

Issues, Challenges and Prospects of Women-owned Small and Medium Scale Enterprises in Maldives

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Abstract- The paper aims to find out: i) what problems/ challenges are facing micro - scale women entrepreneurs in the Maldives; ii) in what industries are these small-scale women entrepreneurs engaged in; iii) what measures have been put in place by the Maldivian government and other institutions to assist such micro-scale women entrepreneurs; and iv) what can be recommended in future for micro-scale women entrepreneurs in the Maldives. The study employs 24 case studies , Key Informant Interviews and Focus group Discussions. The main challenge that women and youth MSMEs face is adequate and timely financing on competitive terms particularly longer terms and limited human resource availability for scaling up their businesses. The policy and regulatory issues, institutional weaknesses in the absence of credit appraisal and risk management / monitoring tools affect the aspiring and existing entrepreneur to enter the MSME arena. Most MSMEs have limited access to larger markets in terms of market linkages, transport, telecommunications information exchange which seriously undermine the demand for their products.

Index Terms- Women entrepreneurs, Micro and small scale enterprise, active learning model, Maldives

I. INTRODUCTION

Maldives has a Gender Development Index (GDI) of 0.767 and Gender Empowerment measure (GEM) of 0.430 and is ranked highest in all of South Asia (ranked 77 for GDI and 90 for GEM1 (HDR 2009) indicating overall improvement in certain indicators for women. According to the government of Maldives, men and women have relatively equal access to education, health services , employment and empowering women by 2010 (Maldives Strategic Policy Framework 2009-2013). The labour force participation rate of women decreased from 60% in 1978 to 37% in 2005. Women's share of wage employment in the non-agriculture sector is at a low 30%. While women's labor force participation rate has gone up in the past few years, it is still considerably lower than that of men (59% compared with 79%). Women's unemployment rate of 39% is twice the men's unemployment rate of 19%. However, progress has been relatively slower toward achieving three MDGs: promoting gender equality and women's empowerment, ensuring environmental sustainability and partnership for development.

This current study purely seeks to find out: i) what problems/ challenges are facing micro - scale women entrepreneurs in the Maldives; ii) in what industries are these small-scale women entrepreneurs engaged in; iii) what measures have been put in place by the Maldivian government and other institutions to assist such micro-scale women entrepreneurs; and iv) what can be recommended in future for micro-scale women

entrepreneurs in the Maldives through Case Studies, Key Informant Interviews (KIIs) and Focus group Discussions (FGDs).

To meet these objectives, the study exclusively employs 24 case studies of three islands (ATOLS): ADDU, LAMMU and Thinnadhoo, which cover 5 Business Development Centers (1) Thindhoo (4 cases), (2) Kudahuvadhoo (6 cases), (3) Addu (5 cases), (4) Kulhuhufushi (3 case), and Laamu (6 cases).

Micro, Small, and Medium-sized Enterprise (MSME)

The micro, small, and medium-sized enterprise (MSME) sector in the Maldives includes many smaller and micro enterprises, but as most of them are informal. There is limited information about their characteristics and their contribution to the economy. The development of the sector has been identified by the government as a key strategy to generate employment, reduce poverty, and contribute to economic growth. A range of obstacles to sector development has also been identified: they include skills deficiencies, start-up costs, limited access to finance, high collateral requirements, imperfect market information, inadequate business development services, lack of access to banking facilities (especially in the atolls), and high costs of interisland transport and other infrastructure and services.

Many microenterprises, especially those run by women in the smaller islands, would be more aptly categorized as livelihood or income-generating activities rather than as growth-oriented enterprises due to their subsistence nature and lack of commercial orientation.

Women and Micro Enterprises

Maldives women are primarily engaged in home-based income generating activities. Nearly half the employed females in the atolls and 40% of employed females in Male' fall into the category of home-based own-account workers or contributing family workers. Despite their significance, past statistics indicate that the most of the WOMEs fail within the first few months of operation. WOMEs are also known for their low start up and working capital. Under normal circumstances women's enterprises have low growth rate and limited potential partially due to the type of business activities they run.

The SME Mapping Survey (SMEs) Ministry of Economic Development (MED) and UNDP, March 2010 (MED 2010), found that SMEs in commercially progressive islands were mostly in the hands of men while a few women are active in the "leftover" economic activities such as food vending and running small restaurants and retail shops. The majority of women micro-entrepreneurs—remain "stuck" in home-based, small-scale production, especially in the agriculture and fisheries sectors. These women are engaged in the production of fruits and vegetables in their home gardens and sell these and leftover

fishery produce in local markets, with limited food processing capacity and low commercial returns. In the small category or highly vulnerable islands, women entrepreneurs played a leading role in stagnant small sector businesses for family survival while men migrated to other progressive islands.

The scale of operation of these entrepreneurs is small and caters mostly to the demand of the small population in the islands. Lack of finance prevents them in making future plans to enhance the scale of operation and to develop commercial business catering to the external markets. External supply linkages with wholesalers, exporters and resorts are negligible as 92% of entrepreneurs deal only worth local private individuals. About 88% of the SMEs have identified marketing information and marketing linkages as the highest priority area in which they require support. Similarly infrastructure, transport, finance, training, and technology are equally important highest priority support service areas.

Further, the social expectations of women in the Maldives continue to prioritize homemaking and household management, with tasks performed within the confines of the home. Women are expected to take care of children and the elderly, and to take responsibility for all household-related tasks. Women are missing out on the opportunity to develop and improve their own enterprises. Reviews of many entrepreneurial development programs show lower participation by women than men in all types of entrepreneurial development activities, except where the business development services are conducted as part of school programs or events.

Another aspect is that women have limited access to the resources required to start and run their own enterprises. Women's inability to access credit to finance business start-ups is a major stumbling block. Women poorly own loan collateral accepted by banks is limited to the types of property (land, house, ocean vessel). Women lack information about markets. Women are not encouraged to interact socially or in the public arena and therefore are restricted in the ways in which they can find out market information. Women are stuck at the lowest end of the value chain, or engage only in spillover economic activities that are manageable at the household level.

In addition to these constraints, young women, in some areas may have to negotiate social and cultural barriers for higher education and employment away from home, with most families wanting girls to stay closer to home and in certain kinds of jobs, for example working at resorts, not being thought suitable for young women. The rigidity of these constraints varies and increasingly there are young women breaking through cultural barriers and entering non-traditional sectors. Young women who face restrictions on mobility could avail the island-based livelihood opportunities, whereas young women and men who are entrepreneurial would be linked to the Business Development Service centers established by Ministry of Economic Development(MED) to develop their capacity.

Government Policies and Gender

The government of Maldives has recognized the issues of income and gender disparities and with the support of the United Nations Development Programme (UNDP), Maldives has implemented policies that directly address these issues. Under the policy framework (*Anne Dhivehi Rajjel*), the Government of

the Maldives envisages establishing the requisite institutional and organizational mechanisms to restructure and consolidate MSME development activities and support services in order to achieve economies of scale and efficiency of operations. In recent years, the Ministry of Economic Development (MED) has taken leadership with respect to consolidating government MSME development efforts in an effort to develop a more holistic approach to private sector development (PSD) and MSME sector promotion. Supporting business growth is a strategic objective of MED's strategic plan that includes, among others, providing technical and other support to new business start-ups, initiating targeted programs to promote trade and investment, and entrepreneurship development. Hence, establishing policy direction for MSME development is consistent with MED's mandate. Recent new initiatives in line with government policy to support the growth of the MSME sector include the establishment of an SME Council and the enacting of a legislative bill, known as the MSME Act. The SME Council is responsible for formulating plans to achieve government MSME sector development goals and providing overall coordination, monitoring and evaluation of related sector promotion programs. The MSME Act includes provisions for (i) legal definition of the MSME; (ii) creation of a MSME Council; (iii) establishment of a body to oversee business development services, known as the MSME business development service centers; (iv) registration of MSMEs; (v) establishment of an MSME credit guarantee scheme; and (vi) other special provisions to encourage MSME sector growth. One of the intentions of the MSME Act (2013) is to create an enabling environment for the promotion and development of MSMEs with a view toward reducing poverty and related vulnerabilities. It aims to make the sector broad-based, innovative, resilient, and internationally competitive in order to ease the cost and complexity for MSMEs to operate and to enhance the entrepreneurial spirit among all Maldivians. The Act has several women- specific commitments: (i) to review and amend legislation and policies that may inhibit participation by women and other disadvantaged groups in the MSME sector; (ii) to provide support to MSMEs owned and operated by women and youth; (iii) to include a woman to represent women entrepreneurs as one of the seven permanent members of the MSME council; and (iv) to increase women's voices and views among the MSME council's four invited members.

The Maldivian Government is committed to (i) enhance women's economic empowerment, and (ii) ensure zero tolerance against any form of harassment of women. Other priorities set out by the Government include (i) eliminating barriers for women to join the labor workforce, (ii) opening opportunities for women's greater participation in the political sphere, (iii) protecting families from the negative impacts of divorce, and (iv) ensuring equal distribution of matrimonial property after divorce.

The strategic action Plan 2009–2013 sets out five key policies for SME development: (i) to formalize the sector and compile sector data to facilitate evidence-based policy making; (ii) to consolidate SME-related policy formulation and institutionalize one-stop services for SME development; (iii) to facilitate incentives and support services for micro, small, and medium business development; (iv) to develop the human resources required for development and management of SMEs;

and (v) to facilitate participation and linkages of SMEs to major economic sectors.

While the Cooperative Societies Act (act number 2/2007) is gender-blind, the Cooperative Society Governance code, which became effective in 2010, builds on the basic principles of the act and opens opportunities for women’s participation in cooperative societies. It specifically provides for 20% women’s participation in cooperative societies and requires an annual report that includes the initiatives taken by the cooperative society to increase women’s participation. This provision is especially useful to women with limited resources, as it allows potential entrepreneurs, especially in the outer islands, to pool together their resources for business start-ups, such as in retail trade; fish harvesting and processing; agriculture production, processing, and marketing; and handicrafts production and marketing.

Further, the establishment of the credit information Bureau in 2011 increased MSME opportunities to access credit even without loan collateral. The Maldives credit information Bureau addresses the issue of collateral requirements by providing the credit histories of potential borrowers, including the underserved MSMEs, so that credit history rather than collateral could be used to access loans. The information is provided in a standardized format to banks, nonbank financial institutions, and utility companies to facilitate credit decisions.

The 2008 constitution is founded on the fundamental principle of “equality for all” and guarantees the same rights to female and male citizens (article 62(a)). These include the right to education, employment, ownership of property, and freedom of expression and movement, among others. It guarantees equality and nondiscrimination (articles 17(a) and (b)) within the context of an “open democratic society” and directs the courts to refer to international treaties to which the Maldives is a party (article 68). It obligates the state to promote the rights and freedoms of the people (article 18), which is interpreted as promoting societal and cultural change when norms, beliefs, attitudes, and practices tend to discriminate against women and diminish their full enjoyment of equal rights despite legislated provisions for equality. These interventions by the Maldivian government have helped the country to achieve five out of the eight Millennium Development Goals (MDGs), ahead of the 2015 deadline making it South Asia’s only “MDG+” country (Department of National Planning, Millennium Development Goals: Country Report 2010. Male).

Theoretical Framework

The literature on industrial organization proposes several theoretical models- Jovanovic’s (1982) model; Ericson and Pakes’ (1995) model; Lambson’s (1991) model; Hopenhayn’s (1992) model; and Asplund and Nocke (2003) model - of the dynamics of firm behavior that incorporate heterogeneity among firms, different sources of uncertainty and exit/ entry outcomes (Cabral, 1997; Caves, 1998). Among them, the most popular two models are the “passive learning” model by Jovanovic (1982) and the “active learning” which is also known as active

exploration model by Ericson and Pakes (1995). The empirical implications of these models are similar to each other in some respects, and different in others.

The current research is based on the active learning model of Erickson and Pakes (1995). The active learning model states that a firm explores its economic environment actively and invests to enhance its growth under competitive pressure from both within and outside the firm. According to this model of learning, owners or managers of SMEs could raise their efficiency through formal education and training that increases their endowments while government may support their activities through the creation of the enabling environment. Entrepreneurs or managers of SMEs with higher formal education, work experience, training and government assistance would therefore be expected to grow faster than those without these qualities. This could best be achieved by government intervention through the provision of financial assistance, developing infrastructures, capacity building of SME operators and favorable taxation policies. This study applies this model to examine issues, challenges and pprospects of WOMEs in Maldives.

Case Studies and Basic Profile of the Cases

The total sample of cases conducted includes 10 male and 14 female entrepreneurs. Their average age is 34 years. The level of education of them is relatively low, though there are three well educated entrepreneurs. Table 1 presents the details of their personal profile.

Table 1: Personal Profile of the cases

BCs	Age	Male	female	Education
Thindhoo	45	3	1	good
Kudahuvadhoo	31	3	3	Low/good
Addu	31	2	3	Low
Kulhudhufushi	31	0	3	Low
Laamu	34	2	4	Good
Total	34	10	14	Low/good

Source: Case Studies 2015

Thindhoo BC

Altogether 4 cases in which three of them are male and one is female have been conducted and analyzed. Their level of education is good. They have started their own businesses, rather than inherited from their families. These entrepreneurs receive their family support for running their businesses. Some of them started their business as they have a free times (retried), some of the started their businesses to support their families by earning extra income due to hardship of their family life.

Key challenges that they face include access to finance, no proper training programs (vocational training), inadequate raw material and transportation. Policy makers could look at the issues of access to initial capital and transportation.

Table 2: Cases of Thindhoo BC

Case	Profile	Strengths	Challenges	Requirements
1	Age: 56 Gender: Male Status: Married with 5 children (retired) Education: High Business: Agriculture (vegetable & fruits) Start: Himself Performance: just started, but had a construction firm before (successful)	<ul style="list-style-type: none"> - Education - Good knowledge on the economy - Courage - Innovative - Experience - Free of family problem (children are grown up & independence) 	<ul style="list-style-type: none"> - Initial finance - No land for agriculture - No training programs for farmers 	<ul style="list-style-type: none"> - Government support for allocating land for agriculture
2	Age: not given Gender: Male Status: married with children . Education: good Business: Multi-businesses (diving school, hardware, Guesthouse) Start: himself Performance: Success	<ul style="list-style-type: none"> - Learner - Innovator - Family support 	<ul style="list-style-type: none"> - Financial support - High air fares - Unemployment 	
3	Age: 51 (retired) Gender: Female Status: married with 6 children (Grown up & independence) Education: not mentioned Business: Fish processing Start: Herself Performance: Success	<ul style="list-style-type: none"> - Courage - Children grown up - Optimistic 	<ul style="list-style-type: none"> - Lack of availability of wood - Lack of capital - Transportation 	
4	Age: 27 Gender: Male Status: married with 1 child Education: not mentioned Business: started with coconut seller, now run a construction firm Start: his owned Performance: Success	<ul style="list-style-type: none"> - Modern thinking - Innovator - Best entrepreneur 	<ul style="list-style-type: none"> - Finance - Raw materials. 	

Source: Case Studies 2015

Kudahuvadhoo BC

Six cases have been conducted: 3 males and 3 females. These entrepreneurs are relatively young and the level of education of them is fairly good. Key strengths of these entrepreneurs are strong family support and their social networks. Most of them are social entrepreneurs and work as community leaders. They always try to learn from experiences.

Challenges faced by these entrepreneurs mainly include shortage of skilled labor, transportation, poor infrastructure facilities such as ICT and boats services, limited market and high competition. Policy makers and planners could work on the issues of the shortage of skilled labor in different fields. Every one cannot be an entrepreneur.

Table 3: Cases of Kudahuvadho BC

Case	Profile	Strengths	Challenges	Requirements
1	<p>Age: 32 Gender: Male Status: Married with children (not mentioned) Education: High (school principal) Business: Making trophies Start: Himself, but a business family Performance: successful</p>	<ul style="list-style-type: none"> - Education - Good knowledge on the economy - Courage - Innovative - Family background - Extension social networks 	<ul style="list-style-type: none"> - No internet facilities - Lack of skilled labor 	<ul style="list-style-type: none"> - Proper internet facilities
2	<p>Age: 31 Gender: Female Status: Married with 2 children. Education: good Business: Supply local product to market Start: herself Performance: Success</p>	<ul style="list-style-type: none"> - Learner - Innovator - Courage - Social networks 	<ul style="list-style-type: none"> - No family support - Shortage of skill labor - High transportation cost 	
3	<p>Age: 30 Gender: Female Status: married with 2 children Education: not mentioned Business: Delivery services Start: Herself Performance: Success</p>	<ul style="list-style-type: none"> - Courage - Family support 	<ul style="list-style-type: none"> - Inadequate infrastructure for shipping (boats) services - Transportation 	
4	<p>Age: 26 Gender: Male Status: Married with one child Education: not mentioned Business: Boat services Start: his owned Performance: Success</p>	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - Access to finance - Competition - Limited market - Lack of skilled labour 	
5	<p>Age: 26 Gender: Female Status: Married with 1 child Education: Low (G5) Business: Short-eats shop Start: her owned Performance: Success</p>	<ul style="list-style-type: none"> - Social networks 	<ul style="list-style-type: none"> - Lack of labour - Access to finance 	<ul style="list-style-type: none"> - Financial support
6	<p>Age: 42 Gender: Male Status: Married with 3 children Education: Low Business: Fish products Start: herself, but family members doing businesses. Performance: Success</p>	<ul style="list-style-type: none"> - Family business background 	<ul style="list-style-type: none"> - Access to finance - Market (middlemen problem) 	<ul style="list-style-type: none"> -

Source: Case Studies 2015

ADDU BC

Five cases, 3 females and 2 males, were conducted in Addu BC area. These entrepreneurs are young, but they have low level of education. Some of them have become entrepreneurs as a result of livelihood struggles. Some of them have gathered business experiences from their families. Courage and family supports are the strengths that can be identified from these cases.

Key challenges include limited market (inputs well as output), family responsibility, and unsteady of income. Balance between domestic responsibilities and business engagement is the one of the key changes faced by women entrepreneurs. Policy makers and planners could develop business linkages in order to maintain a steady market.

Table 4: Cases of ADDU BC

Case	Profile	Strengths	Challenges	Requirements
1	<p>Age: 34 Gender: female Status: Single with 2 children Education: Low (G 7) Business: Mat making Start: Performance: failure</p>	-	<ul style="list-style-type: none"> - Children education - Marketing - Low price - No support from officers - No steady income 	<ul style="list-style-type: none"> - Support for marketing - Good price
2	<p>Age: 34 Gender: female Status: married with 2 children (sick husband) Education: good Business: Short-eats, now local café) Start: her self Performance: Success</p>	<ul style="list-style-type: none"> - Education - Courage - 		
3	<p>Age: 30 Gender: Male Status: married with 3 children Education: not mentioned Business: Fish products Start: him self Performance: Success</p>	<ul style="list-style-type: none"> - Good family support - 	<ul style="list-style-type: none"> - Labour - Inputs (fish) - Output market - Competition from large firms 	
4	<p>Age: 29 Gender: Male Status: married with 2 children Education: low Business: Art & crafts Start: family inherit Performance: Success</p>	<ul style="list-style-type: none"> - Modern thinking - Family supports 		
5	<p>Age: 28 Gender: Female Status: married with 2 children Education: low (G 7) Business: Baking cakes Start: herself Performance: Success</p>	<ul style="list-style-type: none"> - Family supports - UNDP supports 		

Source: Case Studies 2015

Kulhudhufushi BC

Three cases were conducted in Kulhudhufushi BC area. All of them are female entrepreneurs. These entrepreneurs are young, and have received low level of education. All of them have become entrepreneurs as a result of livelihood struggles. They

have not acquired business culture, skills and experience from their families. Their strengths include courage, family supports, their social networks and community leaderships. Key challenges include access to finance, domestic responsibility, and male-dominated culture. Balance between domestic responsibilities

and business engagement is the one of the key changes faced by women entrepreneurs.

Table 5: Cases of Kulhudhufushi BC

Case	Profile	Strengths	Challenges	Requirements
1	Age: 29 Gender: female Status: Married with 2 children Education: Low Business: Sewing Start: Herself Performance: Success	<ul style="list-style-type: none"> - Courage - Innovative - Family support 	<ul style="list-style-type: none"> - Initial finance - Mange with domestic responsibility 	<ul style="list-style-type: none"> - Financial support
2	Age: 35 Gender: female Status: married with 2 children. Husband has a job Education: Low Business: (Previously) Sewing, (planning) catering services Start: her self Performance: moderate	<ul style="list-style-type: none"> - Social entrepreneur - Family support 	<ul style="list-style-type: none"> - Business alter with husband's jobs/businesses - Extra burden - Balance between domestic responsibility and businesses - BCs are politically motivated 	<ul style="list-style-type: none"> - Financial support
3	Age: 30 Gender: Female Status: Single with 4 children (Divorced) Education: Low Business: Sewing (Dress making) Start: Herself Performance: Success	<ul style="list-style-type: none"> - Courage - Optimistic - Member of Women Committee - Social Worker - Social Entrepreneur - Vocational training (fashion and dress making) - Use new tech (ICT) 	<ul style="list-style-type: none"> - Domestic responsibility - Access to finance 	<ul style="list-style-type: none"> - Financial support

Source: Case Studies 2015

LAMMU BC

Six cases have been conducted: 2 males and 4 females. These entrepreneurs are relatively young though one female entrepreneur is 58 years old. The level of education of them is relatively good. Key strengths of these entrepreneurs include their education, strong family support and their social networks.

Most of them are social entrepreneurs and work as community leaders. They always try to learn from experiences.

Challenges faced by these entrepreneurs mainly include limited business opportunities in the island, limited formal training opportunities, and poor infrastructure facilities such as ICT. Policy makers and planners could work on the issues of the inadequate of formal training facilities and access to finance.

Table 6: Cases of Lammu BC

Case	Profile	Strengths	Challenges	Requirements
1	Age: 22 Gender: female Status: No married Education: High (Business Degree) Business: Cake making (but no a firm) Start: No business firm	<ul style="list-style-type: none"> - Education - Good knowledge on the economy - Courage - innovative 	<ul style="list-style-type: none"> - Initial finance - Limited business opportunities due to small an island 	<ul style="list-style-type: none"> - Financial support

	Performance: not started			
2	Age: 35 Gender: female Status: married with 1 child. Husband has job Education: good Business: Cake and <i>Mas Mias</i> Start: her self Performance: Success	<ul style="list-style-type: none"> - High quality products - Learner - Innovator - Use new tech like internet including facebook - Home-based business - Family support 	<ul style="list-style-type: none"> - Child 'labor' - Family credit indebt 	<ul style="list-style-type: none"> - Online training (facebook) - Interest free loans -
3	Age: not mentioned Gender: Female Status: married with 6 children (Divorced) Education: A/L Business: Sewing (tailoring shop) Start: Herself Performance: Success	<ul style="list-style-type: none"> - Good family support (children) - Courage - Optimistic - Member of Women Committee 	<ul style="list-style-type: none"> - Family issues 	
4	Age: 24 Gender: Male Status: married with 1 child Education: A/L Business: retail & whole sales Start: his owned, but uncle has a business Performance: Success	<ul style="list-style-type: none"> - Modern thinking - Family supports (father) - Use new tech (facebook) - Social Networks - Planning to open a restaurant - Participated a business training program 		
5	Age: 33 Gender: Male Status: married with 2 children Education: good (A/L) Business: Electronic shop (mobile, laptop etc) Start: himself, but a business family Performance: Success	<ul style="list-style-type: none"> - Family supports - Business background since from a business family 	<ul style="list-style-type: none"> - Collateral issue - Online business without taxes - Poor business training (formal business knowledge) 	
6	Age: 58 Gender: Female Status: married (3 times) with 6 children Education: poor Business: <i>Farming</i> Start: 3 rd Husband (farmer) Performance: Moderate	<ul style="list-style-type: none"> - Family supports (adult children) - Family (farmer) background - Formed cooperative society and take collective decision. 	<ul style="list-style-type: none"> - Family issues (early stage) - Poor business training (formal business knowledge) 	

Source: Case Studies 2015

Overall Analysis

Reasons for starting the business

Women mainly start their businesses to give extra support to family. A 34 year female entrepreneur in the areas of **ADDU BC** said “...we have two children. My husband’s income is not enough for us. I decided to start the businesses...”. The other reasons that are highlighted in the cases include (1) to give side support to the family, (2) difficult to find a job, (3) to balance work-family life, (4) to utilize free time, (5) to capture market opportunities, and (6) to earn extra income while working at home.

Problems of Women Entrepreneurs:

There are umpteen problems faced by women at various stages beginning from their initial commencement of enterprise, in running their enterprise. The problems that are highlighted in these cases, KIIs, and FGDs are as follows:

1. Men dominant Society: Entrepreneurship has been traditionally seen a male preserve and idea of women taking up entrepreneurial activities considered as a distant dream. Women have to face role conflict as soon as they initiate any entrepreneurial activity. It is an uphill task for women to face such conflicts and cope with the twin role.

2. Absence of Entrepreneurial Aptitude: Many women take the training by attending the Entrepreneurship Development Programs without entrepreneurial bent of mind. Most of the training programs given by various institutes target only providing vocational skills rather than entrepreneurial skills. By starting an owned-account business, women try to find a place or an opportunity to utilize their vocational skills and to seek a solution for financial burden. Their purposes hardly engage any entrepreneurial attitudes and motivation.

3. Quality of Business development trainings: It seems that all women entrepreneurs are given the same training across the BCs through business development programs.

4. Marketing Problems: Women entrepreneurs continuously face the problems in marketing their products. It is one of the core problems as this area is mainly dominated by males. Women fail to expand the market. Their market is only their neighborhood, ‘market dent’. For marketing the products women entrepreneurs have to be at the mercy of middlemen. The elimination of middlemen is difficult, because it involves a lot of running about since marketing deals with customers in many islands. Women find it difficult to spend time outside home for marketing their products. Women entrepreneurs also find it difficult to capture the market and make their products popular. One possible solution for this problem might be integration of WOMEs into the value-chain.

5. Financial Problems: Obtaining the support of bankers, managing the working capital, lack of credit resources are the problems which still remain in the males domain. Marketing and financial problems are such obstacles where even training doesn’t significantly help the women. Some problems are structural in nature and beyond the control of entrepreneurs.

6. Family Conflicts: Women also face the conflict of performing of home role as they are not available to spend enough time with their families. They spend long hours in business and as a result, they find it difficult to meet the demands of their family members and society as well. “... As women we

have to do cooking, cleaning and all the households (home) works. We have to help children home work also. It is very difficult to find time for the business what we are doing...”, hailed one 35 year female entrepreneur from Kulhudhufushi BC. Their inability to attend to domestic work, time for education of children, personal hobbies, and entertainment adds to their conflicts.

7. Credit Facilities: Women are often denied credit by bankers on the ground of lack of collateral security. Therefore, women’s access to capital is limited. The complicated procedure of bank loans, the inordinate delay in obtaining the loans and running about involved do prevent many women from venturing out. In many cases, family members provide financial assistances. “... my (adult) children gave money to start this business”, said a 58 year female entrepreneurs from Lammu BC.

8. Shortage of raw-materials: Women entrepreneurs encounter the problems of shortage of raw-materials. The failure of many women entrepreneurs can be noticed due to the inadequate availability of raw materials.

9. Heavy Competition: Many of the women enterprises have imperfect organizational set up. But they have to face severe competition from organized industries.

10. High cost of production: High cost of production undermines the efficiency and stands in the way of development and expansion of women’s enterprises, government assistance in the form of grant and subsidies to some extent enables them to tide over the difficult situations. However, in the long run, it would be necessary to increase efficiency and expand productive capacity and thereby reduce cost to make their ultimate survival possible, other than these, women entrepreneurs so face the problems of labour, human resources, infrastructure, legal formalities, overload of work, lack of family support, etc.

11. Lack of skilled labor: it is a twin problem: i.e. skilled labor and cost of production. While unavailability of human capital including skilled labor is one of the issues faced by the WOMEs, the WOMEs cannot afford such labor since they are too expensive for these firms.

12. Triple burden issues by women entrepreneurs. Women entrepreneurs have to balance their triple burden responsibilities, the responsibilities of productive, reproductive, and social.

13. Poor in delegating responsibilities: In their personal lives, women have a tendency to try to do everything. When women add “entrepreneur” and “business owner” into the mix, this tendency is further extravagant. Women act like they have to do everything and to take all the responsibilities or are the best person for every job and have a tougher time delegating responsibilities to others. This is a major hurdle to overcome in order to have a successful business.

14. Feel like a second citizen. Women feel like a second citizen in such a society and do the family. It does not seem that men do not try to realize the trigger and let women become first citizens. So men do not take seriously women-owned businesses.

Common challenges facing WOMEs in the Maldives include such problems as lack of enough capital, difficulties in transportation and marketing, and competing demand related to household chores, difficulties in licensing procedures, finding staff with the right skills, and willing/ability to work for a small. The greatest barrier facing women entrepreneurs in the Maldives

is access to finance. This is an issue because of requirements of collateral. Responsibility of entrepreneurs for dependants has limited opportunities to make savings or undertake business expansion and diversification. The financial aspects of setting up a business are without doubt the biggest obstacles to women.

Women are principally tied with family life by supporting husbands and caring children. First propriety of women has become domestic responsibility. They think of business ventures and opportunities as a result of financial struggles faced by their family. Most women entrepreneurs are struggling with triple burden responsibilities, rather than enjoying their engagement in businesses. They have limited time for engaging business activities.

These triple responsibilities are serious challenges for women entrepreneurs. One other challenge is the responsibility of providing for the extended family and relatives. It seem that women are overloaded with business and family responsibilities and may not have the time to join some beneficial associations and this automatically limits the expansion of women-owned enterprises in the Maldives because women own relatively ineffective social networks. General voice of women who participated the FGDs is: *'We are isolated socially; we lack previous work experience, entrepreneurial skills, and access to enterprise information and marketing facilities. We are loaded with domestic responsibilities. By and large, we spend on our time as wives, mothers and 'managers' of the home front due to our chores, make it nearly impossible to successfully operate an enterprise'*.

Entrepreneurship always involves some level of risk taking. For women in the Maldives gender stereotyped perception of self, lack of confidence and assertiveness appear to be major barriers. The fear to risk is a big hindrance. The status of women in a patriarchal social structure makes women dependent on males in their lives –husbands or fathers –and family resistance is a major disincentive to business start-up. Other close male family members often make decisions for women hence going against the independent spirit of entrepreneurship.

In addition, women are usually less educated than men, making them less well equipped to manage a business. Lower education does not emphasize entrepreneurship skills. It decreases the chances that women will have the knowledge needed to excel in business. Low level education creates a barrier to them accessing training and other business developments services.

Dealing with the government official and bankers has proved to be a very big challenge to women entrepreneurs in the Maldives. Being a woman seems to exaggerate that fact since most women are harassed by the city council officials when they come to inspect the business premises and when women entrepreneurs are looking for some supports from the officials. It seems that there is no "one-stop shop" which informs an aspiring entrepreneur, either women or man entrepreneurs, what is required of him or her in terms of regulations to be followed for licensing and other supports.

When business training is available, women may not be able to take advantage of it because it is held at a time when they are looking after their family. Usually, women start business at an older age than men, when they have had the family and children. These case studies also highlight this trend. This

becomes a great challenge. The case studies further show that women see enterprises as a means of setting them free from asking from their spouses money for the basic necessities of their families (not for themselves, but family as whole) – food, clothing and health. What they earn is totally spent for the benefit of the entire family. Another key motivating force for women to become business owners has been identified as interest in helping others. Women entrepreneurs in small scale business receive substantial family support at start-up and in the course of running their business. Such support is however, based mainly on social rather than economic consideration.

Finding and retaining good employees is essential for the success of a business, but can be difficult for women entrepreneurs in the Maldives. Since WOMEs tend to be smaller and informal, they are often less likely to provide job security and retain good talent. Some women find that they are not taken seriously by their employees, especially in non-traditional sectors.

Micro enterprises, particularly WOMEs are also especially vulnerable to competition. Competition (markets) and information related factors, are said to be major challenges. Most of these markets are not expanding all over the country and not expanding globally. Markets for WOMEs mainly concentrate on neighborhood.

Strengths of WOMEs

- Family supports
- Social networks through women committees
- Commitments and handworks
- Financial pressure
- Business Centers
- Earning opportunities while taking domestic responsibility

Weaknesses

- Being a woman
- Small market
- Men dominated culture
- Low level of education and trainings
- Lack of entrepreneurial skills
- Isolation
- Inadequate support from officers
- Fear of failing
- Credit discrimination
- Lack of managerial skills

Opportunities

- Large amount of young unemployed female
- Female reproductive cycle: when children grow up, women become unemployed
- Time availability for home-based micro enterprises
- Government and funding agencies focus women and young entrepreneurs
- Social pressure

Threats

- Complicated formalities
- Lack of access to technology
- Lack of access to information
- Lack of necessary resources including skilled labour
- Lack of coordination among supporting agencies
- Male dominated supportive networks

- Poor transportation being many small islands

3. Way Forward

It is commendable that as a country that is described in its constitution Maldives as a “sovereign, independent, democratic state based on the principles of Islam” (Ministry of Legal Reforms, 2008, Constitution of the Republic of Maldives, Chapter 1, Art.2, Male) have positive introduced policy reforms and initiatives for the development of MSMEs.

However it is noted that there are still constraints that impede the growth of the MSMEs in Maldives. Maldives faces skill shortages and human resource development constraints causing fewer women to be employed. Identification and creation of entrepreneurial opportunities for the poor, including women and youth, and facilitation of skills development through business and vocational training programs has been limited so far.

Youth unemployment is also substantial and has been increasing in recent years, with the result that 40.0% of young women and over 20.0% of young men were unemployed in 2013. One of the problems is the lack of appropriate skills needed for existing employment opportunities in the Maldives. The Maldives tourism industry holds the key for youth employment and community development. Educational and vocational institutions have not inculcated enterprise as a career option or provided appropriate business orientation and support skills. Difficulty in access to gainful employment has increased the incidence of drug use and delinquency.

As mentioned above the main problem that women and youth MSMEs face is adequate and timely financing on competitive terms particularly longer terms and limited human resource availability for scaling up their businesses. The policy and regulatory issues, institutional weaknesses in the absence of credit appraisal and risk management / monitoring tools affect the aspiring and existing entrepreneur to enter the MSME arena. Most MSMEs have limited access to larger markets in terms of market linkages, transport, telecommunications information exchange which seriously undermine the demand for their products. Lastly with the opening up of economy and as

globalization intensifies, lack of innovation and the competitiveness of Maldivian MSMEs. MSMEs will be critical for Maldives next level of growth. Therefore financial institutions would have to be more forward looking, innovative and develop new business models to position themselves to support the growth of MSMEs in Maldives. Mentoring and supporting existing entrepreneurs to build the capacity and encouragement for new entrepreneurs to enter the MSMEs will touch the lives of the most vulnerable and marginalized sections of our society, specially Youth, Women and disadvantages groups.

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