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UNRISD Occasional Paper, No. 3

Provided in Cooperation with:
United Nations Research Institute for Social Development (UNRISD), Geneva

Suggested Citation: Mayoux, Linda (1995) : From vicious to virtuous circles? Gender and micro-enterprise development, UNRISD Occasional Paper, No. 3, United Nations Research Institute for Social Development (UNRISD), Geneva

This Version is available at:
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From Vicious to Virtuous Circles?: Gender and Micro-Enterprise Development

Linda Mayoux

Occasional Paper 3, May 1995

United Nations Research Institute for Social Development
United Nations Development Programme

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United Nations Research Institute
for Social Development
Palais des Nations
1211 Geneva 10
Switzerland

☎ (41.22) 798.84.00/798.58.50
Fax (41.22) 740.07.91

Note: The pagination of the electronic version of this paper may differ from the printed publication.

ISSN 1020-3354

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Preface

The Fourth World Conference on Women, to be held in Beijing in September 1995, provides an opportunity for the world community to focus attention on areas of critical concern for women worldwide — concerns that stem from social problems that embrace both men and women, and that require solutions affecting both genders. One of the main objectives of the Conference is to adopt a platform for action, concentrating on some of the key areas identified as obstacles to the advancement of women. UNRISD's work in preparation for the Fourth World Conference on Women focuses on two of the themes highlighted by the United Nations Commission on the Status of Women:

- inequality in women's access to and participation in the definition of economic structures and policies and the productive process itself; and

- insufficient institutional mechanisms to promote the advancement of women.

The Institute's Occasional Paper series for Beijing reflects work carried out under the UNRISD/UNDP project, **Technical Co-operation and Women's Lives: Integrating Gender into Development Policy**. The activities of the project include an assessment of efforts by a selected number of donor agencies and governments to integrate gender issues into their activities (Phase I); participating countries included Bangladesh, Chile, Jamaica, Mali, Morocco, Uganda and Viet Nam. The action-oriented part of the project (Phases II and III) involves pilot studies in five of these countries (Bangladesh, Jamaica, Morocco, Uganda and Viet Nam), the goal of which is to initiate a process of policy dialogue between gender researchers, policy makers and activists aimed at making economic policies and productive processes more accountable to women.

This paper provides a critical overview of micro-enterprise development for women and is intended to serve as a resource for researchers, policy makers and activists during the policy dialogue process. Since the early 1990s there has been a sudden surge of interest in "micro-enterprise" development for women and a rapid increase in funding. On the one hand, interest has come from the large multilateral and bilateral donor agencies like the World Bank and USAID. These agencies are emphasizing the role of micro-enterprise development for women as part of the "human face" safety net solution to poverty. On the other hand, micro-enterprise development for women is receiving increased attention from non-governmental organizations (NGOs) and some large development agencies including the ILO, SIDA and the International Cooperative Alliance as part of a new "market realism". Here "micro-enterprise development", with its connotations of increased efficiency, professionalism and market orientation, is seen as addressing some of the shortcomings of earlier women's income generation projects.

In this paper the author reviews some of the past and current experience of micro-enterprise programmes for women: training, credit and producer groups and co-operatives. Although there are some successes, the evidence indicates that the majority of programmes fail to make any significant impact on women's incomes. Most programmes, including co-operatives, have on the whole benefited better-off women. They cannot be assumed to have a beneficial impact on gender inequalities, but may increase workloads without increasing access to incomes within the household. They also cannot be assumed to be of greater benefit than other types of employment programmes to women labourers.

The author argues that the diversity of the small-scale sector on the one hand, and the complexity of constraints posed by poverty and inequality on the other, make the likelihood of any easy "blueprint" for successful women's micro-enterprise development extremely slim. Both the market and empowerment approaches to micro-enterprise development contain a number of inherent tensions. These are complicated rather than resolved through the co-option of participation within the market approach, and greater attention to efficiency within the empowerment approach.

What is clear from this paper is that micro-enterprise development for women is unlikely to be an "all-win", "bottom-up" solution to a wide range of development problems, as much of the rhetoric would imply. It cannot be seen as a substitute for welfare programmes or direct efforts to support labour and address gender inequality. Even in terms of narrow aims of increasing beneficiary incomes, micro-enterprise development is unlikely to succeed for the vast majority of poor women (rather than a small number of better-off women) unless it is part of a transformed wider agenda. There are particularly serious implications for any reliance on micro-enterprise programmes as the main focus of a wider strategy for poverty alleviation and change in gender inequality.

Linda Mayoux is an independent consultant, currently working with the Open University, Milton Keynes, United Kingdom. She has done extensive research on gender and micro-enterprises at the University of Cambridge and the University of Glasgow. At UNRISD, the project on **Technical Co-operation and Women's Lives: Integrating Gender into Development Policy** is being co-ordinated by Shahrashoub Razavi.

May 1995

Dharam Ghai
Director

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Abbreviations and Acronyms

ACOSA	African Confederation of Savings and Credit Associations
ADEMI	Association for the Development of Microenterprises
AMM	Annapurna Mahila Mandal
ATO	Alternative Trading Organization
BRAC	Bangladesh Rural Advancement Committee
CIDA	Canadian International Development Agency
CIGP	conventional income generation programme
CWDS	Centre for Women's Development Studies
DRI	differential rate of interest
FAO	Food and Agriculture Organization of the United Nations
GRF	Gender Roles Framework
ICA	International Cooperative Alliance
ICU	Indian Cooperative Union
IDESI	Institute for the Development of the Informal Sector
IFAD	International Fund for Agricultural Development
IFAT	International Federation of Fair Trade
IIED	International Institute for Environment and Development
ILO	International Labour Organisation
INTRAC	International NGO Training and Research Centre
IRDP	Integrated Rural Development Programme
ITDG	Intermediate Technology Development Group
IWTC	International Women's Tribune Centre
MSCI	Manila Community Services
MUDE	Mujeres en Desarrollo Dominicana
NCCK	National Christian Council of Kenya
NGO	non-governmental organization
PRODEM	Microenterprise Promotion Programme of the Fundación Ecuatoriana de Desarrollo
ROSCAS	Rotating Savings and Credit Societies
SEWA	Self-Employed Women's Association
SIDA	Swedish International Development Authority
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
UNO	Northeast Union of Assistance to Small Business
USAID	United States Agency for International Development
ZWB	Zimbabwe Women's Bureau

PART I
Poverty, Gender Inequality and Women's Entrepreneurship: Approaches and Issues[1]

Gender and micro-enterprise development: Contrasting approaches

From income generation to micro-enterprise development

Attempts to increase women's participation in economic activity are not new. In some countries, including the Gambia, India and Kenya, handicraft programmes for destitute women were a common feature of philanthropic women's organizations under colonialism (Jallow, 1988; Mayoux, 1986; Wamalwa, 1991). At independence some new national governments were concerned about issues of female poverty and/or harnessing their time and skills for economic development. As discussed in more detail in Part II, this led to the introduction of women's training courses and programmes for women's co-operative development in a number of countries in the 1950s and 1960s. Such programmes also often found support from international development agencies, particularly where they were seen as contributing to family welfare and child health.

Then in the mid-1970s to early 1980s there was a sudden surge of interest in ways of increasing women's access to income. On the one hand this coincided with a growing interest in the potential of the newly identified "informal sector" as both a contributor to economic growth and a means of targeted poverty alleviation and employment creation.[2] On the other hand the start of the United Nations Decade for Women (1976-1985) focused attention on women's ability to earn an income as a necessary element of household poverty alleviation and a pre-condition to gender equity. Despite the Decade's undoubted limitations it led to the formation of women's departments and ministries in many countries and within development agencies (see e.g. Pietila and Vickers, 1990; Tinker and Jaquette, 1986) and the initiation or intensification of extensive research programmes on women's work and position (e.g. GOI, 1974; ZWB, 1981).

The research generated highlighted both the extent of discrimination which women faced in the labour market and the household, and also the important contribution which women made to household welfare. It also highlighted the extent to which women had been excluded from, or further disadvantaged by, "mainstream" development programmes (Rogers, 1980; Nelson ed., 1979b; Nelson ed., 1981; Dey, 1982). The research in turn provided crucial evidence to support national and international women's organizations in their campaigns for change. Within major aid organizations growing women's lobbies were emphasizing the efficiency effects of "integrating women" in development programmes and the costs of not doing so (Moser, 1994). These concerns were echoed in a series of national and international seminars and workshops on income generation in the late 1970s and early 1980s.[3]

Although there continued to be widespread diversion of funding for women's economic activities towards traditional welfare projects (Buvinic, 1986), there was a mushrooming of women's "income generation" programmes and projects in many countries between the early and mid-1980s. These included both projects and programmes targeted specifically to women and attempts to increase women's participation in large "malestream" programmes. They included programmes funded by international development agencies, government sponsored programmes and NGO projects. Although there were some exceptions, a number of features commonly characterized these interventions for women:

- they aimed to increase household income mainly through providing women with supplementary, part-time work which could be combined with their domestic work;
- they built on women's traditional skills or what were perceived as "feminine skills" in handicrafts and food processing;
- they often combined both economic and social objectives. In most cases the focus was on the formation of separate women's groups and in some cases income from production was used for community or welfare activities.

Many of these income generation interventions failed economically. They were also strongly criticized by many feminist activists and researchers for their failure to lead to significant changes in women's position. Because of the emphasis on "supplementary" part-time income, the levels of income earned were insufficient to challenge power relations or the gender division of labour in the household. They did not challenge the wider gender divisions in the labour market and perpetuated women's concentration in a narrow range of low-paid "female skills". The attempt to combine both economic and social objectives meant that the activities were not clearly evaluated in commercial terms which further decreased their economic viability (see particularly Rogers, 1980; Buvinic, 1986).

In some development agencies this criticism led to a move away from income generation projects in the mid-1980s. In organizations like the World Bank and USAID this was part of a move from poverty-targeted programmes towards almost exclusive attention to macro-level growth policies. On the part of some of the more radical Northern and Southern non-governmental organizations it was part of a rejection of the traditional NGO "project" approach to development and a move towards a more fundamental critique of the wider development agenda. In the North this was part of a reaction against the increasing "fundamentalism" of neo-liberal policies. In the South many NGOs working with women were formed by left-wing activists with organizational experience who were critical of the traditional philanthropic approach of both Northern and local development organizations. In these organizations attention focused instead on attempts to increase impact on wider gender inequalities through support for lobbying, campaigning and women's trade union activities (see e.g. Sen ed., 1990)

Other development agencies, rather than abandoning income generation altogether, made attempts to increase its effectiveness. Some organizations made an effort to address some of the criticisms and follow the recommendations of feminist critics. As summarized in box 1 these included: programmes which provided full-time employment outside the home, ideally in co-operatives or collective groups; a focus on the introduction of new or "male" skills and a focus on marketing and commercial viability.[4] As part of a new attention to gender policy, some governments and international organizations were looking at ways of integrating women in their wider poverty alleviation programmes rather than separating women's income generation projects (for SIDA see e.g. Himmelstrand and Bickham, 1985; SIDA, 1985; for IFAD see IFAD, 1985). In national co-operative movements there was increasing questioning of the evident gender discrimination in what were being promoted as egalitarian and alternative forms of economic organization (for Africa see e.g. Mayoux ed., 1988; 1989 and references therein; for Nicaragua see Mayoux, 1992; 1993a).

Box 1
The feminist critique of conventional income generation programmes (CIGPs) in the 1980s

Type of work

- CIGPs provided supplementary, part-time work in or near the home which could be combined with women's domestic work.
- Feminist critique: sought provision of full-time high-income employment outside the home.

Type of skills

- CIGPs built on women's traditional skills.
- Feminist critique: sought introduction of new skills or preparation for women to enter previously "male" preserves.

Organizational framework

- CIGPs were carried out through separate women's projects.
- Feminist critique: sought a combination of separate women's production groups and collectives which also addressed gender issues and integration of women into "malestream projects".

Evaluation criteria

- CIGPs were evaluated in vague "social welfare" terms.
- Feminist critique: urged a more rigorous assessment in terms of both income earned and effects on gender inequality.

Alongside the many failures there were also some widely-hailed "successes". A growing number of programmes which had started in the 1970s, focusing on credit and attracting considerable amounts of funding from international development agencies, had by the mid-1980s become impressively large and vocal. The most publicized and often-cited of these were Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC) in Bangladesh, and Self-Employed Women's Association (SEWA), Working Women's Forum and Annapurna Mahila Mandal (AMM) in India (see box 6 below). These initiatives were

intensively researched by the organizations themselves, by donors and by academics. There was considerable interest in whether and how these organizations might be replicated elsewhere (see Sebstad and Grown eds., 1989; Berger and Buvinic, 1989; Hurley, 1990).

By the early 1990s micro-enterprise development for women was being promoted by agencies across the political spectrum. USAID and the World Bank both initiated large micro-enterprise programmes in the 1970s, withdrew support in the 1980s, then renewed funding at the end of the 1980s. Intensive pressure from women's lobbies within these agencies has recently increased interest in ways in which mainstream micro-enterprise development might target women. Many agencies towards the left of the political spectrum, including ILO, SIDA, ICA and many NGOs, have also increased support. The 1986 International Labour Conference adopted a resolution stating that women should have equal access to all its small- and medium-size enterprise programmes. In the mid- to late-1980s ILO and ICA conducted a series of workshops on women in co-operatives (see e.g. ILO, 1987). The interest of large donors has led to an increase in funding for micro-enterprise development through Southern and Northern NGOs.

There has recently been an emerging consensus about some of the critical elements of this micro-enterprise strategy for women:

- the need for a more commercial approach to micro-enterprise development, and particularly an emphasis on market feasibility studies and entrepreneurship training;
- the importance of small-scale credit;
- higher levels of client participation;
- macro-level and sectoral programmes as well as micro-level projects.

Underlying this apparent consensus about the desirability of micro-enterprise development and its main elements are two major axes of debate. First, on a general level, there are two very distinct approaches to micro-enterprise development for both women and men:

- **a market approach**, which aims to assist individual women entrepreneurs to increase their incomes; and
- **an empowerment approach**, which aims not only to increase the incomes, but also the bargaining power, of poor producers through group activities.

As summarized in box 2 and discussed in more detail below, each of the approaches has rather different "logics" related to underlying values and assumptions about the nature of development itself. There are critical differences in both the aim and the principal target groups envisaged for micro-enterprise programmes. These differences lead to very divergent interpretations of training and credit programmes, the nature of beneficiary participation and sectoral and macro-level strategies. The different approaches entail different criteria of evaluation.

Second, relating to gender *per se*, there are divisions between:

- "instrumentalists", who, although they may have moved on from the idea of conventional income generation projects, see attention to women as a means for achieving wider goals, e.g. growth or poverty alleviation, and oppose explicit attention to gender equity issues *per se*; and
- "feminists", who see gender equity itself as an inseparable part of any wider development goal.

Debate about the issues raised by the feminist critique of conventional income generation programmes continues in the 1990s. As discussed below, there are also divisions between feminists depending on their degree of allegiance to the market or to the empowerment approach.

The rest of this section attempts to summarize and contrast some of the most recent official formulations of market and empowerment approaches to micro-enterprise development for women, particularly those promoted by women's lobbies within development agencies. The next section then looks at literature on the small-scale sector and women's entrepreneurship, and at some of the implications for any strategy for women's micro-enterprise development. Part II looks at the experience of micro-enterprise programmes to date, including some of the more recent attempts to improve on the shortcomings of earlier income generation programmes. Part III then discusses some of the challenges facing micro-enterprise interventions which attempt to take gender equity seriously. It is argued that there are a number of inherent tensions and contradictions involved in both the market and empowerment approaches to gender and micro-enterprise development. These have not been resolved in the new consensus, but on the contrary pose some even more complex questions for any moves towards "the centre ground" in development agencies. Furthermore, there are likely to be very serious limitations to the success and impact of micro-enterprise development for women if this is seen as a strategy in isolation. It's success is dependent on, rather than a substitute for, changes in the wider development agenda.

The market approach

The market approach has been most clearly apparent in the programmes of large international donors like the World Bank (Buvinic, 1989) and USAID (Clark, 1991; Otero, 1987; Berger and Buvinic, 1989). In the context of their wider development agendas these agencies emphasize the role of micro-enterprise development as part of the "human face"

safety net solution to poverty, contributing to economic growth as well as increasing the resources of the poor. The small-scale sector is seen as

Box 2
The market and empowerment approaches: Contrasting perspectives

Market approach

Underlying assumptions: Emphasis on economic individualism and "trickle-down".

Basic aims: To stimulate individual female entrepreneurship as a means for achieving economic growth.

Target group: Those women most likely to be successful entrepreneurs, particularly in high-growth sectors of the economy.

Programme and project characteristics: Use of primarily economic and technical devices.

- Entrepreneurship training and credit: separately or combined these are seen as minimalist strategies aimed at individual women with "entrepreneurship potential".
- Client participation: seen primarily in terms of programme efficiency and cost-effectiveness.
- Sectoral and macro-level strategies: aim to remove legal and institutional barriers to women's entrepreneurship and create an "enabling environment" for individual female entrepreneurs.

Evaluation criteria: Numbers of women reached, and increases in income and/or enterprise efficiency; cost-effectiveness for projects.

Empowerment approach

Underlying assumptions: emphasis on grassroots "community" and solidarity, and "trickle-up" and "trickle-out".

Basic aim: To encourage group formation of poor women as a means of empowering them to pressure for change in wider inequalities and the wider development agenda

Target group: Poor women, ideally also the very poor.

Programme and project characteristics: Economic interventions as only part of a wider process of support and empowerment.

- Entrepreneurship training and credit: separately or combined these are seen as "entry points" to prepare the ground for more "integrated" and "holistic" support leading to wider processes of change.
- Beneficiary participation: seen as an essential part of the development process leading to empowerment
- Sectoral and macro-level strategies: aim to challenge wider systems of inequality and the wider development agenda.

Evaluation criteria: Impact on poverty and qualitative change in women's position; ultimately concerned with evaluation of clients themselves.

a very dynamic and hitherto neglected sector of the economy. In addition, because of the predominance of poorer entrepreneurs and labour-intensive techniques it is seen as an important way of addressing the problem of poverty. Micro-enterprise development is seen as a particularly important development intervention for women because of their existing high levels of participation in the small-scale sector. Some authors have seen micro-enterprises as having particular advantages for women: their flexibility and location in or near women's homes, ease of entry and links with local markets (e.g. Otero, 1987). Stimulating female entrepreneurship is seen as

having important "trickle down" effects on wider poverty alleviation and gender inequality through the expansion of female employment and stimulation of the local economy (Downing, 1990).

Recent formulations of the market approach (see e.g. Otero, 1987; Ernst and Young, 1988; Clark, 1991 and particularly Downing, 1990) are characterized by a number of basic features related to the wider neo-liberal policy framework of the organizations promoting this approach. First, the main aim of micro-enterprise development for women is seen as stimulating individual female entrepreneurship following their male counterparts, thus "integrating" women into the economic growth process. Entrepreneurs are assumed to be autonomous individuals (or at most partners and very small groups) who perform a range of functions as outlined in box 3. The task is seen in terms of moving poor small-scale women entrepreneurs and/or would-be entrepreneurs from "low-growth" enterprises to "high-growth" enterprises (see box 4). In low growth enterprises low incomes are seen as caused by a combination of the "economic logic" of particular industries and market situations which lead entrepreneurs to adopt disadvantageous types of enterprise behaviour, notably: diversification, reliance on informal social networks, failure to separate production and consumption accounts and production for the low income local market. These low growth enterprises are contrasted with "high-growth" enterprises based on a Western model of enterprise behaviour, in expanding sectors of the economy, particularly the export sector.

Box 3
Functions of entrepreneurship

- Ownership of main productive resources;
- Obtaining raw material supplies and other necessary inputs;
- Management and supervision of labour;
- Marketing;
- All functions involved in business planning for expansion including obtaining credit and investment.

One of the clearest and most accessible formulations of this perspective is given in Downing (1990). Based on an earlier formulation by Sebstad and Grown (1989) and selected material on women entrepreneurs, she highlights three particular characteristics of female entrepreneurs:

- the use of social networks to compensate for economic and other disabilities, and the tendency to invest in these networks rather than production;
- a greater reluctance to take risks; and
- a tendency to diversify rather than specialize in order to minimize risks.

She urges government policies to support women's participation in markets for high-priced products, particularly horticulture, garments, handicrafts and other traditionally female activities, as they orient towards an export market. She has also argued (see particularly Downing, 1991) that these distinctive strategies have significant implications for the

design and evaluation of micro-enterprise interventions. In particular they call into question evaluations of micro-enterprise programmes in terms of firm size, rather than total income of entrepreneurs. They also call into question the relevance of micro-enterprise strategies aiming solely at growth. She does not however question the inherent desirability of "growth" itself, conventionally defined, or the possibility of poor women entrepreneurs attaining it.

Box 4
Contrasting models of small-scale enterprises

Low-growth enterprises	High-growth enterprises
Entrepreneurial behaviour	
No separation of production and consumption accounts	Business accounts kept separately
Tendency to diversify to spread risks where possible	Specialisation to increase returns
Reliance on social networks and social status in relations with labour and markets	Economic rationality and profit orientation
Labour use	
Low levels of capitalization and high levels of labour intensity of production	High levels of capital-intensity
Self-employment/family labour	Wage labour
Market outlets	
Low-income local market	High income domestic market

(Source: Downing, 1990; Otero, 1987)

Second, the main policy emphasis is technical and economic. The main agents of improvement are to be market mechanisms, supplemented by a certain amount of service provision for women entrepreneurs by the state and/or NGOs. Early programmes for women's integration (see Overholt et al. eds., 1984; Berger and Buvinic eds., 1989) focused on programme and project level measures: legal and procedural changes to support institutions to remove barriers to women's participation; targeting micro-level technical and credit support to particular economic sub-sectors. In the 1980s there was a particular interest in "minimalist" credit programmes which reached large numbers of "enterprising women" in a cost-effective way (Berger and Buvinic eds., 1989). More recently there has been an increasing emphasis on macro-level and sectoral strategies to remove "barriers" to entrepreneurship in general: removal of government policies directly or indirectly favouring and subsidizing the large-scale "formal" sector; removal of the constraints on employment and profitability posed by labour legislation and protection; deregulation and privatization of markets. This approach
is most clearly illustrated by USAID Gemini proposals (see box 5) and is also evident in programmes of Women's World Banking.

As the USAID Gemini project demonstrates, the market approach considers neither inequalities in power and resources nor class differentiation. Where distinctions are made between different groups of

Box 5
An example of the market approach:
The USAID Gemini project —
A summary of policy proposals

Macro-level

- Setting up of a women's bureau within the government to give women a voice and influence.
- Increasing access to financial services — both credit and deposit — through e.g. the deregulation of interest rates, a decentralized network of banks in rural and urban areas, and collateral substitutes.
- Legal reforms to allow women to act as independent and growth-oriented entrepreneurs, sign contracts, withdraw money from bank accounts, hold confidential accounts and obtain independent loans.
- Education and skills training for women to facilitate their entry into more modern product markets.
- Removal of minimum wage laws which discourage employment of waged labour rather than family labour.
- Examination of tariffs that impose high surcharges on women-owned enterprises compared to men's enterprises.

Sub-sector level

- Policies to encourage women's employment in new sub-sectors.
- Removal of policies that subsidize large-scale, competing enterprises. This can be justified in view of the greater income multiplication effects of women's small enterprises.
- Removal of local, regional or national policies which burden marketers with unfair taxes and market fees, limit the mobility of goods, control the prices and marketing of certain commodities, restrict food vendors and subsidize large-scale milling operations. These measures are particularly important for women because of their important participation in food distribution, processing and preparation and the expansion potential of these sub-sectors.
- Policies, projects and other interventions to support women's competitive position in viable sub-sectors. This requires interventions that are sensitive to gender-disaggregated channels and constraints within marketing sub-sectors.
- Policies, projects and other interventions to promote complementary linkages between large-scale, high-potential enterprises and women's enterprises.

Micro-level

- Collection of gender-disaggregated data on the constraints and disincentives to enterprise growth at the micro-level.
- Choice of agencies for implementation of micro-enterprise development projects based on their capabilities for understanding gender-based constraints and incentives.
- Facilitation of the fulfilment of women's dual productive and reproductive roles through child-care policies, flexi-time, maternity policies, and classes in nutrition, literacy and numeracy.
- Education and training to facilitate women's entry into higher-return, higher-growth and sometimes "non-traditional" activities.
- Marketing assistance for women in higher-priced products through providing women with important market information, addressing problems related to transport, and training women in post-harvesting and handling techniques.
- Assistance for women entrepreneurs in obtaining inputs and setting up savings groups.

(Source: Downing, 1990:14-22)

women, they are generally based on criteria of martial status, with female-headed households targeted as a proxy for poverty alleviation schemes. The market approach tends to focus on the interests of women entrepreneurs fortunate enough to receive assistance, with no acknowledgement of potential conflicts of interest between entrepreneurs and labourers. In fact, labour wages are treated as a cost to the enterprise rather than a benefit to the labourer. As a consequence, women's rights and interests as labourers are ignored. This is seen most clearly in the proposal that minimum wage legislation be revoked on the grounds that it is antithetical to women's entrepreneurship. Although the market approach identifies gender inequalities as major constraints on female entrepreneurship, particularly in the context of women's low-growth strategies, they receive little explicit attention in policy recommendations (see discussion below).

Third, in programme evaluation, analysis is again economic and quantitative: numbers of women reached and average increases in income to entrepreneurs, and particularly returns to project investment and short-term financial sustainability. Recent assessment schedules under the Gemini programme, for example, typically follow a standard form based on the Harvard Gender Roles Framework (GRF). Developed by researchers at the Harvard Institute of International Development in collaboration with the WID Office of USAID, GRF is a method for formulating guidelines, checklists and impact statements for integrating gender at the project and more recently at the programme and policy levels.[5] It has also become a common tool for analysis (though not always referred to as such) in other development institutions such as CIDA, UNDP, UNIFEM and the World Bank. The GRF does include an assessment of issues such as control and access to resources. However it is essentially a "static snapshot" and is not interested in any of the complexities of intra-household and intra-community decision-making and power relations (see critique by Razavi and Miller, 1995).

Recently, in an attempt to address some of their critics and to avoid costly mistakes of many large "top-down" programmes, there has been an increasing interest by proponents of the market approach in beneficiary participation. This is not completely new. As discussed below, some earlier training and credit projects had used more participatory training methods than others. Some (e.g. Otero, 1989) had stressed the importance of group formation in poverty-focused credit programmes. In the early 1990s, however, there has been much more detailed investigation of participatory methods and attempts to introduce these more widely, particularly in the World Bank (see e.g. Narayan and Srinivasan, 1994). Nevertheless the basic rationale and justification for these measures remains (implicitly if not explicitly) their contribution to programme efficiency rather than empowerment.

The empowerment approach

The empowerment approach has been most clearly apparent in the programmes of a number of Southern NGOs (particularly SEWA, Working Women's Forum and AMM; see box 6) but also underlies the approach of some of the more radical Northern NGOs, like Oxfam and Womankind, and larger development agencies like the ILO, IFAD, SIDA and international organizations like the ICA. These agencies were major funders and/or initiators of women's income generation programmes and projects in the late 1970s and 1980s. In the 1980s these organizations were in the forefront of debates about gender policy and women's empowerment, in many cases leading to the implementation of a formal gender policy in the late 1980s to early 1990s (Moser, 1994; Mayoux, 1995b). In the early 1990s micro-enterprise development for women is being promoted as part of this gender policy and also wider poverty alleviation programmes.

The empowerment approach is rather more diverse than the market approach, with often intense debate within and between agencies among:

- those who draw mainly on "populist" traditions of local level participatory organization and "appropriate" technology development (as in Schumacher, 1973); and
- those who draw on "socialist" traditions urging a more radical and active role for development agencies in promoting change.

While the empowerment approach ideally attempts to bridge the gap between these two traditions (Sen and Grown, 1988; Rahman, 1993), there is a very uneasy relationship between them as discussed in more detail in the conclusion. However, a number of common trends and emphases distinguish those organizations categorized here as following an empowerment approach from those following a market approach. These trends and emphases relate to the underlying value positions on development itself. The discussion here is based mainly on the literature of some of the more radical NGOs, notably Oxfam and Womankind in the United Kingdom, and Working Women's Forum in India.[6]

First, the problems of poverty are seen as multi-dimensional and qualitative rather than only economic and quantitative. Many of the problems identified with "low-growth" strategies by the market-approach are also echoed in NGO publications and manuals (see e.g. Hurley, 1990). However there is a greater emphasis on structural inequality rather than individual behaviour as factors influencing incomes. The task is therefore seen not so much as one of addressing low incomes at the individual level, but the formation of groups and associations of poor women (and men) for mutual support in production and to pressure for change in wider inequalities. Many of these agencies will not assist individuals, although the precise nature of group affiliation and organization is very variable.

Second, following from this recognition of the multi-dimensionality of poverty, there is a policy emphasis on holistic strategies and development as a "process". An example of this process approach in relation to

women's economic interventions is given in an Oxfam review of its economic interventions for women:

> Women's development through income generation projects should be seen as a process whereby they can attain gradual control over resources and processes in the management, financing, production and marketing of goods and services. [There are accordingly multiple potential aims:] ...promoting changes in the sexual division of labour in the public and/or private spheres; supporting the development of skills aimed at enhancing women's productive capability; establishing women's rights to training and education; generating awareness among women and the community about gender inequalities; strengthening local, regional or national women's organizations and networking initiatives at different levels and/or between women of different sectors (peasants, fisherwomen, urban poor, etc.); promoting women's control in the management and marketing of the enterprise; providing access to new credit and financing opportunities for women; helping women control and own cash and the means of production; promoting the development of leadership skills amongst women; promoting recognition of women's contribution to the economy and the community; providing access to decision-making processes; putting women's issues and development on the agenda of people's organizations; helping women to challenge unequal relationships in the private sphere. ... Impact can be on all or several of these criteria and processes are to be seen as important as outcomes. In short women's development is a combination of changes in the personal and public life of women where we have to understand and address socio-economic and cultural constraints (Piza Lopez and March eds., 1990:13-14.)

Here "entry points" like training provision and credit may be seen as tactically important, but are mainly a means for initiating wider processes of change.

The importance of participation is stressed in all stages of projects. Participation is seen not only as essential to project and programme effectiveness (and for Northern NGOs to overcoming paternalistic cultural imperialism) but as an integral part of the "alternative" development model these agencies are trying to promote. As noted above the emphasis has traditionally been on group participatory economic activities where benefits are presumed to "trickle-out" from client communities to others and change to "trickle-up" through challenges to wider power structures. Some NGOs have been in the forefront of developing participatory methods of project design, implementation and evaluation (see e.g. **RRA Notes**, a journal devoted to debates about participatory research methods). Some have increasingly been addressing

issues of gender (e.g. IIED, 1994, Tandon et al., n.d.). Others (particularly the UK Intermediate Technology Development Group — ITDG — and its Southern partners) have also been in the forefront of participatory technology development for women. More recently there have been attempts to look at men's attitudes to women's work and position (e.g. Bilgi, 1993) and to conduct gender needs assessment within wider programmes. There are currently a number of initiatives of this type, particularly in fisheries and pastoralist programmes, involving both NGOs and international development agencies like FAO and IFAD (Oxfam - Philippines, n.d.).

Recently there has also been an increasing emphasis on the need to address macro-level inequalities. This has been fuelled partly by increasing frustration at the limitations of local level interventions. Within many NGOs there has also been an increasing radicalism as activists search for effective responses to the neo-liberal onslaught on more conventional models of "socialism". In the early 1990s there has been increasing discussion of "scaling-up" of NGO interventions to increase their impact on wider inequalities through collaboration with government, advocacy and lobbying and increasing the size and impact of local level organizations through networking and federation (Edwards and Hulme eds., 1992; Mayoux, 1995b). This has included increasing attempts by Northern NGOs like CHANGE, WIDE and Eurostep to lobby on behalf of women within macro-level decision-making processes.

In relation to micro-enterprises these moves have to some extent built on past attempts to by-pass inequalities in the marketing system which focused on setting up alternative trading organizations (ATOs). The ATO movement has grown steadily since the early 1970s and in 1989 a number of European ATOs along with some producer groups in the South formed the International Federation for Fair Trade (IFAT). There are a growing number of marketing organizations in the South which are supporting poor female producers, for example Dastkari in India as well as more formal organizations like SEWA. Initially efforts focused on handicrafts and luxury processed foods using trading outlets such as fair trade shops, mail order catalogues, generally geared to the Christmas gift market and informal markets such as fairs and church bazaars. The ATOs also give product and marketing advice to producers. The movement is now gaining momentum from the "green" and "ethical" consumer movements and is increasingly targeting mass consumption commodities like coffee and cocoa.

More recently scaling-up has included moves by large organizations like SEWA to become involved in national level planning processes and international debates (Rose, 1993). Some Northern NGOs have increasingly sought to identify and support indigenous women's movements which are challenging recent changes in the conditions of work resulting from structural adjustment policies, international trading agreements and the expansion of multinational companies. It has also included attempts by some NGOs in countries like India to train government staff in participatory assessment for micro-enterprise development

Third, most analyses and project reports are qualitative rather than quantitative. They are less concerned with "project cost effectiveness" and more with attempting to assess issues like empowerment and impact on wider aspects of poverty. Recent statements draw largely on the "Social Relations Framework" (e.g. Kabeer, 1994) which stress that gender policy is not concerned just with "women" (as in the market WID and GRF approach) but with gender relations. Although so far practice generally lags behind theory, this entails working with men and integrating gender concerns in all programmes and policies (see Eade and Williams eds., 1995). In micro-enterprise development the main stated emphasis has generally been unambiguously on targeting poor women entrepreneurs, even if these are not the most likely to achieve the greatest increases in income or to be the most cost-effective for projects.

At the same time, to some extent bringing the empowerment approach closer to the market approach, there has recently been an increasing emphasis on the need for commercial and managerial efficiency. This is partly a response to widespread problems with earlier income generation projects where economic and commercial failure were often masked by (often unsubstantiated) claims of social impact. In the late 1980s Oxfam, for example, undertook a review both of its income generation strategies in general (Hurley, 1990) and its income generation projects for women in particular (Piza Lopez and March, 1990). These found that many of their income generation projects were failing economically and generated little income. They also failed in terms of any positive impact on women's position. They concluded that many projects were based on unrealistic assessments of women's time availability and often led to increasing work burdens and pressures on women. This was a major factor in their lack of sustainability (Piza Lopez and March, 1990; Mukhopadyay and March, 1992).

The apparent convergence of the empowerment approach and the market approach also reflects the wider moves within organizations noted above towards greater accountability, particularly to donors in the increasingly competitive economic and institutional climate. Accompanying their increasing role as development agents and their increased funding, they are now subject to often conflicting pressures of accountability to donors (often espousing the market approach) and clients (Edwards and Hulme, 1994; Mayoux, 1995b). A number of recent NGO conferences and conference papers (e.g. Conroy, 1990; Harper, 1991 and Bennett, 1993) as well as NGO literature (e.g. Hurley, 1990) have asserted that NGOs should only become involved in income generation if they are prepared to take a "business approach". The ILO 1990-1995 Medium-Term Plan adopted the new "market realism" emphasizing the need to develop a climate favouring entrepreneurship and the expansion of the small enterprise sector in the context of continuing widespread unemployment and poverty. It also gave a renewed commitment to targeting women in such programmes (Buvinic, 1989). Some (e.g. Sahley, 1994 and other participants at the INTRAC workshop on Gender and Micro-Enterprise Development in Africa) have attempted a dual formulation distinguishing between "micro-enterprise development" largely following the market

approach and "income generation" which is explicitly aimed at poverty alleviation. These would be quite different in their "promotional package", target group and criteria of evaluation, the former following a market approach and the latter the empowerment framework.

Poverty, gender inequality and women's entrepreneurship: Some wider issues

Micro-enterprise development for women, as for men, is generally premised on the assumption that the small-scale sector is both viable and desirable. Despite different emphases in the two approaches, in practice the predominant strategies are essentially micro-level and "incremental". They aim to increase the numbers of enterprises and their profits, rather than directly to address issues of inequality in access to power and resources at the local, national or international levels. In the market approach attention to macro-level strategies has focused on integrating women within existing structures rather than challenging the structures themselves. More radical NGOs like SEWA and Working Women's Forum, and some partners of Northern NGOs like Oxfam, have taken a broader approach. However, as discussed by the author elsewhere (Mayoux, 1995b), pressure from donors (who often espouse the market approach and/or who are demanding demonstrable impact "on the grassroots") continues to push even these organizations towards a narrower micro-level economic focus.

Micro-enterprise development for women is also widely seen as one of the most effective ways of directly responding to women's own expressed needs. There is the implication that increasing women's income at the micro-level will also have a positive effect on poverty and other aspects of gender inequality. As discussed above, in the market approach the focus on female entrepreneurs, even if they are not the poorest, is assumed to "trickle-down" to other women through increased female employment, contribution to a more dynamic economy and the "demonstration effect" of successful female entrepreneurs. In the empowerment approach wider impact on poverty is assumed to occur through "trickle-out" and "trickle-up", as increased incomes decrease vulnerability and "empower" people to pressure for change. Particularly in the market approach, but also in more populist formulations of the empowerment approach (e.g. Burkey, 1993) there is often the assumption that responding to women's own "practical needs" in this way avoids the need for more direct forms of feminist organization for change.

Box 6
Examples of the empowerment approach:
SEWA and Working Women's Forum, India

Self-Employed Women's Association (SEWA)

SEWA is a multi-service union of self-employed women — market women, street vendors, cart pushers, etc. — founded in 1972 by the women's section of the Textile Labour Association. It has taken a multi-focused approach.

The ***SEWA Union*** acts as a pressure group to obtain civic facilities from the municipal authorities and protection against police harassment. It also engages in collective bargaining for better prices for finished products and for cheaper raw materials. Other activities include efforts to secure the representation of self-employed women in matters related to trades and occupations and to provide legal aid and grievance resolution services on an individual basis.

The ***SEWA Mahila Sahakari Bank*** was established as a co-operative bank in 1974; it is a multi-service lending institution, providing loans to low-income urban and rural women. By 1979 it had 4,000 members, 90 per cent of whom were illiterate. People pay a small annual membership fee. As shareholders they are issued a passbook where they can keep a record of their loans. They receive a one half per cent refund if they repay their loans on time. Penalties are charged if payment is late. Field-workers from SEWA visit borrowers at their homes to advise them on low cost sources of materials and help them with loan repayment schedules. They also try to arrange appropriate training opportunities that will help their shareholders to increase their incomes. The Bank has developed linkages with industry, government and training institutions from which it mobilizes technical assistance and other services to provide for its members and shareholders.

Mahila SEWA Trust was registered in 1975 under the Bombay Trust Act. It provides social security and welfare inputs (including medical coverage). It also gives training to improve productivity in trades and occupations, including training in functional literacy. Upon the completion of their training, it helps to place women in suitable employment.

SEWA gets funding from a range of organizations including the Ford Foundation, Oxfam, International Confederation of Free Trade Unions and the Indian government.

Working Women's Forum

Working Women's Forum was started in 1978 by Mrs. Jaya Arunachalam, a respected Congress Party politician who had become disillusioned with the failure of political leadership and action to help poor women. Like SEWA Working Women's Forum has been well-documented elsewhere. The core of the work of Working Women's Forum, according to a survey of market women, has been credit provision. Initially it acted as an intermediary organization between the nationalized banks and local women's loan groups. Later, after official registration in April 1981, loans were also increasingly given from the Working Women's Cooperative Society set up by the movement. By July 1982 Working Women's Forum members had obtained 7000 loans from the nationalized banks and 1800 loans directly from their own banks. In 1983 it negotiated with the Finance Ministry to get government approval for banks to loan directly to local loan groups registered as co-operative societies of self-employed women. It also undertakes union activities on behalf of its members and has initiated a number of producer co-operatives. It has taken a strong ideological stance on caste, dowry, middlemen and exploitation, and the right to control reproduction (family planning programme). It has conducted mass demonstrations on pending reform bills on rape, dowry and divorce and a number of inter-caste marriage ceremonies.

(Sources: for SEWA, Everett and Savara, 1987; Jhabvala, 1994; Rose, 1993; Westwood, 1991; for Working Women's Forum, Noponen, 1987; 1990)

However the now extensive literature on the "informal sector" (see endnote 2) and the increasing literature on female entrepreneurship casts

doubt on some of the explicit or implicit assumptions underlying micro-enterprise development for women. There are a number of critical underlying questions which go beyond the issues outlined in boxes 1 and 2 above:

- First, is the model of individual, independent small-scale enterprise being promoted universally viable?
- Second, even where small-scale production is viable, how far are poor women entrepreneurs and/or would-be entrepreneurs likely to be successful, given the many constraints they face?
- Third, even if poor women are successful in increasing incomes how far does this translate into increased control over income and their ability to challenge gender inequality in the household and wider community?
- Fourth, even where individual women are successful, how far does this translate into wider processes of poverty alleviation for women and/or wider changes in gender inequality?

Independence or vulnerability? A critical look at the small-scale sector

The small-scale sector is extremely diverse. The long and protracted debates about definitions of the "informal sector" (see Peattie, 1987) and the small-scale sector (see e.g. Suri ed., 1988 for the Indian debates) arose precisely because of this diversity. Definitions of "small-scale" industries generally include criteria both in terms of numbers of workers (in some cases differing depending on use of power and particular types of technology) and value of capital equipment or annual turnover. Definitions therefore generally preclude highly profitable, highly capital-intensive enterprises with only a few people. Nevertheless, in many industries (including Indian silk-reeling studied by the author) attempts to target the small-scale sector or exempt it from regulation have often resulted in large-scale enterprises splitting into many smaller units still controlled by the same person in order to obtain benefits or avoid regulation (see also Cawthorne, 1993). This makes any macro-level analysis based on official or other statistical methods extremely problematic in many industries.

Much of the debate about the small-scale sector (as in Suri ed., 1988) has focused on the relative "efficiency" of small-scale enterprises and their consequent contribution to economic development. This literature indicates that there are particular industrial contexts in which expansion of *bona fide* small-scale units is possible. These range from particular types of highly skilled high-profit handicraft production for export and luxury urban markets to low-skill, low-profit production for local rural markets. There are also undoubtedly contexts in which some increase in incomes to small-scale units might be achieved through internal changes in the structure of enterprises along the lines summarized in box 4 above.

Nevertheless it cannot be assumed that the model of individual small-scale entrepreneurship is universally viable or desirable. In many cases the perceived "independence" of small-scale producers is illusory and

masks the extreme vulnerability of both poor entrepreneurs and labourers in the small-scale sector. In many contexts small-scale enterprises are seriously disadvantaged by economies of scale in production, raw material supply and/or marketing. Small-scale units are often only viable through their ability to avoid quality regulations (Banerjee, 1988) and, crucially, as discussed below, through super-exploitation of labour. Moreover, the degree to which small-scale producers can be "independent" is often extremely limited. This has been discussed at length in the structuralist Marxist contribution to the small-scale industry debate, particularly the formulation in terms of "petty commodity production" (see e.g. Breman, 1976); Bromley ed., 1978; Bromley and Gerry eds., 1979; Moser, 1978). Primary constraints on individual entrepreneurship are markets for raw materials and finished goods which are determined by a complex range of factors related at least in part to local and international inequalities. This is obviously the case in industries like textiles which are the subject of international trade agreements and often also government regulation. Even producers — like bamboo-workers — selling directly to local markets are often limited in their ability to change their methods of production and marketing because of buyers' perceptions of "appropriate" returns to producers of low social status (Mayoux, 1988).

Small-scale producers are also often subject to more direct forms of economic and social control. Those who are apparently self-employed are often in very exploitative market relations with large-scale traders or large-scale enterprises. Others are in disguised "putting-out" systems where large employers are attempting to avoid labour and other legislation governing factory employment (Banerjee, 1988). Small-scale producers are often bound to these larger scale interests not only through impersonal trading arrangements, but also a range of informal systems of exchange, indebtedness and social ties. As well as being exploitative in themselves these may preclude any attempt by small-scale producers to gain more control over their conditions of production without forfeiting their low-paid security or running the risk of direct intimidation.

Second, even where small-scale production itself is viable, there are serious questions to be asked about the degree to which poor entrepreneurs and/or would-be entrepreneurs are likely to be successful, given the many constraints they face. As summarized in box 7, poverty itself creates serious problems for poor entrepreneurs, exacerbating any problems inherent within the small-scale sector. Identifying particular profitable "market niches" for small-scale production is often an extremely complex process, requiring high levels of expertise and a wide range of information. The ability of entrepreneurs to move into such niches may also require considerable production skill, marketing contacts and access to resources and labour with particular skills.

It is likely to require more than simply the types of behavioural change advocated by the market approach. In some industries and some contexts male labourers may have certain advantages over non-labourers in attempting to set up an enterprise, in particular privileged access to skills, labour and markets (Mayoux, 1993b). Here however it is arguably male

labourers' ability to use strategies classed as "low growth" in the market approach that enables them to establish an enterprise. It was at least partly due to their ability to manipulate social networks and allegiances, rely on unpaid family labour, draw on other sources of household income which facilitated their upward mobility (ibid.). Those who are observably trapped in a vicious circle of poverty, indebtedness and low levels of skill may well be operating "efficiently" in relation to the constraints they face. Their inability to escape from a concern with mere survival, or production for low income local markets is not necessarily related to levels of "motivation" or "entrepreneurial spirit" but more likely to be due to the severity of the constraints they face at all levels.

Third, there are likely to be serious limitations on strategies which treat entrepreneurship in isolation from other measures to improve the situation of labourers. This is particularly the case if the aim of micro-enterprise development is wider poverty alleviation. Much of the literature on the informal sector has highlighted the extent of differentiation and exploitation within the small-scale sector. Workers unprotected by labour legislation often work in appalling conditions for very low rates of pay. Significantly for women, many "self-employed" men are in fact dependent on family workers, mainly women and children, working very long hours in very poor conditions with little control over income. The degree to which labourers are likely to be able to translate increased demand for labour into increased incomes and wider well-being is likely to depend largely on their bargaining power and the ways in which employers are able to manipulate existing inequalities.

Even from the point of view of entrepreneurs, if the aim is a dynamic and innovative small-scale sector where upward mobility is possible then the interests of labourers cannot be ignored. Minimum wage legislation is obviously a very contentious issue, a full discussion of which is outside the scope of this paper. Within enterprises, there are obviously conflicts of interest in the short-term between entrepreneurs and labourers, and between different categories of labourer in negotiating their share of profits. There are also limits to the levels of wages which poor would-be entrepreneurs can bear. This is however often overstated. For example it was evident from the author's own research on the silk industry that most of the concerted downward pressure on wages come from rich large entrepreneurs, with many small entrepreneurs giving higher wagers to labourers and putting in more work themselves or using family labour (Mayoux, 1993b).

Box 7
Poverty and gender inequality:
Constraints for poor women entrepreneurs

Access to resources

- Class constraints: Poor people by definition have less access to productive resources and income. They also generally have fewer contacts with others who might lend funds or goods to start up an enterprise except on very exploitative terms.
- Gender constraints: Poor women have even less access to productive resources than men of the same social class because of discriminatory systems of property ownership and discrimination in employment. The degree to which they control income in the household is widely variable, as is the degree to which they can control income which they themselves earn.

Time availability

- Class constraints: Where wage incomes are low, poor people have to engage in a wide diversity of non-market survival activities. They generally have less time to spend on activities which do not yield an immediate and tangible benefit.
- Gender constraints: Women have even less time than men because of the unequal gender division of labour in unpaid productive and reproductive activities

Skills

- Class constraints: Poor people are less likely to be literate and have lower levels of formal education. They may, however, have high levels of technical skill in particular occupations
- Gender constraints: Women have even lower levels of literacy and formal education. They may have high levels of skill in "female" occupations, but have fewer opportunities to learn non-traditional skills.

Access to labour

- Class constraints: Poor men may have better contacts with labourers with particular skills from the same class and social group than outsiders. In many societies they may be less able to employ workers with high status skills.
- Gender constraints: Norms of gender hierarchy and separation may give women privileged access to the labour of women and girls, particularly within their own families. They are however often less able to employ male family labour or wage labour.

Access to markets

- Class constraints: Many of the most lucrative markets are very difficult to enter because of organizations of wealthy traders and entrepreneurs
- Gender constraints: Women are often explicitly excluded from the most lucrative markets on the basis of gender. Even where exclusion is not explicit, in many societies women are subject to constraints on their mobility outside the home and in areas of "male space".

Moreover, first, as emphasized in recent management literature (notably Peters, 1987) as well as earlier co-operative literature, there may be considerable gains in productivity and efficiency where the creativity of workers is allowed full expression. In many small-scale industries labour skill and commitment are crucial to success, both in production itself and important areas like technology adaptation and development. In fact, there are likely to be serious costs to enterprises where labour welfare is ignored, because of high levels of absenteeism, lack of commitment and

high levels of labour turnover. Second, from a wider perspective, earning and experience as labourers are often crucial factors enabling poor people to become entrepreneurs in the first place (for the silk-reeling industry see Mayoux, 1993b). Some of the possible policy options are outlined in box 12 below.

Finally, it cannot be assumed that expanding the numbers of small-scale enterprises is necessarily desirable. Where access to micro-enterprise programmes is not carefully targeted towards poor entrepreneurs, it is generally better-off entrepreneurs who get access to programmes — thereby further disadvantaging the poor. Particularly in crowded and stagnant markets, like those characterizing "female industries", the desirability of expansion is doubtful. Although for workers "exploitation is better than no exploitation", the degree to which an expansion in employment opportunities increases their bargaining power cannot be assumed. This depends very much on levels of mobility between enterprises, and between industries. In crowded or stagnant markets increasing the numbers of enterprises may merely reduce profits and hence margins for wages. As discussed in more detail below, for women an expansion in employment opportunities may lead to increased pressure to take up poorly paid waged work to free male incomes for other purposes.

What difference does gender make? Constraints, choices and strategies of female entrepreneurs

Women's participation in the small-scale sector increased dramatically in many countries in the 1980s (Standing, 1989). Although there are significant variations between countries and social groups, women's participation in the small-scale manufacturing and trading sector is often very high and almost invariably higher than in the large-scale sector. This has often been taken as an indication that further increasing women's participation in micro-enterprises is both viable and offers particular benefits to women corresponding to their own preferences. However the now extensive literature on women in the informal sector (see e.g. Banerjee, 1985; Baud and de Bruijne eds., 1992; Heyzer, 1981; Young and Moser eds., 1981) indicates that levels of women's participation cannot necessarily be taken as an indication of either the desirability or viability of further micro-enterprise development for women.

Although some women do undoubtedly succeed in becoming quite successful entrepreneurs, most poor women are likely to face serious problems. In some countries, particularly in Africa, there are well-established traditions of female entrepreneurship and large-scale trading. There are growing numbers of female entrepreneurs in the large-scale formal sector in some countries of South-East Asia (Licuanan, 1993). Even in societies where women are in strict seclusion, they frequently engage in business activities from the home and have in some cases built up substantial enterprises (Hill, 1969). Women frequently become quite substantial entrepreneurs in particular sectors where female labour predominates, and women may in fact dominate these industries (Mayoux, 1988; 1992; Watts, 1984). Some women succeed in building up

their businesses from very few resources as in the case outlined in box 8. This does therefore provide some support for those arguing for the necessity of including women in any wider strategy for micro-enterprise development.

As stressed by proponents of the market approach, women's entrepreneurship strategies are not inevitably "low-growth" (see Downing, 1990). Not all female entrepreneurs are risk-averse or invest primarily in social networks (Bolles, 1983; Le Franc, 1989). Some diversify production within particular industries and markets, rather than spreading risks through diversifying activities (Hacjenberg and Barth, 1984 cited in Downing 1990; see also box 8). For other better-off women strategies generally assumed to be low-growth are in fact conscious strategies for expansion. As discussed at length in the anthropological literature on male entrepreneurship, this calls into question the Western bias of many of the entrepreneurship models being promoted. Studies of some large-scale female entrepreneurs have found that they may continue to rely almost solely on real or fictional kin to assist them in their business. They may also diversify their activities as a conscious "growth strategy" to invest in particular high-investment, high-income but high-risk markets.

The relative success of some women, and the very diverse strategies they employ call into question any stereotypes of women as victims of universal inequalities. Nevertheless, women's existing patterns of participation within the small-scale sector do not necessarily offer an easy basis for either increasing their participation in micro-enterprises or increasing their income from micro-entrepreneurship. Women are overwhelmingly clustered in a narrow range of low investment, low-profit activities for the local market. In many of these industries, there are likely to be definite limits on the degree to which incomes to small-scale independent women producers can be increased because of intense competition from capital-intensive and/or large scale production. There are particular "market niches" as in the case of Madurai in box 8. However, as discussed in more detail in Part II, for these few successes there are many failures.

Despite their diversity, gender inequalities compound those of class to make small-scale entrepreneurship even more difficult for poor women than for poor men. The growing literature on women entrepreneurs has found that within the same industries and markets women are generally considerably disadvantaged relative to men and generally have lower incomes. This is particularly the case with female-headed households (Grown and Sebstad, 1989). Although gender inequality is extremely variable both between and within cultures, and also subject to a certain degree of negotiation by individual women, certain common features frequently reinforce disadvantages of poverty (as summarized in box 7 above). These have been well-established in the literature on women in the informal sector and elsewhere (see detailed references in Moore, 1988) and only a brief resume is given here.

Box 8
Madurai:
A successful woman entrepreneur

Madurai was landless and illiterate, living with five children in a small village between the cities of Bhubaneswar and Puri in Orissa State, India. Her husband was a teacher on a very low salary and the family was destitute. Frustrated by the low income she could earn in local coir workshops (Rs 7-8 per day), she decided to start her own. She began with Rs 100 she had saved and bought a pair of coir cutting shears and a comb for the coir fibre. She could not afford to buy a loom so she cut one of the family's few beds into two pieces and used them as the frame for a simple loom. Two of her daughters worked with her and they combed, spun and wove the coconut fibre into indoor mats. She concentrated on developing a distinctive product. It was possible to weave simple patterns into the doormats without adding much to the manufacturing time and she developed some simple designs with English words such as "Welcome" and "Use Me". They sold well and attracted a good price.

She continued in this way for eight years, trying whenever she could to make new designs. They were not always successful, but she was able to earn Rs 20 or 30 per day extra for the family. She tried to limit the amount of money she took out of the business as much as possible, since she wanted to buy new equipment, and by 1987 she had been able to buy two spinning machines for Rs 1200 each. There was enough work to employ all three of her daughters, and seven other local women as well. Her husband helped from time to time by delivering products to customers and fetching coir from the suppliers.

In 1988 she had a new idea: she used the pictures in one of her children's beginners' English books to design some toy animals made by winding coir thread bound with cotton. She designed a horse, a camel and a dragon and made some samples to show her customers; these were a great success. She then succeeded in getting a bank loan of Rs 8000 to buy a combing machine so that she could use cheaper uncombed coir. To her surprise the bank manager was very supportive and helped her fill in the necessary forms. She was also able to buy a piece of land. Her business continued to expand and she started to receive large orders from the government education department, which used the toys in a new literacy scheme. She soon had 37 women working for her making mats and toys. Although the government was slow paying and she had to borrow Rs 5000 from a neighbour at 5 per cent per month interest, by 1990 she had repaid the bank loan. She was making Rs 1,190 per month net profit and was planning to further expand and apply for a bank loan of Rs 25,000 to buy a weaving machine.

(Source: Harper, 1992:54-57)

Women's social status is generally defined by their relation to men. Women are seen, both in custom and formal legal systems, as the dependants of men and are subject to their authority as fathers, husbands, brothers and community leaders. Access to family and community productive resources is generally differentiated by gendered patterns of inheritance and usage. Women's status in many legal systems denies them independent access to land, credit and other types of financial transactions. Even where formal independent rights exist, these often assign fewer resources to women. Moreover wider aspects of gender discrimination and the other disadvantages women face make it very difficult for them to enforce what rights they do have and/or to act independently.

Women generally have very limited control over cash incomes and very limited scope for saving and investment in enterprises. Household budgeting arrangements are generally controlled and dictated by men. In some cases women are assigned the role of manager of particular types of

income and particular types of expenditure (particularly food items and purchases) with men being assigned responsibility for others and enjoying higher levels of their "own money" for luxury items. However, even where women are assigned managerial roles, their choices are generally limited by wider gender norms regarding appropriate types and levels of consumption for males and females and particularly by expectations of their own altruism. Women generally only control income with male permission, which may be withdrawn. Women's own cash earnings are often incorporated into these existing patterns of resource allocation rather than radically transforming them. Although women may control some of their own earned income, this is widely variable between cultures, within cultures between different social groups, and even between households within the same family (Dwyer and Bruce eds., 1988; for India see Sharma, 1980; Standing, 1991; Mayoux, 1982).

Furthermore, the gender division of labour assigns women to productive tasks which are generally of lower status than those of men and receive lower levels of remuneration. Many productive tasks are performed on the basis of a gender (and age) division of labour within the household. This commonly means that men are responsible for the more prestigious tasks, and those involving outside contacts and exchanges of money, while women and children are "helpers" performing much of the routine and low status work. This division of labour is further reinforced by women's lack of independent access to productive resources noted above. Women are responsible for most of the unpaid tasks in reproduction as well as production. This severely hampers their access to income and their time for any activities outside the household. It also restricts their access to skills which are not connected with their domestic role.

Finally, in many societies attempts to control women's sexuality and their movements outside the home further constrain their autonomy. Importantly for micro-enterprise development these restrictions further reinforce the gender division of labour. They restrict their access to many markets, particularly those traditionally dominated by men. They restrict women's ability to work alongside men as equals and gain important skills. They also restrict women's ability to independently employ skilled male workers. These restrictions are enforced by women's own interest in the protection of their "honour" in order to marry or retain male partners. In the ultimate instance they are enforced by sexual violence and failure to censure men who attack women who transgress normal codes of "feminine" behaviour, thus "asking for it".

Gender inequalities are all-pervasive, forming much of the unquestioned backdrop of everyday social interaction. Women's subordination to male authority is reinforced by most religious systems and reflected in everyday speech and in cultural symbolism. It is further reinforced by ideologies of motherhood and "female altruism". In the last resort social ostracism and male violence may be used. But, as discussed below, in many cases women themselves have often internalized ideas of their own inferiority and have very limited aspirations. Where women do attempt to challenge gender norms and stereotypes they are often ridiculed by other women as well as men.

Constraints posed by poverty and gender inequality thus operate on many levels, and often mutually reinforce each other to seriously limit the options open for poor women. In many cases female small-scale entrepreneurs have been displaced by large-scale production dominated by men. Some women set up in self-employment only to find that the costs in terms of reduced prestige and overload of work outweigh the income benefits and revert to working for husbands or middlemen (for bag-weaving and silk-reeling in India see Mayoux, 1993c; 1995a). Some women work but hand over all or part of their income to their husbands to avoid domestic tension. Some women set up their own small business successfully, but the enterprises are later taken over by husbands or other male family members as they become bigger and more lucrative (Koda et al., 1987). Even in industries where poor men have been successful, independent entrepreneurship for women may not be an easy option (Mayoux, 1993c). Women themselves may aspire to increased status as housewives and/or indirect beneficiaries of their male partners' enterprises, or to secure income as labourers rather than to independence as entrepreneurs in their own right (ibid.). Any micro-enterprise development for poor women is therefore likely inevitably to be constrained by wider class and gender inequalities.

Some wider questions about women's needs, interests and micro-enterprise development

As noted above, proponents of the market approach have often stressed the particular advantages of small-scale entrepreneurship for women. In the empowerment approach, research by organizations like SEWA, Working Women's Forum and AMM in India identified high levels of demand for training, credit and micro-enterprise development assistance from poor women themselves. Recent gender needs assessment exercises have also often (although not invariably) found a high level of demand for micro-enterprise support. In many cases there has been a particularly high level of demand for conventional forms of income generation support in part-time "female skills" like handicrafts and tailoring.

The interrelated and all-pervasive nature of class and gender inequality, however, also raises questions about the degree to which micro-enterprise development can be assumed to be unambiguously responding to women's needs. Women's increasing participation in micro-enterprises must be seen in the context of wider economic trends and the alternative economic options (or perceived options) open to women. Women have even more limited choices than men and in many cases their range of options further decreased over the 1980s as a result of changes in agrarian structure and macro-economic policies. Agricultural policies since national independence have in many countries eroded women's access to land and other productive resources and increased their dependence on waged work. Structural adjustment policies have led to a decrease in state-run industries and services and government support for industries like textiles, all of which employed or were beginning to employ significant numbers of women.

The reasons for women's high and increasing levels of participation in the small-scale sector are extremely diverse. Even individual women may have competing and in some senses conflicting motivations for increasing their levels of participation in market activities, or entering the market for the first time. On the one hand, women are increasingly demanding access to an independent income as a means of resisting gender subordination. On the other hand, many women are being pushed into whatever market economic activity they can take up. Decreasing opportunities for men to earn a "family wage" and the increasing disruption of family ties with economic development have made many women less able to depend on customary forms of male support. Increasing class polarization and casualization of the labour force, coupled also with rising material aspirations, mean that many households are now no longer able to meet their needs from male wages alone. In many cases male expectations that women will contribute to the family income pool have increased. Evidence also suggests that the numbers of female-headed households where women are forced to take up a wage income have risen (Standing, 1989).

The high and increasing levels of women's participation in the informal sector may therefore in many cases be a desperate attempt by women with few alternatives, rather than a conscious choice. This view is supported by much of the author's own research in India. In handicraft industries in West Bengal and the South Indian silk-reeling industry, for example, a few better-off women were very interested in the possibility of entrepreneurship schemes as an improvement on the conventional income generation programmes on offer to them. A few women had become relatively successful entrepreneurs. However, the majority of poor women were more interested in secure and better-paid employment than the insecurity of individual entrepreneurship. They were only too aware of all the constraints they faced. They were quite willing to challenge many of the gender norms in the interests of a secure higher income, but felt unable to take risks with their social position if benefits were uncertain and insecure (Mayoux, 1989; 1993c).

The multi-dimensionality of women's subordination also raises questions about the degree to which micro-enterprise development will in turn instigate processes of change to challenge the discrimination they face. As discussed at length by others elsewhere (see e.g. Wieringa, 1995) the separation between women's immediate "practical needs" and "strategic needs" is extremely artificial. In the case of micro-enterprise development, response to women's immediate expressed need for an income may not significantly affect other aspects of gender subordination, and may even intensify them. Evidence from the author's own research indicates that male family members are often very supportive of initiatives to increase women's incomes where this increases resources coming directly into the household and under their wider control, and where this does not require any change in women's unpaid domestic or productive work. They are also often supportive of women breaching the most extreme forms of seclusion to this end. They are, however, often hostile to any attempts by women to increase their control over income, unwilling to take on any increased burden of household work and

extremely suspicious of any attempts by women to increase their independence. Given the unequal patterns of intra-household income decisions, increases in women's income from micro-enterprises as from other sources may merely substitute for male expenditure on family needs, freeing more male income for their own personal luxury expenditure. There are crucial questions to be asked about how far women themselves actually control any increase in their income, and how they are able to ensure such control. There are also questions to be asked about the degree to which women's expenditure decisions are able to challenge entrenched inequalities rather than merely reinforcing them, and under what circumstances.

There are questions to be asked about the degree to which even "successful" individual female entrepreneurship, or group entrepreneurship, is likely to lead to wider processes of poverty alleviation and/or change in gender inequality. As with men there is considerable differentiation between women within the small-scale sector. Women's individual and group strategies not only vary, but may conflict with those of other women and/or women's groups. There may be intense competition between women entrepreneurs as well as common problems caused by gender. Women's individual entrepreneurship strategies (like those of men) may involve deceit and secrecy and may, particularly in the short term, depend on comparative advantage over other women. Their strategies are likely to involve alliances with certain women and not others, particularly alliances with kin whose wider support and trustworthiness may be relied on in times of hardship.

Furthermore, women's entrepreneurship strategies are likely to be as reliant on the low wages of female labour as male entrepreneur's strategies. Evidence indicates that, although sexual harassment and extreme forms of gender exploitation are absent, women entrepreneurs are as likely as men to manipulate gender inequalities and gender stereotypes. This was certainly the case in the author's own research on women entrepreneurs and potential entrepreneurs in India (Mayoux, 1993b).

PART II
From Vicious to Virtuous Circles? Women's Entrepreneurship and Micro-Enterprise Programmes

The literature on women in the small-scale sector thus indicates that there are certain contexts where there may be potential for micro-enterprise development. It also indicates that women may become successful entrepreneurs. Nevertheless, it also indicates that there are likely to be serious limitations on the prospects for poor women because of the severity of the disadvantages they face and the many levels on which these operate. It also cannot be assumed that increases in income will necessarily translate into increased control over that income or increased well-being or changes in other aspects of gender inequality. Part II looks at the experience of training, credit and group production programmes. Much of the literature on which it is based has been commissioned by funding agencies and therefore, as discussed below, has some serious shortcomings.

In what follows we are concerned more with the effects on women of programmes than with their cost-effectiveness, and as far as possible on the basis of the material available our discussion addresses the following questions:

- How many women have been assisted and are these poor women?
- To what degree have micro-enterprise programmes succeeded economically in terms of sustained increases in women's incomes?
- What evidence exists that these increases in incomes have translated into changes in the position of those women involved?
- What have been the wider effects on other workers, particularly women, in the same industries and/or communities?

The implications for approaches to gender and micro-enterprise development in the future are considered in more detail in Part III.

A question of skills and behaviour? Some issues for training programmes

Most early attempts at women's income generation focused on training programmes. In the 1970s and early 1980s most training courses for women concentrated on what were seen as "female" skills, particularly tailoring, handicrafts, food processing and catering. A number of studies found that women were vastly under-represented in many formal business training programmes and "mainstream" programmes. For example, a review of women's participation in technical training institutions in Latin America found that men predominated in the formal training system which prepared the trainees for the "formal" sector, whereas women predominated in short-term technical courses with a concentration in the service sector. Low income women were excluded even from the short-term technical training alternatives (McKean, 1989). In the author's study

of women trainees in West Bengal, women were present only in a narrow range of training courses in handicrafts. Their participation in training courses in "male skills" had not been considered by either the administration or the women themselves (Mayoux, 1988a).

From the early 1980s these training programmes were heavily criticized for merely continuing to confine women to a narrow range of skills in low-paid activities (see e.g. Rogers, 1980). Many of these programmes failed to attract poorer women except where a substantial stipend was offered, and of those women who did participate few subsequently engaged in any form of independent income generating activity. For example, in the author's research in West Bengal, although many courses were nominally for poor women, they were attended predominantly by better-off women from upper caste groups. This was because the ways in which registration procedures operated in practice, the timing of courses and the particular skills taught were seen as particularly problematic by many poor women. At the same time there was high demand from upper caste groups because these particular skills were seen as an asset on the marriage market (Mayoux, 1988a). Where women found the activities potentially profitable they often trained each other, and skills like bag-weaving had spread over a large number of villages as women had married out and taught female in-laws and friends in their marital village. However the rapid spread of such skills further saturated already swelling female labour markets disadvantaging other, often poorer women already working in these industries (ibid.).

There are thus some serious questions to be asked about the usefulness and desirability of such large-scale skills training programmes. Since the early 1980s some programmes have been attempting to address some of these problems. There have been attempts to diversify the types of skills available to women by introducing new skills for women and/or training women in activities traditionally seen as male preserves. There has also been an increasing emphasis on business skills and entrepreneurship training.

Recent experience of training programmes

Some programmes have increasingly attempted to challenge the gender division of labour between and within industries through introducing women to new technology, or technology formerly used by men in both "male" and "female" industries (IWTC, 1982; Carr, 1984). However, anecdotal and unpublished evidence from such programmes indicates that women often learn the new skills very successfully but still often continue to have problems entering "male preserves". Sometimes problems are caused by open discrimination in the private sector and/or because of women's lack of experience and contacts in the market for the new products (Wadhera, 1991; Antrobus, 1980). Particularly where new technologies are being introduced there have often been either problems with the technology itself, or marketing problems for the new types or qualities of product (Mayoux, 1988a; 1993c). The introduction of new skills has therefore often been far from easy, and has not automatically increased women's incomes. Moreover some traditionally "female"

activities are potentially lucrative with a change in product or market. Some industries employing large numbers of women, such as textiles, have been identified as offering considerable export potential (Downing, 1990). Even on a smaller scale some increase in incomes may be possible in traditional handicraft skills within local or national markets (Mayoux, 1988a; see also boxes 8 and 11). As discussed in more detail below, it is therefore not only a question of which particular skills are being taught, but the ways in which they are taught.

From the mid-1980s attention increasingly switched to marketing skills and later to entrepreneurship training more generally. This concern with business training is not totally new. Since the late 1970s some NGOs had been devising more participatory forms of business training for women. In the 1970s as well, USAID sponsored the Carvajal Programme. It aimed to build on the practical experience of the micro-entrepreneur and to use training, followed by credit and business extension, to change attitudes towards business management (McKean, 1989). In Africa, particularly East Africa, NGO courses often built on the experience of earlier participatory group training approaches for women's groups (see e.g. May et al., n.d.). There has recently been a rapid increase in both state-and NGO-sponsored women's business training programmes as well as attempts to increase women's participation in general programmes (for early references see IWTC, 1985a; 1985b). This change was consonant with the increasing attention to micro-enterprises for women within the large donor agencies like USAID and the World Bank. It was also in line with the increased attention to issues of efficiency and market realism within NGOs and other donor agencies. In addition to a wide ranging general literature on business skills for small-scale entrepreneurs (e.g. Harper, 1984), there are an increasing number of training manuals dealing specifically with women's business skills, generally including similar elements to those outlined in box 10. These training courses have worked either with individual women or with women's groups. They vary widely in the levels of pre-training screening. Some explicitly target poor but "more enterprising women" who (like Madurai in box 8) may be illiterate but still have contacts and resources on which they can call (e.g. Kraus-Harper and Harper, 1992). Others are aimed much more at groups of poor and illiterate women who are already working or involved in women's groups, attempting to make these groups more profitable (e.g. Lockhead, 1990).

The record of such courses is rather mixed. In the case of Carvajal, for example, although there were high initial drop-out rates, those entrepreneurs who remained experienced impressive rates of increase in income and good levels of loan repayment (McKean, 1989). Tototo Home Industries in Kenya also appears to have had a positive effect on the profits of participating women's groups (Walsh et al., 1991). However, other studies of general training programmes accompanying credit provision in Latin America concluded that although in some cases some enterprises benefited, the training programmes were often of questionable value and that managerial extension had little impact. For example, Tendler's study of the Northeast Union of Assistance to Small Business (UNO) found that the courses and advice offered to clients had little

impact on their businesses. Because course attendance was optional, client participation proved to be low. Furthermore, interviews with those who had attended the course found that most participants were unable to put to use what they had learned (discussed in McKean, 1989). Similar findings were reported by Kilby in a review of a series of evaluations of the training component of small enterprise programmes (discussed in McKean, 1989). This has led many donors, particularly USAID, to decrease funding for training programmes and to focus on credit provision instead, as discussed below. Even the more participatory training programmes like Tototo Home Industries have had some serious limitations. Although the profits for some groups had increased dramatically there was considerable variation between groups in their levels of business activity and performance. Significant increases were mainly confined to those who were initially better-off. These differences were attributed to the widely varying resources and opportunities available to each group. For those groups with few opportunities, the training could not create a business success. The course had also not attempted to address problems caused by intra-group relations and dynamics (Walsh et al., 1991).

The limits of training: Some issues

The literature indicates that the usefulness of any type of training is likely to depend largely on the skills and motivation of the trainers, and their ability to communicate with trainees and adapt their material to the specific needs of trainees. Many training programmes are designed "from above" and in many cases have been very badly planned. The actual content of the training appears to be dictated as much by the types of skills and knowledge of agency staff as by the needs of women themselves. This is particularly the case with many government schemes. In NGOs also, most of the staff members with responsibility for gender issues do not have a good understanding of business skills. Failure to adapt training programmes to the needs of trainees often means that much of the information given is irrelevant and/or is not understood by trainees. Some of the more recent attempts in NGO training — to incorporate participant evaluation and a "learning approach" to training — are beginning to address some of these problems.

Even with well-designed programmes, however, there are likely to be problems. Although flexible participatory training programmes do appear to have some degree of success with better-off and more educated women, there are still likely to be problems with poorer and illiterate women. The low level of formal education often makes basic literacy and maths training a prerequisite to any type of business training

Box 9
Some common elements of participatory business training

- *Understanding profits*

Reinforce existing understanding of profits as revenues minus expenses, including the separation of business from household accounts and setting levels of personal income out of profits. Specific exercises may include: helping women to identify conflicting priorities leading to irregular withdrawals of cash and goods from the enterprise and high non-business expenses; looking at different kinds of expenses and how these can be minimized; and cash control exercises.

- *Keeping records*

Examine ways of keeping records which are relevant to the needs of particular businesses and groups, in order to assess profits and ensure the integrity of group finances, and avoid suspicion and corruption. Record-keeping methods have been devised for illiterate women using symbols.

- Marketing

Look at the range of marketing skills involved in getting goods and services from the producer to the consumer, including product design, market research, promotion and pricing. May use exercises with standard business class formulae of the "Six Ps" or "Marketing Mix": products, places, people, price, promotion and business plan. These exercises build on women's existing knowledge and examine the effects of different changes on their situation.

(Sources: Walsh et al., 1991; Kraus-Harper and Harper, 1992; Lockhead, 1990)

and/or any improvement in business skills beyond what women are already doing. This means a very heavy time investment on the part of the women involved and also high costs for the development agencies themselves.

Second, the usefulness, even of participatory skills and business training, to poorer micro-entrepreneurs cannot be assumed. As discussed above, poor women micro-entrepreneurs may in fact be operating "optimally" in the context of the constraints and uncertainties which they face. Very poor entrepreneurs are often, in fact, highly skilled in balancing the various demands on them in the context of uncertainty. Because of the multiple constraints faced by many poor women entrepreneurs, especially very small producers and market vendors, they are unable to act on managerial extension based on "rationalist" models of business management. Where they have little control over prices, markets, raw materials and resources coming in, there is often little scope for planning beyond what they already do "in their heads".

Moreover, several studies of male entrepreneurs have found that the skill level of small producers is often not a primary constraint. In many cases other factors outside their control are more important. For example, Schmitz's study of the small-scale weaving and hammock industry in Brazil found that many small producers were skilled workers, and that access to raw materials was a more important constraint (1982). The author's own research on the silk-reeling industry found that in the context of widely fluctuating markets and high raw material costs entrepreneurs saw little value to accounting which would "send them mad" if they really thought about the amounts of money involved (Mayoux, 1993b). In the bamboo-work industry, male and female

members of household businesses had a good idea of how much money was coming in and going out over a short period of time. Beyond this they saw little point in making calculations because of their lack of control over final prices and the fluctuations in raw material supply.

Women entrepreneurs often do not actually have the power or control over resources within the family to separate business from household accounts. In many cases in fact, as noted above, combining such accounts gives very poor producers a margin of flexibility to respond to the seasonal fluctuations of the business, as well as to medical and educational demands of the family. The increased income which could be gained is in many cases very small and can be wiped out overnight by a family emergency. It is therefore doubtful how applicable advice to make long-term investments of time and money is likely to be. Record keeping in such a situation is often of limited value, and takes up valuable time which could be spent in production itself or in other activities. As noted above many women do not have the time or the resources to consider expanding their businesses. In many cultures they are further constrained by restrictions on their movements outside the home and interactions with men, which cause serious problems in marketing.

Finally, the emphasis on training runs the serious danger of diverting attention from external constraints and putting the blame for failure on women themselves. For poor women entrepreneurs, systems of networking and information exchange may often be more valuable interventions than skills and business training on their own. Such programmes could act as a focus for mobilization to change the wider constraints as well as assisting women to devise methods which are appropriate to their needs.

The magic ingredient? The experience of credit programmes

Constraints on women's access to both informal and formal credit were identified in the 1970s as major obstacles to women's micro-enterprise activity. Surveys of women informal sector workers conducted in the early 1970s in India by SEWA had identified credit as a major constraint. These findings were later echoed in surveys by many other women's organizations notably AMM and Working Women's Forum (see box 6). A classic example is that of the Annapurna food vendors in Bombay. These women were frequently in debt to grocers and repaid at high rates of interest. Since the women were illiterate, the record of money given on credit and the interest accumulated was kept by the grocer-moneylender. Women who had taken credit from one grocer were bound to buy only from him, preventing their shopping around and buying at the cheapest price. Sometimes the women were also sexually harassed by the grocer (AMM promotional literature; for SEWA see Rose, 1993; for Working Women's Forum see Noponen, 1987; 1990). The problem of credit was given particular emphasis at the World Conference of the International Women's Year in Mexico in 1975.

In the case of informal credit, problems are not so much access *per se*, but the terms of this access — particularly for poor women. Women commonly use a range of informal credit sources:

- moneylenders and pawnbrokers who often lend with jewellery as security;
- rotating savings and credit societies (ROSCAS);[7]
- friends, relatives, suppliers and shopkeepers (Lycette and White, 1989; Ardener and Burman eds., 1995).

At their best these informal sources of credit have a number of potential advantages: low transaction costs because of proximity of borrower and lender; immediacy of loan disbursement; willingness to extend small loans; flexible repayment schedules and minimal and flexible collateral requirements because of familiarity of borrower and lender (Lycette and White, 1989). However they also have a number of disadvantages, particularly for poor women. Moneylenders and pawnbrokers give credit to women, often using jewellery as security — but poor women are less likely to have even jewellery. Rates of interest from moneylenders and pawnbrokers on unsecured or "risky" loans are generally higher than secured loans raised on property such as land, which is generally owned by men (Mayoux, 1993a; Noponen, 1990; Lycette and White, 1989). Although there are some exceptions, ROSCAS are most often formed by better-off women, partly as a means of socializing as well as small-scale economic accumulation. Poor women are less likely to have funds for regular savings and in any case the amounts of money involved in women's traditional credit and savings groups are generally small. Poor women are less likely to have advantageous contacts with more wealthy friends and relatives. These latter relations may also be more a concealed informal form of "debt bondage" than an advantageous relationship for the women borrowers.

In the case of formal credit, research has revealed a range of considerable obstacles to access itself. In Africa, women are prominent not only in traditional savings and credit groups, but also as members of credit and thrift co-operatives and credit unions. For example in the Gambia, women form the majority of members of thrift and credit co-operatives (Jallow, 1988). However, women generally experience considerable problems with individual access to bank credit. As with poor men, there is considerable resistance from banks because of the costs incurred by large numbers of small loans to borrowers perceived as risky. These perceptions of risk are compounded by gender discrimination. Gender inequalities in formal title to resources, time, skills and mobility also mean women fail to apply under schemes for which they are eligible, or encounter considerable difficulties if they do apply. These difficulties include: requirements for collateral and/or minimum savings and/or husband's signature as guarantor; time and skills required for filling out forms; time, mobility and resources required to make multiple visits to banks, particularly for rural women in situations where banks are only located in urban centres; resources required for loan applications including application fees, service fees, lender services and bribes to officials; problems dealing with male officials because of norms of

female propriety and/or discrimination; and lack of information because this is generally channelled through male information networks (Berger and Buvinic, 1989; IWTC, 1981; Rose, 1993).

Credit provision of various types has become a major feature of women's micro-enterprise programmes and a major focus of interest among development agencies. For development agencies it has been promoted as a cost-effective measure for development programmes, reaching large numbers of women with relatively easily quantifiable results (Goetz and Sen Gupta, 1994). Problems with a number of multi-service programmes in Latin America led to a dramatic cutback in their training provision in the 1980s and a "minimalist" focus on credit. Credit provision has been seen as responding directly to the demands of women, as evidenced by research by credit organizations themselves, and the high levels of women's participation in both traditional and new types of credit organization. Credit and savings projects have been considered important means of increasing women's control over income and access to resources.

The experience

A number of regional seminars in the early and mid-1980s looked at ways in which women's access to formal sources of credit could be increased (see e.g. IWTC, 1982). A number of organizations produced manuals for women's credit provision (see IWTC, 1981 for early references and more recently Hilhorst and Oppenoorth, 1992). Credit provision was also a major focus of interest in international workshops at the end of the 1980s (Berger and Buvinic eds., 1989; Grown and Sebstad, 1989). It has been a particular focus of attention for international development agencies like USAID.

The provisions developed since the mid-1970s to provide poor women micro-entrepreneurs with access to this "missing ingredient" have been extremely diverse. As summarized in box 10 they range from very large-scale programmes funded by the major international development agencies and governments to small community-based projects. Towards the end of the 1980s interest increasingly focused on a number of NGO initiatives started in the mid-1970s to early 1980s which had been shown to both reach large numbers of poor women and have high levels of repayment. In India this type of credit provision was pioneered by SEWA from the early 1970s and by Working Women's Forum and AMM in the 1980s. In Bangladesh organizations such as the Grameen Bank and BRAC were developing similar systems from about the mid-1970s. In Latin America and the Caribbean such programmes include PRODEM in Peru and Mujeres en Desarollo Dominicana (MUDE) in the Dominican Republic; and in the Philippines MSCI. Distinctive features of these credit programmes include one or more of the following:

Box 10
Types of credit programmes and projects

Commercial bank schemes serve borrowers in the informal sector. The majority of these schemes are under the auspices of government-owned banks, with a mandate to serve small borrowers. Many countries also have laws requiring private banks to place a certain portion of their deposits in loans to micro-business or small farmers. These banks generally receive some subsidy from the government in the form of a guarantee or low-interest funds to lend. They are generally seen as social programmes. Examples: concessional credit schemes of the Banco del Pacifico, Guayaquil (Colombia); KUPEDES programme of Bank Rakyat (Indonesia); Differential Rate of Interest schemes (DRI) and the Integrated Rural Development Programme (IRDP, India); Rural Development Banks (Bangladesh).

Intermediary programmes offer micro-businesses a link to the formal banking system. They are generally run by NGOs and government agencies that provide referrals, assistance with loan applications, training, technical assistance and guarantees to lenders which reduce the implicit costs of formal borrowing and reduce the bank's costs and risks of lending to the poor. The intermediary institution also helps applicants with the paperwork, analysis of investment projects etc. They can also "retail" credit from banks to small borrowers, either charging the borrower a fee or receiving a subsidy for this service from a development agency. Examples: the original activities of SEWA (India), Women's World Banking (Columbia), and the Institute for Development of the Informal Sector (IDESI, Peru).

Parallel programmes provide credit directly to the poor via non-bank institutions. These institutions are usually NGOs set up expressly for the purpose of lending or have added a credit component alongside other development and social programmes. Examples: Working Women's Forum (India); the Small Business Scheme of the National Christian Council of Kenya (NCCK); the Association for the Development of Microenterprises Inc. (ADEMI, the Dominican Republic); the Microenterprise Promotion Programme of the Fundación Ecuatoriana de Desarrollo (PRODEM, Ecuador); Progreso (Peru) and Manila Community Services (MSCI, the Philippines).

Poverty-focused development banks generally started as intermediary or parallel programmes and then officially registered as banks. Their focus on development differs from commercial banks. They reach very large numbers of poor borrowers, offering a limited range of services centred on credit. Examples: SEWA Mahila Sahakari Bank (India) and Grameen Bank (Bangladesh).

Community revolving loans are similar to ROSCAS (see endnote 6), but government agencies and organizations have given grants or loans to initiate them. Examples: projects run by Partnership for Productivity (Kenya).

Savings and credit co-operatives and unions are formal membership organizations, governed by state legislation, of people who have a common bond (e.g. live in the same community, work in the same establishment, etc.) and agree to save money together and lend it to one another at low rates of interest or use it for a shared purpose or project. Examples: programmes of the Gambia Cooperative Union and African Confederation of Savings and Credit Associations (ACOSCA). In 1981 a conference held by ACOSCA aimed to form a network of leaders who would work to make credit unions more representative to women's needs and to make country-specific plans. They recommended a programme of information for women, research on women in credit unions, financing of labour-saving technology for women and child-care facilities and increasing women's representation in decision-making bodies.

(Sources: Berger, 1989:1019-1020; IWTC, 1981; 1982; Jallow, 1988; Mayoux ed., 1988)

- close targeting of the most needy borrowers by the intermediary institution;
- loan delivery and management brought to the community level either through an intermediary institution or the establishment of a parallel banking system;
- group formation strategies designed to ensure financial discipline and regular repayment;
- support systems to enhance the productivity of the investments made by poor borrowers.

Some of these programmes also incorporate social development components with a view to promoting change at the grassroots level.

A number of studies have attempted to assess the relative effectiveness of the different types of programme (e.g. Berger, 1989; papers in Berger and Buvinic, 1989; Hurley, 1990) but the evidence is largely inconclusive.

The most commonly available statistics are on levels of women's participation. Here the data on large-scale programmes indicate that most commercial bank schemes fail to reach large numbers of poor borrowers, let alone women, and women's participation in formal, small-scale enterprise lending programmes rarely exceeds 20 per cent (Berger, 1989). Spontaneous take-up by women appears to be quite variable. In India, for example, Everett and Savara found that for some banks the proportion of women borrowers in differential rate of interest (DRI) schemes was very high, even where there had been no activity by local women's organizations (Everett and Savara, 1987). Smaller community-based credit programmes have often included high proportions of women among the borrowers — even when women were not specifically targeted. Where female participation has been specifically encouraged by donors, there have generally been significant increases in the number and proportion of women borrowers (for USAID programmes see Clark, 1991; Otero, 1987; for BRAC see Goetz and Sen Gupta, 1994). Nevertheless, programmes have not always been able to achieve their targets (Reichmann, 1989). Even for Women's World Banking, which — as its name suggests — targets women, a study in 1986 found that only 68 per cent of beneficiaries were women, reflecting the proportions of women among informal sector producers in general (Guzman and Castro, 1989; for Progreso see Reichmann, 1989).

Crucial factors affecting levels of women's participation appear to be the types of activity for which loans are given and the amounts of loans. Where activities are ones in which women predominate and loan amounts are small, these schemes are less attractive to men and more women are likely to participate (for USAID-sponsored credit programmes see Clark, 1991; for Progreso see Reichmann, 1989; for Women's World Banking see Guzman and Castro, 1989). However, available evidence indicates that, as with men, even in targeted programmes most women beneficiaries are not the poorest in their communities. Problems of "leakage" in large-scale poverty-alleviation programmes are common for both men and women and were evident in the author's study in West Bengal (Mayoux, 1989). Even in more closely targeted programmes like Progreso,

beneficiaries are not necessarily the poorest. For example, Reichmann's study found that although the monthly family incomes of beneficiaries were below the level necessary to buy the basic basket of essential goods, many received electrical, sewage and water services and had more adequate housing than many other slum dwellers in Lima (Reichmann, 1989).

Few rigorous evaluations have been carried out to assess the real impact on income levels, as noted above, and what evidence does exist indicates very mixed results. The most often used measure by banks and large-scale programmes is repayment levels. Studies of targeted NGO programmes have demonstrated that women borrowers are reliable and have high repayment rates (for USAID-sponsored programmes see Reichmann, 1989; Berger, 1989; for BRAC and Grameen Bank see Goetz and Sen Gupta, 1994). Repayment levels for large women's credit programmes like SEWA, Working Women's Forum and AMM in India have generally been very high, although occasionally there have been some initial problems. Other studies of large-scale mixed-sex programmes have found that women's repayment rates are little different from those of men, with low repayment rates caused by similar problems of manipulation and corruption compounded by diversion of women's loans to men (Mayoux, 1989; 1993c).

Moreover, repayment levels, although important in assessing programme efficiency, are not reliable indicators of impact on women's livelihoods. In many cases political factors and loanees perceptions of motivation of bank employees may be more significant factors than entrepreneurial success. On the one hand, women may not repay but still have invested the money usefully in production and increased their incomes (Mayoux, 1989). On the other hand, women may repay but not have used the money for productive purposes (for SEWA see Jain, 1980). One study of women's use of bank credit in women's programmes in India found that although women's incomes increased after receiving a loan, their additional earnings were used to make the interest payments on the loan, rather than reinvested in the business (Everett and Savara, 1987). Evidence from Working Women's Forum suggests that the use of loans for production declines with the length of time women are involved in loan groups, even where repayment levels remain high (Noponen, 1990; for studies of Grameen Bank and BRAC see references in Goetz and Sen Gupta, 1994). Particularly for larger loan programmes and for loans in lucrative industries and/or industries where men predominate as entrepreneurs, a significant number of loans given to and repaid in women's names are in fact used by men (Mayoux, 1993c). Goetz and Sen Gupta found that male appropriation was more likely with large loans except at the highest loan level, partly because of very careful selection of beneficiaries and good levels of support. Diversion to men also appears to increase with the length of time women are involved in loan groups (Goetz and Sen Gupta, 1994).

A few studies have found quite a significant impact of credit on women's income. For example, Noponen's longitudinal study 1980-1985 of 300 women borrowers in Working Women's Forum found that, despite some

diversion of loans, the credit programme had nevertheless had an important positive impact on a large number of women members. Over one third of the sample had been able to begin market work with a loan, and the loans had enabled women to keep marginal businesses afloat in family crises without recourse to moneylenders. Access to loans was also estimated to have led to increased earnings for a quarter of all the sampled women, often through enabling them to switch jobs and trades to more lucrative ones. Some had diversified their activities, adding a second line of work or a secondary job. For other women the loan kept them out of further debilitating debt through diversion of the loan in times of major stress events such as illness, flood, death or desertion of husband and enabling them to carry out their ritual responsibilities necessary to maintaining social status.[8]

However, most studies of carefully targeted programmes find very small increases in income for quite large numbers of borrowers; in only a very small number of cases are there significant income increases (Everett and Savara, 1987; 1991). Women's businesses assisted by Progreso were found to fare almost as well as men's in terms of relative increases in income and generation of new jobs (Reichmann, 1989). For ADEMI in Peru, however, only 58 per cent of women beneficiaries reported an increase in income from participation in the programme and earnings were less than those of men (Reichmann, 1989). For Women's World Banking in Cali, Columbia, 76.1 per cent of beneficiaries said their standard of living had improved from the loan, but only 20 per cent said the change was substantial (Guzman and Castro, 1989).

Evidence of impact on gender inequality is extremely rare and where it exists is generally rather ambiguous and inconclusive. Much of the evidence of positive impact on gender inequality *per se* is anecdotal and likely to be influenced by the fact that many surveys are conducted by the credit organizations themselves coupled with the high level of demand for credit from women for consumption purposes. It is clear however that although some indicators of women's position have improved, gender inequality remains a major obstacle to further improving incomes.

The experience of USAID-sponsored programmes in Latin America showed mixed results. For example, in Progreso women reported increased confidence. However women often worked longer hours than before the loan, with 35 per cent of women micro-producers working 11 hours a day. The evidence from Bangladesh is also somewhat conflicting. Some authors have argued that even where men do appropriate the loan, women's overall status in the family goes up. For example Rahman (1986 cited in Goetz and Sen Gupta, 1994) found that Grameen Bank women borrowers who had transferred their entire loan to a male relative had a higher nutritional status, and had more money spent on their clothing and medical needs, than the wives of male borrowers. Anecdotal evidence from BRAC also suggests a link between women's loans and familial stability, with women's loans playing an important role in easing household financial crises and preserving family stability (by paying off a husband's debts, for example) (Jiggins, 1993 cited in Goetz and Sen Gupta, 1994). The research by Goetz and Sen Gupta found that where

women were not using the loan directly themselves, many men supplied the loan repayment in regular instalments. Women also benefited from extended social networks in village groups. In a minority of cases, however, men were unwilling to do this, leading to increased tensions within the household and the treatment of loans as an essential part of dowry payments (Goetz and Sen Gupta, 1994)

In the large Indian credit organizations like AMM and particularly SEWA and Working Women's Forum, the programmes as a whole have had some impact on women borrowers. However how far this is due to credit *per se* is a matter of debate, and for most women significant barriers remain. For example AMM promotional literature claims that the process of organizing has meant that women are now more interested in education and more assertive in the family. Also, every woman has started putting some money aside in a savings account. However, despite the fact that the organization is made up entirely of women, feminist issues such as the sexual division of labour, the oppression of women in the family, male domination, the nature of women's sexuality, etc., have not been taken up. Such questions do not seem to have entered the perspective of the organizers (Everett and Savara, 1991). In Working Women's Forum, many women reported an increased status in the family and community, but gender inequalities generally continue to limit both women's incomes and their ability to use the loan for productive purposes. In a significant number of cases women had been unable to use the loan to increase incomes due to insufficient time to expand their activities as a result of unpaid domestic work and/or limitations on their mobility outside the home (Noponen, 1990).

Some wider questions

There are thus reasons to question the potential of loan programmes as a means for either general poverty alleviation or achieving gender equality. This is the case even where loan programmes are carefully targeted and have high levels of repayment. First, the impact on poverty is likely to be seriously limited. Although credit may be a serious constraint, the amounts available under targeted programmes may be inadequate to bring about any real change in the ways in which enterprises operate, as well as for breaking cycles of indebtedness. (For the silk-reeling industry see Mayoux, 1993b.) On the other hand, for the very poor there is often a limited potential for absorption of credit in production. Although access to credit is undoubtedly an important component in increasing incomes, it is not always the main or even a major constraint. Other factors such as time, access to labour and, in some cases, skill level may be more important. For Working Women's Forum, Noponen found that earnings in some activities were constrained more by labour capacity (e.g. ability to roll only a certain number of incense sticks daily or carry particular amounts of produce to market) than by access to credit. In other cases the market was saturated with too many sellers, particularly in home-based trades like selling ready-made food to neighbours. The evidence indicates that credit, like entrepreneurship training, is likely to be most useful for the better-off.

For the very poor it is likely that credit will be used for consumption purposes. Some consumption uses of credit, e.g. medical expenses, purchase of staple food in bulk at low prices, etc., are undoubtedly crucial to survival and such use of credit should arguably be allowed in poverty-focused credit schemes, which cannot be judged solely in terms of increased monetary income resulting from immediate use of credit for fixed and working capital. For example, bamboo-working households studied by the author stated that credit for bulk purchase of staple foods (rice) after harvest would have given them a buffer against distress sales, thus increasing incomes later in the year and freeing up more money for the purchase of bamboo — this would be more valuable than lump sums for the purchase of bamboo in their view. This was, in fact, what many of them had done with the bank loans, but they had been obliged to disguise this in various ways from bank officials (Mayoux, 1989). Other consumption uses, however — for dowry in India, for example — are arguably exacerbating particular types of expenditure among poor communities. In Working Women's Forum, consumption uses of loans included exorbitant dowry payments for daughters' marriage and wedding expenses and male alcoholism (Noponen, 1990). The inability to invest significant amounts in production is likely to lead to a steady reduction in indebtedness and quite small increases in incomes rather than dramatic improvements in standards of living.

Significantly, the burden of loan repayment may place serious pressures on women. Although research has often shown high levels of demand for credit, in other cases women have been less willing to come forward and take on the burden of debt — the other side of credit (Abreu, 1989; Jallow, 1988). The pressures of loan repayment appear to be increased by group credit programmes — and are probably essential to high levels of repayment. In mixed-sex programmes like BRAC and Grameen Bank, and other programmes where there is a high level of diversion of loans to men, the costs of loan repayment have merely been shifted from the development agencies onto women — with potentially adverse effects on women's position (Goetz and Sen Gupta, 1994).

Even in women-only credit programmes, group loan systems may create their own problems and tensions. Noponen's study of Working Women's Forum found that the loan groups often disguised higher levels of default and shifted the burden of repayment onto group leaders — who were themselves not necessarily in a good position to bear the loan. She found several incidences of excessive repayment pressures on the loanees and particularly on group leaders, who were the *de facto* guarantors of their group members' loans. Pressures came from below from group members who repaid regularly and wanted second loans. Pressure from above from the Forum itself was particularly acute because of the need to maintain repayment rates and credibility with donors — in the face of political brokerage of loans by local politicians promising that loans need not be repaid. Several group leaders told of having already paid out hundreds of rupees of their own to clear overdue accounts, hoping eventually to collect the overdue loan money from the women. One group leader reportedly threatened suicide and several women quit or were forced out of the organization. The group loan system thus set up a situation in

which group leaders, who were not necessarily much better off financially than the group members, could in the future become moneylenders themselves either charging interest, taking bribes, gifts or insurances from the women in order to cover the risk of accepting their loan applications.

Group lending schemes can seriously disadvantage the poorest borrowers. Noponen's study found that one of the outcomes of the extreme pressure for repayment was that when a few defaults did occur in any group, all of its members were excluded from or placed last in priority for further loan taking. Since the neighbourhood loan group is the key structural feature of the organization, they were also potentially excluded from active participation in the Forum as well. In the Madras Unit covered by the survey, whole groups of once-organized women were rendered inactive. These inactive women were clearly the poorer members and had been excluded, rather than withdrawn themselves. They still had positive feelings towards the Forum and were still eager to receive loans when interviewed. The Forum thus risked becoming a loan club for the better-off members rather than a grassroots development alternative.

Finally, the benefits of micro-enterprise credit to other women, particularly labourers, are unclear. The data are patchy and limited because of high levels of aggregation which do not allow sufficiently for differences between industries. However a number of studies of credit programmes have found that enterprises run by men generated more jobs than those run by women (Guzman and Castro, 1989), and gave higher average salaries to employees (ibid.; Reichmann, 1989).

Models for empowerment? Women's production groups and co-operatives

A commonly proposed solution to the problems of individual entrepreneurship for very poor women has been the promotion of producer groups and co-operatives. In many societies there have been a range of traditional forms of co-operation between women (March and Taqqu, 1986). These have included rotating savings and credit organizations discussed above (see also endnote 6), welfare and cultural activities, and also collective production, particularly in agriculture. Post-independence governments, particularly in Africa, attempted to build on these to promote self-help and income generation groups (for Kenya see Feldman, 1984; Thomas, 1987; Wamalwa, 1991; for Zimbabwe see Lyons, 1991; for Tanzania see Koda et al., 1987; see also references in Mayoux ed., 1988). In the 1980s, many state-sponsored co-operative movements attempted to increase the numbers of women involved in their co-operative movements, and also had a range of schemes for stimulating women's production groups (for the Gambia see Jallow, 1988; for India see Mayoux, 1995a; for Indonesia see Berninghausen and Kerstan, 1992).

In addition to government programmes women's co-operative or "pre-co-operative" production groups have frequently been set up or supported by NGOs and national women's organizations. Co-operative development, including women, was a feature of many early USAID-sponsored micro-enterprise programmes in Latin America (see Berger and Buvinic eds.,

1989). Women's co-operative groups have been common focuses for the "women's component" of larger multi-purpose projects. In many cases part of the income has been used to fund community facilities such as child-care, schools, or health programmes. In other cases co-operatives have been set up for informal sector workers by more "radical" NGOs and women's organizations as part of an explicit strategy of women's empowerment. Some of the best documented have been co-operatives set up by SEWA and Working Women's Forum in India, FEDEV in Mali (see Mayoux, 1988b), and the development of "mother's clubs" into women's organizations in Latin America (Stephen, 1993).

The rationale underlying the widespread promotion of group production for women has been both economic and social. On an economic level, for women as for men, collective production has been seen as having the potential to increase incomes through pooling of skills and resources and enabling the use of more expensive and productive technology. The social aspects of collective production have been seen as particularly important for women, enhancing solidarity and women's ability to overcome other forms of gender exploitation. As noted above, producer groups and co-operatives were also seen as having particular benefits for women if they worked together in a common workshed outside the home, because this challenged norms of female seclusion and the unequal household division of labour (for Indian debates see Dixon, 1978; Sundar, 1983; Mayoux, 1995a).

All the evidence suggests that the experience of women's group production has been very mixed. There are undoubtedly some "success stories". Many small women's group enterprises have been set up and have been reasonably successful. Some have received extensive outside support (see e.g. Mehendale, 1991). Others have received relatively little and have been largely dependent on the initiative and determination of the women themselves (Mayoux, 1995a).

Nevertheless, large numbers of women's producer groups and co-operatives have failed to yield a significant income once outside funding has been withdrawn. This is the case with co-operative groups promoted by international agencies following a "market approach" (see references in McKean, 1989), government-sponsored co-operatives (for Nicaragua see Mayoux, 1992; 1993a; for India see CWDS, 1982; Mayoux, 1988; 1995a) and NGO-sponsored co-operatives (see e.g. Griffiths, 1987). (This is also evident from many internal NGO project reports.) Many others are totally dependent on outside marketing support. Even producer co-operatives set up by organizations like SEWA, Working Women's Forum and FEDEV have experienced considerable problems. SEWA has had some success with rural dairy co-operatives but problems with handicraft and small-scale industry co-operatives (see Rose, 1993; Westwood, 1991). Working Women's Forum also expressed concern to the author over problems with their small-scale industry co-operatives during a visit in 1986. In FEDEV, despite impressive organization of rural women, attempts at small-scale industry production have faced the same problems as elsewhere: lack of demand on the local market and the fickle nature of the tourist and international market. Some of the activities introduced

were not profitable without a clientele prepared to pay high prices in order to support the organization. There were also problems with equipment, quality control and lack of new designs. Reports in 1988 said that the shop in Bamako scarcely managed to get rid of its stocks (Mayoux, 1988b).

Although group production may also be highly valued by women themselves, even where income benefits are small or non-existent, the social benefits to women of co-operative production cannot be assumed. In some cases co-operative or group production has undoubtedly enhanced the skills and position of those women who are most active. These women are often able to use the need to travel to meetings and for marketing as a means of breaking previous restrictions on their movements outside the home and to develop a range contacts outside their immediate family and community. This often gives them both increased prestige and considerable personal satisfaction. Even where the co-operative itself ceases to function, women may be able to continue in self-employment, in new activities, using the marketing networks that they built up (Mayoux, 1988a; 1992; 1995a).

However, research by the author in Nicaragua (Mayoux, 1992) and India (Mayoux, 1995a) casts some doubt on assumptions about automatic positive effects on gender equality of co-operative production. Even for those women who are most active in the most successful co-operatives, the expected reallocation of domestic tasks and increased status does not automatically occur (Mayoux, 1992; 1995a). It was unclear that collective production in itself had led to any significant changes which were not already occurring through private sector employment. Co-operative production did not appear to increase women's control over income any more than other forms of working. For most women, it was unclear that working together in a co-operative production centre had significantly increased their support networks outside the home. In India, although none of the women interviewed enjoyed unqualified freedom of movement outside the home in the way in which men did, many were used to working outside for unpaid subsistence activities as well as paid work. Most had quite extensive support networks of friends and relatives. Women's co-operative worksheds, where they existed, were in fact easily incorporated as part of "women's space" without significantly changing restrictions on women's mobility outside this sphere. There was no evidence of women's work in the co-operative leading to any redistribution of work between women and men within the household. Significantly, all the evidence indicates that co-operatives and group production fail to attract the poorest women, except where there is very careful and effective targeting and substantial support (Lyons, 1991; Wamalwa, 1991; UK NGO internal project reports; Mayoux, 1989).

Inherent tensions in collective production?

The reasons for such high levels of co-operative failure are many, and the precise balance of factors varies from case to case. Co-operatives are no less vulnerable to the pressures on small-scale enterprises noted above, and face even more problems where they are committed to fair business

practices in cut-throat markets. The problems of corruption observed in other types of economic development interventions (e.g. credit and training) are as acute in co-operatives. Other critical problems for both men and women include lack of sufficient support (generally financial) and/or excessive bureaucratic red-tape (see Shramsakti, 1988).

It is unlikely that increasing resources *per se* will solve problems of vulnerability and corruption. Some small producer groups and co-operatives are relatively successful without significant amounts of support, as indicated in the author's research cited above. NGO internal reports and the author's research have found that extensive training, credit and marketing facilities have often caused serious problems where they are offered. First, an increase in resources available to co-operatives often means that overly-ambitious organizations are set up. One consequence is that they are unable to benefit from the knowledge and experience that would have been accumulated if they had started out on a small scale. Second, where significant amounts of credit are available, these are often monopolized by middlemen, leading to bribery and corruption of officials. Third, where external marketing facilities are available, particularly through government, these may create unfair competition for very small co-operatives and production groups which do not have adequate contacts, may be monopolized by middle-women and middlemen and/or may offer less attractive prices and terms of trade than the private sector. If the marketing body itself for any reason fails, then all the co-operatives dependent on it also fail unless they have been encouraged to build up alternative sources of support. These problems are not confined to women's co-operatives (see e.g. Cable et al., 1986), but are exacerbated by the nature of gender inequality.

There are arguably inherent tensions in the promotion of group production which further amplify these other problems. These have been extensively discussed in the literature on organizational theory and co-operative development in the North (see e.g. Brett, 1990; 1991; Cornforth et al., 1988; Harper, 1992) but have been left largely unaddressed in co-operative development for women in the South. Co-operative organization is, for the most part, a form of "imposed participation" — outside agencies decide on a particular model and organizational framework. For registered co-operatives these are regulated by state legislation, generally in conformity with co-operative principles laid down by the International Co-operative Alliance (ICA).[9] In the case of NGOs rules are generally less rigid, but for women the emphasis has generally been on producer co-operatives where members work together in a co-operative workshed. Many commentators, as well as those interviewed by the author in both government and NGO circles, consider other co-operative-type forms inferior, or even "not co-operatives".

However, first, not all industries offer economies of scale to collective production itself with the technology given or available, and in the markets with which women are familiar. Increasing scale through co-operative development therefore also often entails expenditure on new equipment, training in new skills and marketing provision. As discussed above, all have their own potential problems and these are no less in co-

operative development than in individual entrepreneurship. Alternatively, as was found in the author's own research in India, in many cases this means that women themselves may prefer individual production and many co-operatives revert to this.

Second, collective production has potential economic and social costs as well as benefits, largely unacknowledged by the implementing agencies. Participatory decision-making takes time away from production, leading to decreased incomes unless it also leads to increases in efficiency. Co-operative production, and the costs in terms of time outside the home and spent in decision-making, are often a major disincentive for many women, particularly poorer women. In some cases the nature of the production process may make collective production or marketing extremely difficult. For example in the case of a palm oil processing group in Oyo State, Western Nigeria, women processors who came together for the purpose of acquiring equipment insisted on harvesting their palm nuts separately and refused to insert them collectively for processing, although policy makers had originally conceived of a machine that would churn vast amounts of oil. Each woman considered her nuts better than those of her colleagues and had no intention of running the risk of impairing the quality of her palm oil. The women also insisted on marketing separately (Iweriebor and Thomas-Emeagwali, 1989).

There are also potential social costs. There are often problems devising ways of distributing benefits equitably without causing resentment on the part of those who put in most effort, skills and resources. Co-operative or group formation does not necessarily resolve clashes between workers, resentment over pay differentials or conversely lack of recognition of skill and ability. Problems are especially acute when there are pre-existing social and economic inequalities and tensions between members. Even where women are co-operating informally in production, they are often unwilling to increase such co-operation for fear of breaking established relationships and friendships. For example, Nelson's study of women beer brewers in a squatter settlement in Mathare valley, Nairobi found that individual entrepreneurs utilized their personal networks to survive by illegal petty commodity production in an uncertain market. This daily economic co-operation supported a wider solidarity between these women. Feeling isolated from and stigmatized by the wider society because of their deviant behaviour and economic independence, they expressed a need to stand together as women against common enemies — e.g. the authorities and police, or men in general. However, they have been more successful in using their personal networks to solve short-term individual problems than in working together to protect their long-term common interests (Nelson, 1978).

Third, resolving these tensions requires considerable skill by members and/or managers. The author's research suggests that some smaller groups manage to overcome these tensions where at least some of the women are better-off and educated and production is for the local or government market. Smaller size makes face-to-face decision-making easier. The involvement of some women with higher levels of education and less pressing financial requirements, provided they have the necessary

motivation and commitment, means at least some members have the necessary skills and time to develop the co-operative. Production for the local or government markets requires less wide-ranging and complex commercial decisions (Mayoux, 1995a).

Other women's co-operatives have also evolved relatively successful management systems often despite rather than because of co-operative training. In FEDEV for example the member groups carried out more or less the same activities and their formal organizational framework was almost identical in terms of numbers, type of office holder, etc. In practice, methods of work were rather more diverse and each group had been encouraged, and in many cases been able, to find its own solutions to problems. For market gardening, in some groups land was cultivated collectively, in others this was done individually. In most cases marketing was done individually. Some groups had a common fund into which all money was paid. Others had separate funds for each activity. Some did not concern themselves too much with the amount in the kitty, but asked for donations from members and others if the need arose. Others tried to accumulate the maximum in order to finance community medical supplies, for example. Some groups gave loans to both members and non-members (see also Ladipo, 1981 for a Nigerian case study; for an interesting detailed discussion of the evolution of women's organization in the coir industry in Sri Lanka see Risseuw, 1987).

But there are generally considerable problems with larger organizations consisting of mainly poor women, particularly those attempting also to introduce new skills for lucrative markets. This is the case even where the development agencies have contributed substantial amounts of resources and skill and assist in marketing — as is discussed below. The feasibility of co-operative development is uncertain where such resources, enthusiasm and altruism do not exist. Participatory decision-making structures in larger economic enterprises require learned organizational skills and time which could otherwise be spent in production. An increasingly complex division of labour augments the potential for conflict over wages and/or differentials.

Particularly where members have low levels of formal education and little time because of poverty, certain management functions must inevitably be taken on by some sort of management structure. However this also has its problems. Co-operative managers are generally paid less (because of the higher earnings of workers) and have a more complex task (because of the competing demands of worker participation and financial viability). In practice, except where managers are particularly committed to the ideals of co-operation, there is either a high turnover of managers or a lower quality of management. Because of the restricted earnings, the temptation of corruption is greater. Also, because of higher worker expectations, the potential for suspicion and misunderstanding between management and members is high. These problems were cited as reasons for failure of numerous women's co-operatives in India and Nicaragua (Mayoux, 1992; 1995).

Finally, further problems may be caused by some of the recommendations of the feminist critique outlined in box 1. Women's co-operative employment tends to involve work done outside the home in a collective workshed. As noted above, poorer women are generally less restricted in their mobility outside the home because of the necessity to work, and they have generally built up considerable support networks. However, working outside the home in collective sheds often involves further expenditure in time and/or transport and may prevent them from engaging in other forms of simultaneous production (e.g. looking after livestock in the compound) as well as activities like child-care (see e.g. Mayoux, 1995a). Regular work outside the home may therefore be possible only where the income gains are sufficient to cover these losses. If working outside the home is not to lead to overwork then it is evident that for many women ways of providing alternative services must also be sought.

Beyond dogma: The need for a more flexible approach

These problems cast some doubt on the possibility of the development of completely egalitarian co-operative groups of poor women without extensive, long-term external support. It is clear that the imposition of preconceived models of co-operation does not necessarily increase incomes or respond to the needs and priorities of the women concerned.

Box 11
Inherent tensions in co-operative production?
An Indian case study

TL1, a co-operative producing garments for export, closely conformed to the "ideal" model of co-operative production. All members had been given co-operative training. There was a formally established and agreed decision-making structure where all problems connected with the running of the society (for example raw material supplies and prices, technical and social problems in the co-operative, wage levels) were discussed at regular meetings of an elected board of directors composed of women members. To handle the daily running of the business and to take care of the quite difficult paper work in connection with exports, there were six office staff including a secretary and an accountant. Although in 1986 most of these were men, they had little decision-making power and their advice could be, and frequently was, overruled by the women workers.

At the time of the research, however, the co-operative was experiencing a number of problems which were undermining its economic viability and the incomes of the women involved. Some of these problems were undoubtedly caused by production for an alien market. The women found it very difficult to judge the quality of products which they had never themselves worn and did not find particularly attractive. The women also had the idea that there was almost no limit to the price which could be charged in the foreign market, and hence to the wages which they could be paid.

Other tensions, however, were arguably inherent in the attempt at developing participatory management for poor women in such a large-scale top-down operation. First, the women who tended to be elected to positions of power within the co-operative had power outside it. Second, there were great difficulties reaching consensus and women who did not vote for particular decisions were likely not to abide by them. Third, there were conflicts of interest between different departments, and disagreements on the skill and time required for various tasks and consequently on levels of payment. Fourth, quality control was made even more difficult because the women found it difficult to discipline each other without causing resentment. Many of these disputes reflected personal conflicts between women in their lives outside the co-operative. This made the power of the board of directors very weak and vital decisions were often postponed for months with much discussion but few results. This frequently had adverse consequences for production and incomes and caused a great deal of frustration for the management. These tensions and conflicts had provoked a lot of disagreement between the foreign volunteers — who were more committed to participation — and the Indian implementing agencies — who thought the co-operative would be more effective if workers were paid piece rates and the board of directors made all the decisions. To some extent these latter views were echoed by many of the workers, who wanted a government employee to run the co-operative and did not want the responsibility and accompanying insecurity of running the co-operative themselves. It was not at all clear that this co-operative could survive in a competitive market without considerable input on the part of foreign volunteers. It is not known how, or whether, these tensions were resolved subsequent to the research.

(Source: Mayoux, 1995a)

At the same time, as asserted by proponents of co-operatives, some form of co-operative and collective activity is crucial to enable many women to overcome the multiple constraints they face. In any one industry, or for any particular group of women, it is likely that there is a range of types of collective action which could be useful — from formal production co-operatives to very loose information networks for getting information about market fluctuations, etc. In the author's own research in India there

were potential benefits from co-operation between women small-scale producers in local marketing and networking or collective savings and credit schemes. Particularly where there were substantial numbers of female labourers, these types of co-operative activity coupled with the formation of labour organizations would probably have reached larger numbers of poor women and had more impact on incomes than attempts to set up production co-operatives. Even in the relatively successful co-operatives, savings/credit provision and improvements in marketing skills and networks would have further increased women's incomes. Marketing information exchange between women's organizations would have been useful. Because of the focus on production however none of these possibilities had been discussed in the development of the co-operatives. This was partly because of a lack of commercial expertise on the part of the administering agencies. It was also partly because of preconceptions about women's needs and abilities and the nature of gender inequality (Mayoux, 1995a). Different women may have different needs, or individual women may need access to a number of different types of co-operative activity for different purposes. As discussed above, women may also have a range of social and economic aims which may not be fully understood by development agencies.

This points to the need for a far more participatory approach to co-operative development where the various agencies involved exchange experience and information. Women need to be presented with a range of possible co-operative options so that they can themselves discuss and work out what they want. At the same time, if co-operative working is to have a significant impact on the gender inequalities constraining women's ability to earn and control income, then these need more explicit attention. This may well be best achieved through activities external to production rather than by imposing rigid models on the pattern of production itself.

PART III
What is Micro-Enterprise Development for Women? Widening the Agenda

The literature indicates that there are some contexts in which expansion of small-scale enterprises and increase in incomes may be possible — in other words, there have been some successes. Some women are extremely active in taking up what limited resources are available and pursuing conscious strategies for change. In many cases, however, this may be despite rather than because of the activities of development agencies. Women have often adapted training, credit provision and co-operative development to their own needs and priorities.

Nevertheless the majority of micro-enterprise interventions to date have failed.

- First, the majority of programmes fail to make any significant impact on women's incomes over a sustained period.

- Second, programmes have on the whole mainly benefited better-off women. Poorer women have either not been reached at all by the programmes, or where they have been successfully targeted, have had lesser levels of success.
- Third, in most cases gender inequalities continue to seriously constrain women's entrepreneurship activities. Even where women's income has increased this has not necessarily radically altered other aspects of their subordination.
- Finally, what little evidence exists indicates that although female entrepreneurs are more likely to employ women, they may pay lower wages to employees than men. This would belie arguments for female entrepreneurship development solely in terms of either "trickle down" or "trickle up/out" benefits to other women or poverty alleviation more generally. The degree to which a few successful cases will act as an alternative "role model" for other women and hence contribute to change in wider inequalities needs to be demonstrated rather than assumed.

There are therefore questions to be asked about whether and how current micro-enterprise programmes can or should be changed in order to increase their likelihood of success. There are also questions to be asked about whether micro-enterprise development for women in isolation can be expected to fulfil all the multiple aims purported in the rhetoric of development agencies.

"A problem for every solution": Some challenges for the new consensus

The diversity of the small-scale sector on the one hand, and the complexity of constraints posed by poverty and inequality on the other, make the likelihood of any easy "blueprint" for successful women's micro-enterprise development extremely slim. Although both the market and empowerment approaches have certain strengths, the literature discussed here indicates some serious tensions within both approaches. These are in many ways complicated rather than resolved through moves towards "the middle ground".

To her who hath? Some questions for the market approach

As discussed above, feminists within the market approach have been concerned primarily with justifying attention to women within the wider neo-liberal agenda. At the same time, to a limited extent, they have also explored some of the ways in which attention to women's concerns may require changes in the way this agenda is delivered. They have nevertheless stopped short of questioning the agenda itself. However, as has been convincingly argued elsewhere (see particularly Kabeer, 1994; Razavi and Miller, 1995), there are some fundamental inherent contradictions in any attempt to integrate gender concerns into the market framework. In relation to micro-enterprise development it is clear that attention to purely economic factors, particularly rigid definitions of "efficiency" and "cost-effectiveness", are unlikely to enable significant numbers of poor women to become entrepreneurs.

First, the economic emphasis fails to reflect the very diverse aims and requirements of women entrepreneurs. The analysis of entrepreneurship in terms of high growth and low growth enterprises fails to capture the multiple aims and requirements of women themselves. As discussed at length in our review of training and credit programmes, many of the assumptions underlying these programmes did not accurately reflect the situation of poor female entrepreneurs. For many women, it may not be so much overall increases in income which are important, but the security of such income and the degree to which they can control it. Although some of the potential implications of women's distinctive strategies have been considered in evaluations of micro-enterprise programmes (see e.g. Downing, 1991), recommendations have been limited to modification of the economic factors taken into account (e.g. widening the unit of analysis to include women's multiple enterprises) rather than a questioning of the economic framework itself. This still fails to cover other possible aims which women may have — reduction of work time, improvement of their control over income, integration with non-market survival activities, etc.

Second, as a result of the economic, technical and quantitative biases in policy, there is little consideration of the need for changes in power relations or gender inequality in either analysis or policy. Despite the fact that gender inequalities are in themselves identified as fundamental constraints on female entrepreneurship, they actually receive very little attention in policy recommendations. The only concrete policy measures proposed are the provision of micro-level services for women "to facilitate their dual role" (Downing, 1990; see also box 5) rather than looking at ways of changing macro-level welfare policy or inequalities of responsibility between women and men. Even the inclusion of gender-awareness and conscientization in some programmes (see Women's World Banking, 1989) is unlikely to succeed without considerable institutional back-up. Where this is not the case these programmes merely exacerbate the tendency to put the blame for failure on women themselves.

Finally, the logic of an emphasis on "efficiency" and "cost-effectiveness" for programmes requires very careful targeting towards women who already possess a certain level of skill, resources and experience to make best use of facilities offered, and who are already working in industries and geographical areas with "growth potential" (see Tendler, 1989). This begs the question of what is to be done for the vast majority of women who do not fit into this very small category. In many cases the ultimate logic of this is that female entrepreneurs may not be the best target groups for such programmes, and it is difficult therefore to justify programmes for women in these terms at all. There are, in fact, likely to be considerable costs for projects and programmes entailed in micro-enterprise development for poor women.

The limits of participation: Some questions for the empowerment approach

The empowerment approach has attempted to address some of the shortcomings of the market approach — attention to social as well as economic issues, greater recognition of the importance of structural inequality — and has an explicit commitment to poor women *per se*. In practice, however, the evidence suggests that the more conventional types of "participatory" project and programme have generally failed to make significant impact. Participatory training programmes are certainly more relevant to the needs of poor women, but their impact continues to be hampered by the context within which women have to operate. Group credit schemes reach larger numbers of poor women, but there are also costs to this approach in terms of pressures on particular women. Again, the income gains are small and do not necessarily go to the women themselves. Group production in co-operatives or other types of organization has been particularly problematic. Small participatory groups of women which include at least some women with higher levels of skill and greater access to resources, who are prepared to challenge norms of gender subordination, have been relatively successful. Group production has also provided valuable support networks for some of these women. The vast majority of such initiatives have however failed, particularly larger groups of poorer unskilled women.

The evidence also indicates that there are a number of interrelated tensions inherent in the more populist and instrumentalist forms of the empowerment approach, which have hitherto been the dominant forces in practice. These tensions have been discussed by the author elsewhere (Mayoux, 1995a; 1995b). First, the attempt to move away from purely economic definitions and criteria raises its own problems of evaluation and accountability. Poor women themselves generally want increases in income, and do not have the time or resources for activities which do not yield an immediate benefit. It is clear therefore that some measure of "success" is necessary and the promotion of multiple criteria runs the danger of masking mistakes and lack of commercial acumen by reference to unsubstantiated social impacts — the dangers so clearly highlighted in the debates about income generation.

Second, the emphasis on participation has its own costs. The women with the most time, skills and resources to contribute to participatory projects are generally those better-off women who are also less subject to norms of gender subordination and family responsibilities. Although there is considerable cross-cultural variation, the evidence indicates these are likely to be unmarried girls and older women past childbearing age. The former are, however, generally only temporary participants, often mainly concerned (or allowed) to accrue skills and experience which will be useful for marriage. Poorer women generally have very little time, resources or skills for participatory projects unless they yield a quick and tangible income. These potential costs have generally been insufficiently considered in many participatory programmes.

Third, there are a number of inherent tensions in the empowerment approach itself because of the complexity of constraints faced by poor women. On the one hand, there are limitations to any strategy for change which relies for its validation only on the demonstration of "grassroots support". As discussed in detail above, women's own aspirations and perceived needs are complex, and often contradictory. Their immediate need for an income can in many cases only be fulfilled by challenging entrenched inequalities of which they may be only partially aware and which they may be ill-equipped to challenge, even with the support of development agencies. Different women have very different needs and may want very different types of micro-enterprise assistance. The more conventional types of projects have often failed because, in their response to women's immediate needs, they have failed to address longer term underlying constraints. Because of the potential costs of participation to poor women, the definition even of these immediate needs in terms of types of work and work organization has been biased towards the better-off among the poor.

On the other hand, there have been demonstrable problems faced by some of the measures proposed by the feminist critique of conventional income generation programmes (CIGPs) noted above (see box 1). This has arguably been because of an underestimation of the many constraints faced by women, and the inability of micro-enterprise programmes like co-operatives to address these constraints in isolation. There are also obviously serious questions to be asked about how far any models imposed from outside, even feminist ones, can answer poor women's needs. Ultimately there is a need to combine more participatory strategies at the local level with sectoral strategies at the macro-level.

Linking accountability, participation and wider impact: The challenge for development agencies

The tensions within each approach are not necessarily resolved by current moves towards the centre ground within development agencies. The addition of participation to market-led programmes still raises crucial questions about who is to participate, and on whose terms. Moreover, the enthusiasm for programmes like collective credit schemes is still mainly in terms of cost-effectiveness. It is extremely unlikely that organizations like SEWA and Working Women's Forum could achieve the albeit limited impact they have without their extensive union and non-economic organizational activities. All the evidence suggests that what is crucial to these organizations is not their technical methods, but their wider political commitment.

Within the empowerment approach, moves towards "market realism" can only increase the problems associated with addressing the needs of poor women. This also raises questions about definitions of "efficiency" and "cost-effectiveness" raised above, the ultimate logic of which is to exclude poor women. Although the evidence indicates that different women have different needs, and that for some better-off women a minimalist approach might be sufficient, there are serious dangers in the "dual formulation" which some have proposed. Particularly in the context

of overall pressures towards cost-effectiveness imposed by donors, there are dangers that the programmes for the better-off would receive the bulk of attention and funding.

In any move towards the centre ground it is clear that any micro-enterprise strategy for women will somehow have to attempt to reconcile competing tensions between accountability, participation and wider impact — each of which has its own problematic.[10] The issue of accountability to the women involved in micro-enterprise programmes is obviously crucial. The degree to which economic or socio-political aims are foremost can arguably only be determined by them. But in order to make such decisions they need to be equipped with sufficient information, and to be aware of all possible options and their potential implications. The relative balance of economic and socio-political aims has rather complex implications for both implementation and accountability to donors.

Increasing women's participation must take into account potential costs. It must also take into account potential limitations to building on existing women's strategies and/or treating them as a long-term "solution". There is likely to be a very delicate balance between building on women's own knowledge and experience and introducing (rather than imposing) new ideas and perspectives for change. Differences and potential conflicts of interest between women must also be taken into account. Arguably, a commitment to grassroots participation only makes sense within a broader political commitment to equity. Although this has been recognized in general terms in relation to class and caste, many development agencies are still unwilling to accept this in relation to gender.

At the same time it is unlikely that micro-enterprises will succeed in addressing women's aims unless they also link to wider movements for change. The ways in which this can be done will depend on the context and the particular needs of the women concerned. In some cases, micro-enterprise interventions at the local level can be designed in ways to enhance women's control over income, for example through very careful consideration of the ways in which payments are made. They can also build on women's own aspirations for greater freedom of movement and autonomy. It may not be possible to address directly both "grassroots" action and macro-level strategies within the same programme or the same development agency. There are therefore crucial questions about strategies for co-operation between development agencies, building on their own particular strengths and expertise.

A wider agenda

The conclusions of this review are thus not entirely negative. The recent attention to gender and micro-enterprise development is a necessary corrective to past and on-going discrimination in "malestream" entrepreneurship development programmes. It is also a necessary corrective to previous interventions which saw women only in terms of their reproductive role. As noted in the introduction, many of the most innovative and interesting initiatives are still undocumented. The recent

moves towards increasing participation, which take into account some of the problems noted above, are in their infancy. Similarly, moves in both the market and empowerment approaches towards sectoral strategies have only just begun. Moreover, given the considerable problems inevitably faced by any micro-enterprise strategy, it would be rather unrealistic to expect any dramatic results in the short-term.

What is disturbing about much of the recent enthusiasm for micro-enterprise development for women is its promotion in the wider context of neo-liberal market reform, particularly "rolling back the state", the removal of welfare provision and the dismantling of all forms of labour protection. It is also widely seen as a viable and less socially and politically disruptive alternative to more focused feminist organizational strategies. All the evidence indicates that there are likely to be serious limitations on any micro-enterprise strategy for poor women in isolation.

First, the success of micro-enterprise programmes for poor women entrepreneurs is seriously constrained by a lack of welfare provision. Lack of child-care and basic domestic infrastructure (e.g. domestic technology, decent housing) increases the time women spend on unpaid domestic work and limits the time they are available for paid work. Lack of education limits the success of training programmes. Lack of health care and infrastructure (e.g. free safe water) significantly increases the costs of survival and reduces the time available for work, given women's key role as carers and providers for their families.

Second, for many poor women, improving labour legislation and labour rights is likely to be more important than micro-enterprise provision. As discussed in detail above, given the many constraints they face, and their consequent vulnerability in the micro-enterprise sector, many poor women would actually prefer stable employment rather than insecure entrepreneurship. For women entrepreneurs themselves (as for men) their incomes and experience as labourers are crucial to their resources for entrepreneurship. Even successful female entrepreneurship *per se* does not necessarily have a significant impact on the employment and wages of other women.

Finally, as is evident throughout this report, lack of resources and lack of power are crucial constraints on women's entrepreneurship and the effectiveness of micro-enterprise programmes to date. We know very little about whether, when and how women are able to use increases in income to negotiate desired changes in their lives. We know even less about the ways in which individual change may translate into wider changes through "demonstration effects". In some cases both processes do occur, but this is not automatic and can by no means be assumed. Without measures to address gender inequality, micro-enterprise programmes may merely increase women's workload and responsibilities without increasing their control over income.

There are some ways in which these concerns could be integrated into micro-enterprise programmes themselves. The types of support needed are likely to be highly context-specific and dependent on the particular

needs and priorities of the women concerned. In some cases conflicts of interest between employers and labourers, or women and men within households, may be inevitable. It is nevertheless unlikely that labourers will wish unnecessarily to jeopardize the viability of their employment, or women the stability of their family relations. It is likely that there will be a range of ways in which micro-enterprise interventions can build on and strengthen changes which are already occurring. Some of the many possible measures indicated by the author's own research in India are outlined in box 12.

There are, however, serious limitations on the extent to which women's micro-enterprises and/or women's micro-enterprise programmes alone can be expected to bear the costs of welfare provision and poverty alleviation. As discussed above, many of the problems faced by group micro-enterprise programmes in the past have been due to their attempts to cover simultaneously the costs of welfare services. Although this is not invariably the case, there may be limitations on the degree to which women's enterprises can bear the costs of improving labour conditions or respond to women's needs without undermining their competitiveness and sustainability.

It is unlikely that micro-enterprise development will prove to be the rosy "all-win" solution assumed in much of the promotional literature. Even in terms of narrow aims of increasing beneficiary incomes, micro-enterprise development is unlikely to succeed for the vast majority of poor women (rather than a small number of better-off women) unless it is part of a transformed wider agenda. There are particularly serious implications for any reliance on micro-enterprise programmes as the main focus of any wider strategy for poverty alleviation and change in gender inequality.

Box 12
Widening the agenda: Some possible ways forward

Including the interests of labour

This entails treating the interests of labour as an integral and legitimate part of micro-enterprise development by, for example:

- updating "management orthodoxies" taught in training courses for both entrepreneurs and development agencies to include the importance to enterprise success of labour skill, welfare and creativity;
- including workers in savings and credit provision to meet their subsistence needs;
- paying attention to labour conditions and labour interests in the design of technology;
- ensuring that any participatory process includes specific participatory appraisal (ongoing rather than rapid) of the priorities of labourers and their own strategies;
- networking and linking with the wider labour movement.

Specific attention to gender relations

This entails considering the potential for change in gender inequalities as a necessary and integral part of micro-enterprise development. It relates particularly to women's access to incomes and other resources, skills, markets and labour, and entails discussion of the underlying inequalities in power and cultural subordination. It also includes:

- discussion of gender in training courses at all levels — among women themselves, and within "malestream" programmes and development agency training;
- participatory appraisal (ongoing rather than rapid) of women's own priorities and their strategies for change;
- integration of gender concerns in all sectoral strategies;
- building networks between women entrepreneurs/labourers and wider women's movements.

Endnotes

[1] The author would like to thank Shahrashoub Razavi and Carol Miller, UNRISD, and Naila Kabeer, Institute of Development Studies, University of Sussex, for their comments on drafts of this paper. The author's address for correspondence is 61, Cheney Way, Cambridge CB4 1UE, United Kingdom; telephone (0223) 501030.

[2] The term "informal sector" was first used by Keith Hart (1973). This coincided with a new interest in the small-scale sector by the ILO (ILO, 1970; 1972).Interest from other international donors like the World Bank and USAID soon followed (Buvinic, 1989; Clark, 1991).The importance and size of the informal sector was also widely publicized by organizations of informal sector workers like SEWA in India (Bhatt, 1989; Rose, 1993).For a discussion of the history and details of the concept and a critical overview of debates see Peattie (1987).

[3] See, for example: FAO, 1977; ICU, 1980; Nelson, 1979a; UNECA et al., 1980; UNESCAP/FAO, 1980-81.

[4] For a general discussion see Karl (1983). For discussions in South Asia see Dixon (1978) and Sundar (1983). For arguments in favour of the promotion of non-traditional industries see Carr (1984). These views were commonly expressed to the author in the 1980s by feminist activists in the United Kingdom, India, Nicaragua and by African delegates to two conferences on women and co-operatives.

[5] Elaborations of this approach are given in Overholt et al. eds. (1984) and Feldstein et al. (1989). The approach has been specifically applied to micro-enterprises in Dulansey and Austin (1984) and the schedules for USAID's Gemini programme in Downing (1990) and Otero (1987).

[6] Oxfam has undertaken a series of reviews of income-generation programmes (e.g. Piza-Lopez and March, 1990) and recently published manuals and guidelines on gender (Williams, 1994) and small-scale industry and production programmes (Eade and Williams eds., 1995). This section also draws on promotional literature, mission statements and annual reports of other UK NGOs including Action Aid, Christian Aid and ITDG. This is also the approach broadly followed by a number of prominent Indian NGOs (see box 6), as well as in a recent report to the Indian Planning Department in which NGOs were influential (Shramsakti, 1988).

[7] ROSCAS are essentially groups of people who decide to pool their money, make regular contributions, and then give money to members on a rotating basis. Internal organization is extremely diverse, as are the aims of members. In general, however, each woman has another member "guarantee" her loan, so that if the first woman is not able to pay, her guarantor assumes the debt. There is typically an agreed procedure for deciding the order for taking the pool of money. But in some ROSCAS members may request special consideration for emergencies and go before their turn. Examples include indigenous institutions like *esusu/tontine* (West Africa), *chitti/kamethi* (India), *arisan* (Indonesia), *susu* (Caribbean) and *juntas* or *panderas* (Latin America).

[8] Claims that credit programmes have a positive impact on women's income and status are frequent but often unsubstantiated (see, for example, unsourced statements in Buechler, 1994).

[9] The six internationally agreed co-operative principles applied by the ICA are: open membership, i.e., membership is open as far as possible to all workers; democratic control on the basis of one person, one vote; limited return on capital invested in the enterprise; equitable distribution of surplus; commitment to social and educational aims and co-operation between co-operatives. These principles are derived from those of co-operative organizations which grew up in late eighteenth- and early nineteenth-century Europe and were then promoted in European colonies during colonial rule.

[10] The tensions between accountability, participation and wider impact as these affect NGOs are discussed in detail in Mayoux, 1995c.

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