Microcredit programs around the world offer unprecedented opportunities to more than 100 million enterprising individuals in pursuit of a better life for themselves and their families (Daley-Harris 2006). Rigorous studies in various countries have shown the worth of these programs by using quasi-experimental designs to show how microcredit recipients realize higher revenue than their non-borrower peers (Copestake et al. 2001; Khaner 1998; Mosley 2001; Park and Changquing 2001). However, aggregating all microcredit borrowers into one group may obscure important differences among the borrowers, especially between men and women. Therefore, it is important to compare borrowers to each other, not just to non-borrowers.

With more than 575,000 microenterprises and a thriving microcredit sector that caters to both men and women, Nicaragua is an ideal setting for such a comparison. The Asociacion Nicaraguense de Instituciones de Microfinanzas (ASOMIF), a consortium of Nicaragua’s twenty-one largest MFIs, has a $108 million portfolio with 235,000 borrowers (ASOMIF 2007). Studies such as Pisani and Yoskowitz (2005) show that Nicaraguan MFIs are making a positive impact. However, my research reveals that men are enjoying these benefits more, earning 32 percent more than women.

Researchers often have focused on human capital to explain such differences in men’s and women’s earnings. However, the men and women in my sample actually have equal levels of human capital. I will argue that the difference is that men are better able to convert their knowledge and skills into revenue. Women are less able to do so because they are constrained to less lucrative sectors of the economy and must balance their work schedule with household duties.

**METHODS**

I employed three methods in my research. The first was a survey of microcredit borrowers from seven of the ten biggest MFIs in Nicaragua at that time (See Table 1). A stratified random sample of eighty borrowers from each MFI was selected. Those 560 persons were surveyed in their homes by a team of researchers from the Nicaraguan research institute, La Fundación Internacional para el Desafío Económico Global (FIDEG), during May and June 2002. The sample did not beget enough women in agriculture to make a reliable comparison to men. Therefore, I excluded all agricultural borrowers, leaving 403 people in the sample—284 (70 percent) women and 119 (30 percent) men.

In addition to the survey, I conducted fourteen focus group interviews—seven men’s groups and seven women’s groups—between December 2004 and January 2005. These people were borrowers with the same MFIs that I surveyed in 2002. Each focus group had between four and seven participants. In total, sixty-five people (thirty-two men and thirty-three women) participated.
Thirdly, I interviewed staff and administrators of the seven MFIs. Their insights helped to corroborate and clarify comments made by the borrowers.

The following sections analyze the data that were gathered using these methods. I will begin by comparing men’s and women’s human capital. After that, I will look at how micro-enterprises tend to be segregated by gender. Finally, I will examine how household roles and expectations condition men’s and women’s business practices.

**HUMAN CAPITAL**

Human capital—education, experience, and skills—is important for entrepreneurial success around the world. In his Guatemalan study, Wydick (1999) claims that “individuals with higher levels of human capital will expand employment within their enterprises more rapidly.” He also shows efficiency increasing with more human capital. Meanwhile, Sanchez and Pagan’s (2001) study of Mexican entrepreneurs shows that education and experience both increase earnings.

Unfortunately, human capital often seems to be lacking for women. Pollack and Jusidman (1997) say that women in Mexico are less educated and have less training than men. Sanchez and Pagan (2001) add that Mexican women usually have less business experience. Foro (2000) asserts that women throughout Latin America generally lack management skills. In India, Kantor (2002) argues that lack of formal education and training are constraints that hinder women more than men. And Dijkstra (1998) claims this lack of education is one of the major reasons why Nicaraguan women are unable to generate incomes equal to their male peers.

It seems reasonable to infer that differences of human capital explain the gap in earnings between men and women in my sample. However, when I compared the men’s experience and education to those of the women, they were almost identical. Looking first at experience, both men and women in my survey sample had an average of approximately eight years in their respective businesses. Furthermore, there was not a strong trend in my findings connecting net income to years of experience—for either gender (See Table 2). In fact, both men’s and women’s income seem to plateau or even decline with more years of experience. But an important difference is that women’s income appears to plateau sooner.

Regarding education, the men and women in the sample had virtually the same graduation rates from secondary school: 26 percent for men and 25 percent for women. Men seemed to benefit from education more than women, however. Men who graduated from secondary school increased their total monthly net income by US$224, but the increase for women was only US$89. The difference in net income between women who have and who have not graduated was not even statistically significant.

In short, women were less able to convert human capital into revenue. Celina, who sold fruit in the Chinandega Central Market, expressed her frustration with this situation: “The lady who sells chickens, across from me, has two daughters with [high school] degrees, and they are selling chickens with her. So what did they study for?”

Why did this happen? When I posed this question to my focus groups, the men tended to emphasize the importance of aggressiveness as if it were something women innately lacked. Elvis from Managua said, “The woman is more reserved, and the man is more adventurous; it’s in his genes.”

Several women emphatically challenged this notion. For example, Candida in Chinandega asserted, “We have the same ability to start a business. The problem is that they [men] don’t give us the same opportunity.” Janet, also from Chinandega, agreed: “We have the ability, but … [men] put us down. They underestimate us. They think we are better suited just to wash, iron, and watch the kids.”

These comments show how assessing human capital abstractly is insufficient. The real problem is not how much or little social capital men and women have; it is that society inhibits

---

**Table 1: Portfolios and Clients of the Sample MFIs [1]**

<table>
<thead>
<tr>
<th>MFI</th>
<th>Number of Clients</th>
<th>Loan Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDL</td>
<td>18,119</td>
<td>$11,143,600</td>
</tr>
<tr>
<td>FAMA</td>
<td>18,565</td>
<td>$7,467,300</td>
</tr>
<tr>
<td>CONFIA</td>
<td>16,032</td>
<td>$7,002,100</td>
</tr>
<tr>
<td>ACODEP</td>
<td>15,770</td>
<td>$6,072,000</td>
</tr>
<tr>
<td>CARUNA</td>
<td>7,172</td>
<td>$3,919,500</td>
</tr>
<tr>
<td>FJN</td>
<td>6,023</td>
<td>$3,333,700</td>
</tr>
<tr>
<td>Prestanic</td>
<td>1,393</td>
<td>$3,008,700</td>
</tr>
</tbody>
</table>

(1) Compiled June 30, 2002
(2) In 2004 CONFIA changed its name to Procredit.
women from fully utilizing their human capital. This is not to say that all men are chauvinists. But women are generally more aware of these gender constraints, and that awareness is acute. The result is a sort of segregation where women tend to work in less profitable enterprises.

GENDER SEGREGATION
The concept of gender segregation is not new. Researchers studying the gender wage gap in the United States, such as Blau and Khan (1999), have invoked this idea to explain much of the difference in earnings between men and women. And studies of women in other countries, such as Roos (1985), show similar problems.

Nicaragua appears to follow this trend of gender segregation. My survey data show that women are much more likely to have pulperias (a small shop based in someone’s home, which typically sells a wide variety of items, including school supplies and refreshments), and they are almost unrepresented in the skilled labor and transportation sectors (See Table 3). This is bad news for the women because transportation is by far the most profitable of activities, with average hourly earnings five times that of the pulperia.

During the focus group sessions, many women said they choose to run pulperias or do certain retail activities even though they are less profitable because they are located in the home. This means the women can do business while still tending to their domestic chores, which shows the expectations women have upon them. In fact, when I asked my focus groups if a woman should stay at home, half of the men said yes. For example, Justo of Somotillo told me, “Look, I will say it: we are machistas (chauvinists). I know; I took a course on gender issues once. But the problem is that we expect someone to keep up the house. A woman can work at home, like in a pulperia. But if she goes outside to work, I don’t agree with that. Someone needs to stay at home with the kids.”

Unlike the men, only 15 percent of the women agreed that it was better to stay home. For example, Rosie in Managua said, “There are men who don’t like their wives to work. Why? Well, perhaps the husband is jealous. Or he might feel, ‘I am the man, and you are the woman. You have to wash, cook, and be the maid. You have to stay at home to have dinner on the table when I get home and have my clothes ready for me. So you must stay here.’”

It is encouraging to note that several women in the focus groups were willing to question men’s paternalism. It also is encouraging that most of those same women said they feel chauvinism and the stigma of women working outside of their homes are slowly fading in Nicaragua. Slowly is the key word, and restrictions on where and what kind of work they can do are still important problems for many female entrepreneurs. Furthermore, even for those women who are free to work outside of the home, there are subtler inequalities at play within the household that often inhibit their productivity and profitability.

HOUSEHOLD DUTIES
Gender scholars around the world often question the notion of separate spheres of work and home. Female microentrepreneurs highlight this

<table>
<thead>
<tr>
<th>Table 2: Monthly Income by Years of Work Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Net Income for Primary Activity</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>Women</td>
</tr>
</tbody>
</table>
Female microentrepreneurs in India are also expected to be at home, thus limiting their access to the market and lowering their productivity (Kantor 2002). Cheston and Kuhn (2002) pithily summarize all this evidence when they assert that in many countries “women’s businesses remain small … because of the time constraints that women’s domestic responsibilities create.”

This appears to be the case in Nicaragua, as well. In the focus groups, more than 50 percent of the women said they do at least some of the housework—compared to only 13 percent of the men. One third of women do it all alone—compared to none of the men—but the women still work the same number of hours as men in their business. Clearly, this can be a great constraint on the women’s businesses.

In addition to household chores, there is the discussion of household expenses. Quantitatively, the men and women in my focus groups share the burden of household expenses equally. However, it is important to note that the women more often pay for food and other daily provisions while the men pay for utilities. Thus, even though expenses are shared equally, the wife is the one who has to make payments more frequently to meet her family’s needs; the electricity and water bills can be paid monthly or quarterly, but children need to eat daily. This means women need a steady income, which appears to sway their business decisions toward more reliable but less lucrative endeavors, like pulperias.

The women’s responsibility for daily expenses also means it is more difficult for them to separate home and work, which often compromises their loan investment in favor of the family’s immediate needs. In my focus groups, half of the women and only one of the men used at least some of their recent loan for household consumption (e.g., food, medicine, and school supplies). In short, men are freer to concentrate on growing their businesses while women were more likely to use some of their loans for familial purposes.

CONCLUSION AND RECOMMENDATIONS

My data show that gender ideology and gender roles discourage and inhibit women from optimizing their

---

**Table 3: Economic Activities**

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Monthly Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
</tr>
<tr>
<td>Retail (1)</td>
<td>44%</td>
</tr>
<tr>
<td>Pulperia</td>
<td>8%</td>
</tr>
<tr>
<td>Manufacturing (2)</td>
<td>11%</td>
</tr>
<tr>
<td>Services</td>
<td>12%</td>
</tr>
<tr>
<td>Transportation</td>
<td>13%</td>
</tr>
<tr>
<td>Skilled labor</td>
<td>12%</td>
</tr>
</tbody>
</table>

(1) There also are important differences in the types of retail activities men and women do. For women, the most common retail activity is clothing, which also has the lowest monthly net income of all retail activities (US$220). For men, the most common retail activity is selling meat and dairy products, which earns an average net income more than double that of clothing (US$467).

(2) As with retail, for manufacturing there are important differences in the types of activities men and women do. Seventy-one percent of women in manufacturing are making clothes, which also earns the lowest monthly net income of all the manufacturing activities (US$130). Men’s manufacturing activities are more evenly distributed, but the most common activity is furniture, which on average earns US$221 per month.
human capital in activities that would yield optimal returns. Meanwhile, women’s contributions at home generally are not reciprocated by men. Many women express their frustration with this situation; men are generally less inclined to see women’s roles outside of the home as proper or even feasible nor are they willing to contribute more at home to support female entrepreneurship.

These findings beget important recommendations for practitioners and policy makers. For the former, MFIs must be keenly aware of the cultural environment in which they are operating, and they must be resourceful in advocating for changes that might remove cultural constraints that inhibit women from realizing their full potential as entrepreneurs. For example, some MFIs and NGOs have encouraged women to work in traditionally male sectors. In fact, the men in one of my focus groups told me of a local all-female carpenters’ cooperative. Although many of these men labelled themselves machistas, they were quite impressed with the co-op and certainly admired those women. Khan (1999) tells a similar story of a successful BRAC-financed textile mill employing women microentrepreneurs in Bangladesh. Other MFIs include codes of conduct and training sessions designed to empower their female borrowers. Most importantly, each MFI should design strategies that are effective but also culturally appropriate.

But the burden of change cannot rest only on the MFIs. Promoting nontraditional work for women will not alleviate their undue share of household responsibilities. Broader cultural changes are needed, which is beyond any MFI. For policy makers, perhaps the most important lesson is not to use microcredit as a substitute for other programs that empower women. Microcredit is just one of many initiatives that can challenge unfair gender norms. Governments should complement microcredit programs by funding other initiatives to promote gender awareness and fairness.

Microcredit alone will not necessarily improve women’s lives; it might make matters worse by adding to women’s responsibilities and workloads. But sincere efforts to change unfair gender norms throughout society will maximize the impact of microcredit. Realizing this goal will be tantamount to millions of women worldwide realizing their full potential as entrepreneurs. 

REFERENCES

ABOUT THE AUTHOR
Dwight Haase is an assistant professor of sociology at the University of Toledo. Dr. Haase has researched microcredit, the informal economy, and gender issues in Central America, South Asia, and Central Europe. He has worked in the NGO sector and lobbied Congress on poverty-related issues. The author would like to thank Wisconsin Coordinating Council on Nicaragua (WCCN), La Fundación Internacional para el Desafío Económico Global (FIDEG), the MFIs of ASOMIF, and Professor Soren Hauge for their support and guidance on this project.