education if it is incorporate as an educative need it can help to determine in the level of public policy the decision of support with actions of capacitance to the addressees of micro credits. The volume and need of the micro entrepreneur will reach a range in the indicators of education; however, the resources to use are a lot since it is a way of practical empowerment in the economics sciences. At the same time it will be for the technologies center and universities to fertilize the possibilities of employ for the graduates, who formed in their studies center with the knowledge of micro finances, could attend this volume of organizations.

The accompaniment will resolve a lot of deficits registered today, one of the principles is to prepare text about these topics with pedagogical intentions since there are only studies of experts in finances that conceptualize these realities. The pedagogic processes that will be on practice will favorite the student that will have a wide knowledge of the reality where they can have their practices. Several studies made by Ecuadorians universities shows the

production capacity that underlie in the field of micro finances such as for students as teachers since its constitute an innovation of the reality where you can look on. On this way the investigation of cases is envisioned like a fruitful field for the production of interpretations that later could become in text of economic didactic valid to appropriate of knowledge, compare experiences, and to contribute with different ways to explain this adventures of economical sciences in contexts that before were on the distance of the occupation by the big companies of finances.

An important aspect to take into account in the training for micro entrepreneur is the integration in associations and cooperatives. In Bolivia (ARU Foundation, 2016), Ecuador (Bucheli, 2011) and Peru Pontificia Universidad Católica de Perú, (Aguilar, 2011) traditional and conventional banks had got to expand all over the country through a model of business that offer services to the population of low resources due to the cooperativeness.

Ecuador has a long career in micro finances; it is connected, principally to the system of cooperativeness developed. The professional associations and cooperatives are form 1879 being the first institution with this characteristics the Sociedad de Artesanos Amantes del Progreso in the city of Guayaquil (El Universo, 2013), from them on the development of the cooperative system had been very dynamic, as well as the development of the cooperative of saving and credit (CSC)

The charge of the cooperatives of saving and credits in June 2002 reported the existences of 350 institutions not regulated that attended around 586.000 partners (Jácome y Cordovéz, 2003). The number of institutions and the total of granted credits reflect the importance of the cooperative system in the micro finances of the country. It also includes various nongovernmental organizations banks and finances that participate in these activities of micro finances.

The Rural Financier Red created in 2000 brings together various institutions completely identified with these activities (Financier Red, 2015). The Red make up different institutions focused in facilitate and to improve the access to the micro financiers services in the rural area and peripheral urban of Ecuador. It brings together 48 institutions of micro finances between the ones could be find ONG with wallet of credit, Cooperatives of saving and credits also Specialized Financiers Institutions, which represents a wallet of credit of 3,284 billions of USD attending to 1'222.147 micro entrepreneur and small producers in the

national level. During the decades of the 90 the increase of the numbers of institutions with this approach had being confirmed.

Apart from anything else, the government had play it role as promoter of the microcredit with various programs for the encouragement and sustained of phymes, co financed by international organism, and some of them had include institutions like the Central Bank, National Financier Corporation and the National Bank of Fomento.

This situations point out the strength that micro finances has in Ecuador which is a challenge for the actual and futures programs that could be developed in the country by public organizations, when it count with the capacity to measure the impact in the Ecuadorian society in terms of the relieve of the poorness and the economic development. What it shows that besides the praxis of the micro entrepreneurs theories, the need of the training and an adequate advice is the main factor in the policies adopted by the government in function of the most dispossessed and vulnerable.

Public policy for the micro finances

To convert really the speeches into specifics actions that build policies of equality and development, you can find in Ecuador institutions and organism that work on this side. The National Institute of Popular and Solidarity Economy – IEPS, is an entity with public right, ascribed to the Ministry of Economy and Social Inclusion, with personal assets, and technical, administrative and financier independence, that take care of the support to the citizens that wish to undertake process of productive development, under the Popular and Solidarity Economy Law.

This law base it guidelines in the Popular and Solidarity Economic model, that establish a system of economical organization to increase the associations. This is a quality that at the level of the company develop a mechanism of unit action and cooperation that help the companies to get a better position in the marked, based on construction, solidity and competitiveness (Vegas, 2008). Work in a united way offer wider opportunities to the access of services, the buy of consumables, commercialization and financing. The association makes easier the differences between their products and services, as well as the benefits related with the priority of the person above all capital, the encourage of equality and the efficient base on the group and communal overcoming.

The Institute of Popular and Solidarity Economy is inspired in this suppositions to work out for the inclusion in the economical sphere, by means of the generate works, in the financier,

guiding the access to the associative credits; in the social; by training, it reach is expanded until the cultural aspects since it preserve the ancestral knowledge. A vision that includes a political and economical look takes position in the encouragement to take decisions in a democratic way.

Amount the main benefits that the institute offers to the actors of micro finances could be found:

- To offer associative, administrative and technical training to lead a project or an economic undertaking;
- To execute monitoring and evaluations of the products or services;
- To offer legal advice and coordinate the support of another public institutions, such as: MAGAP, SECAP, MIES, and others;
- To orientate in the access to the credits and loans in the public bank;
- Help to position products and services in the national and international marked, encouraging the exchange between another members and associations of the EPS.

According to the mission a vision of the National Institute of Popular and Solidarity Economy they define the following objectives:

- a) To create capacities so that the actors of the Popular and Solidarity Economy will be consoled as economist-socials-politics characters, that can participate in the new regiment of the good leaving.
- b) Create the conditions for the development of the actors from the Popular and Solidarity Economy through their access to the productive factors and the coordination and articulation of policies, standard an actions boosted or executed by the Institutions from the state, autonomous government decentralized, social organizations, the universities and the community in general.
- c) To generate opportunities and spaces for the strengthening and dynamization of the production, distribution, circulation, financing, commercialization and consumer goods and services of the actors of the popular and solidarity economy.

Is terrible that the Institute did not projected a dimension for the educative actions for micro entrepreneurs not associated yet and for women, principally, one of the things in conflict is the difference in the salary, for example, how the women are treated in many places; topics that require main attention, micro finances train the feminine who acquire the information they need to undertake their actions in the company context. This profit will be translate to a

better position of the society, that in the objective of the Institute is an aim, there where this result is not a reality and where it is, constitute a recognition to the educative institutional labor, is an alert to the society for the dynamics that install this knowledge distributed with educative intentions.

The economy of solidarity is converted in a critical and converting orientation of the way of organization that can be present in the contemporary economy.

The economy of solidarity and inequality

If it is about the solidarity accompaniment in the process of micro credit, the training of the micro entrepreneurs won't be enough, besides Universities and polytechnic centers should guarantee the preparation of the competent advisers that think about the economy of solidarity as a critical and transforming orientation in the way that the organization is presented in the contemporary economy that pretend to create a new model of global economy where solidarity will reach to every place where a person could live without any limits or barrier. This vision is supported in the objective of generate new model for the balance of the world, to increase the justice in the economy relations and finish with the unfair and unbalanced model where the interest and profits of few people are against the enormous needs of millions of people in a shocking way.

This subject is no lacking of contradictions, the application of a model for the balance in Ecuador, their strategies and methodologies of micro credit for the financiers institutions of the country are not joined to the support of the micro entrepreneurs. The results indicates that historically the activities of micro finances had been develop principally for the Cooperatives of Saving and Credit, based on foreigners experiences had apply successful methodologies such as the Solidarity Groups. The analysis executed through the comparison of the positioning of the wallet of micro credit by the national Finances System and the Gross National Product allow to conclude that contribution of micro credit to the development of the micro entrepreneurs is minimum, as it only represent the 1.63 % of the PIB in the Informal Sector which correspond to the income of micro entrepreneur (Ortiz, 2013). Therefore is possible to say that micro finances had being very important but not enough to encourage the wrought and it development in Ecuador.

However several studies confirm the idea that the creation of the Bono in the country has a positive influence in the company development; for example the beneficiaries of the Popular and solidarity Institute of Economy located in Cantón Babahoyo, point out in the

survey that the requirements they solicited to obtain the micro credit Bonus of Human Development are accessible, then the 89 % of the beneficiaries with this project indicates that is easy and only 11% considered that is a difficult process. This indicator reveals a state of satisfaction and projection of the well-being of the social actors; this character also reveals that the 45 % of the economical activity was functioning, 30 % was initiating it, the 20 % re active it, and only the 3 % presented any activity.

Regarding to the 64 %, invested in the micro credit of the bonus of human development for the activity requested, but the 36 % did not use it for this purpose, final destiny that reaffirms the character of the private sphere of the social inversion or financial alternative, very peculiar in this kind of finances (Gutiérrez, 2003) and the advice on time that canalized an adequate investment. The percentage received by the beneficiaries received destined to fund the economic activity in an scale relative to 100, 75 and 50, the 25 percent was really assigned in a 9 %, a 17 %, a 32 %, a 38 and a 3 % that do not use anything for the economical activity. This indicators at the same time confirm that in the South micro credits are also use for the consume.

This reality described is correlated with the indicator that shows that the 79 % of the beneficiaries of the Bonus of Human Development did not received the training for the micro credit, the 13 % received the training before the micro credit were granted, 5 % was during the training, and only the 5 % was only after had received the credit. Facts that explain the linkage between training and results. Regarding to this the activity of control is an undervalued action, the 88 % of the beneficiaries said that there was not any private or public entity that had controlled the investment solicited, meanwhile the 12 % said that they do had controlled in their investment. This indicator shows the reach of the Institute.

The work execute by the beneficiaries of the Bonus of Human Development as source of income is the following: 47% are domestic employers, 35% wash clothes from other people, 9% no one, on the other hand 6% are storekeeper and 3% seamstress. This picture is the description of the prospect of the informal economy in the Cantón Babahoyo, as an activity that take place out of the usual structure for the public and private company.

The process of procedures and monitoring execute by the Popular Solidarity Institute of Economy to the beneficiaries that had received the micro credits of the Bonus of Human Development is good regarding with the technical assistance, but there exist a reduce

number of technical person in the institute, meanwhile the demand is bigger for the beneficiaries and this create some difficulty for the coverage of attention.

The management development had been promoted individually but very little, and in the associative way the organizational structure with administrative models had been strengthening; the activities and task that had being undertaking for the management development in the associations receive a focusing centered in the character of the popular and solidarity economy.

The attention to the individual beneficiaries is low because they are not attending this kind of customers, for whom the micro credit affect in a positive way the quality of their life because it makes influence in the vulnerable populations with the objective to reduce poorness. That is why is valid to say that the procedure of the Popular and Solidarity Institute of Economy in the monitoring in the micro credits granted, this will allow to obtain positive results for the company development of the beneficiaries of the bonus in relations of association. In spite of the consideration it can be declare that the organizations had been strengthening, their administrative processes with a popular and solidarity focusing, offering associative, administrative and technical training to guide a projector and economical undertaking, executing monitoring and evaluations to the products or services which had improved the quality of life and the reduction of poorness.

The challenge is to continue improving the procedure through strategic alliances with other institutions and with a bigger number of technical person in the institution, where actually they are looking through the projects that the associations execute for the micro business and also evaluate the undertakings, for that reason it will be very important an alternative proposition that allow to improve the procedure of micro credit and contribute to the company development.

CONCLUSIONS

The micro entrepreneurs regularly are vulnerable people because of the lacking of knowledge to put forward their finances in function of the sustainable development of the family company, just like the case of the South American women that is why in this sense they need training and advice.

The polytechnic centers and universities contribute to the formation of human resources to advice, implement and create a pedagogy that helps these claims in the economical science.

The studies made by several Ecuadorian universities show the productive capacity that underlies in the sphere of micro finances so much for students as for teachers.

The presence of finances in the informal economy, poverty, small entrepreneur and financial needs of the investor customers makes viable the interdisciplinary that should be assumed with systematization and deep sociology information.

In Ecuador the procedure of micro credit and the companies development by the Popular and Solidarity Institute of Economy is only executed to the associative sector, in the meantime the beneficiaries that have access in an individual way are excluded of a necessary attention creating a fallacy in its strengthening and in the company development. The monitoring, the technical assistance, activities and tasks established are not planned for the individual credits.

The case of Cantón Baboyo shows that besides the praxis in the micro entrepreneurs the necessary training of micro entrepreneurs and an adequate advice are the main factors in the adopted policy by the government in function of the most dispossessed and vulnerable.

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