

The Invisible Costs of Violence against Women for Ecuadorian Micro-enterprises



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Table of Contents

Preface	5
An increasingly important financial target group: Female micro-entrepreneurs	6
Scenarios in which violence against female micro-entrepreneurs occurs	8
The economic reality of female micro-entrepreneurs in Ecuador	12
Violence against female micro-entrepreneurs in Ecuador: Some figures	16
Harm and consequences of violence against female micro-entrepreneurs	20
Opportunity costs and direct expenditures for Ecuadorian female micro-entrepreneurs	24
Micro-credits as a strategy to fight violence: International experiences	28
Learned lessons and recommendations	30
Comments	32



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Preface

Violence against women does not only affect the health and lives of women around the world but also causes vast invisible, yet all the more serious, costs in the corporate sector, regardless of the size of each business.

To depict these costs and impacts on micro-enterprises run by Ecuadorian women, the Regional Program ComVoMujer of the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)* commissioned the present study. The study incorporates data from the 2011 National Survey on Gender Violence of the Ecuadorian Institute of Statistics (INEC) as well as the 2009 National Economic Census in Ecuador (CENEC). The data is evaluated in order to provide – for the first time nationwide – statistical information on the prevalence and incidence of violence against female micro-entrepreneurs in Ecuador.

95 % of Ecuadorian businesses are micro-enterprises, and more than half of them are owned by women. It is so all the more alarming that according to this study, 50 out of 100 female entrepreneurs are victims of partner violence. This does not only negatively affect the profitability and productivity of their businesses, but essentially endangers their existence. Additionally, this violence creates costs which adversely affect the economic development of the country since significant private and public investment flows into this important economic sector.

We hope that this publication will contribute to and create incentives for private and public institutions to recognize the negative impacts of gender-based violence and to act accordingly – in order to significantly take part in preventing and combating violence against women.

Christine Brendel

Director

Regional Program – Fighting Violence against Women (ComVoMujer)

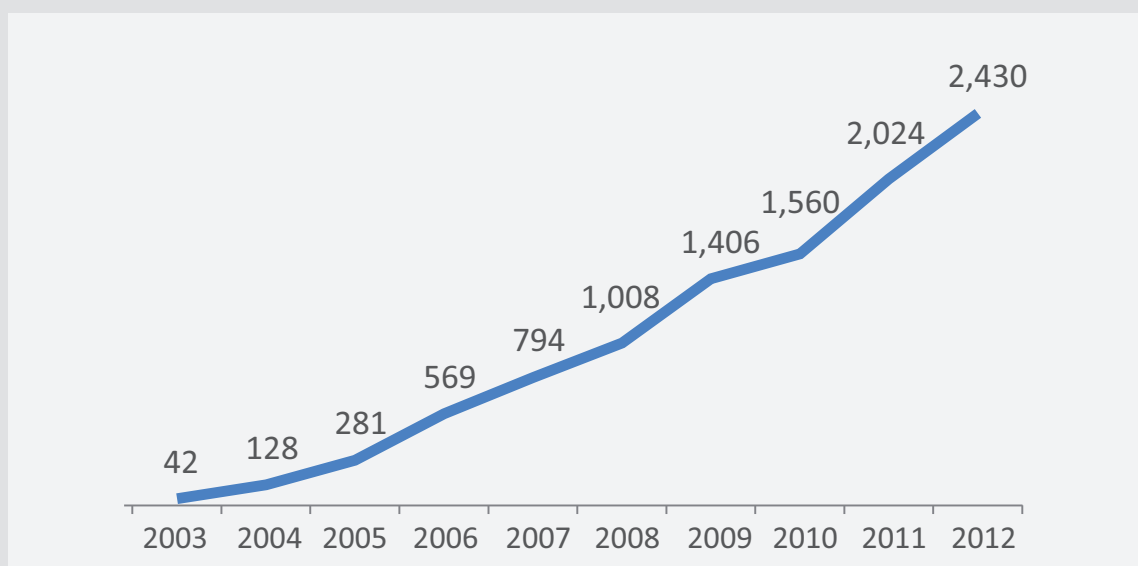
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

An increasingly important financial target group: Female micro-entrepreneurs

The fact that 95 % of businesses are micro-enterprises makes them an important factor in the social and economic development of Ecuador and calls for new approaches, such as state measures as well as incentives by private actors, in order to promote economic development.

Many micro-enterprises were only made possible through the provision of micro-credits. In recent years, this sector has exponentially grown in Ecuador. Today there are 73 financial institutions that are active in this area, as well as over 500 microfinance institutions that are not regulated by the *Superintendencia de Bancos y Seguros* (SBS, Superintendence of Banks and Insurance Companies), in addition to about 170 Non-Governmental Organizations (NGOs) and over 330 savings and credit unions. Together they award micro-credits worth 2.43 billion US dollars, which constitute 4 % of Ecuador's GDP.

**Development of micro-credits (loans under 20,000 US dollars) in Ecuador
in millions of dollars (USD)**



Source: SBS Ecuador, 2012

More than 50 % of approved loans are granted to businesses that are owned by women. Therefore, investment into these businesses can initiate an important developmental and prosperity spiral for the country, as demonstrated by statistics from developed and developing countries. Due to limited access to property or assets as well as socio-cultural prejudices against female borrowers, their access to financial means is more difficult than for men.

The founding and management of a business requires time, commitment, and support by ones environ-
ment. Here, a partner with a negative or even violent attitude towards the entrepreneurial activities of
his wife can be a big obstacle. If in Ecuador, 48 % of women have suffered some form of violence from
their partners at any time during their life (although this figure is even higher for divorced women and
women who live separated from their partners), then there is no reason to assume that this statistic
does not also apply to micro-entrepreneurs.

Violence against women exercised on the part of their partners does not only affect the emotional
health and personal integrity of victims but also endangers their micro-enterprises. This effect is based
on two factors: Firstly, due to opportunity costs¹, since a loss in work days (the victim has to take care of
the problems caused by the violence) results in not generating income, and secondly, due to the horren-
dous additional costs, such as medical expenses, which the victim has to pay out of her own pocket.

The combination of both phenomena causes the micro-enterprise owner to quickly run out of money.
This leads to the foreseeable consequence of imminent bankruptcy, or at least, depending on which
phase the micro-enterprise is currently in (establishment, growth, or consolidation), a temporary stand-
still.

Indicators of opportunity costs and undercapitalization due to violence against female micro-entrepreneurs

Opportunity costs: absence of income	Undercapitalization
Violence against women leads to a loss of work days due to: <ul style="list-style-type: none"> ■ Physical injuries, which may lead to temporary incapacity to work ■ Emotional distress, which affects the victim's performance at work (presenteeism², isolation, depression) ■ Reporting and denouncing the violence or participating in a legal proceeding ■ Taking care of close family members as a consequence of violence ■ Search for support and help 	Income intended for or generated by the business which was lost due to violence against women: <ul style="list-style-type: none"> ■ Very high medical costs due to physical, psychological, and emotional distress ■ Costs of complaints and legal proceedings ■ Living expenses to make up for the partner's failure to meet their obligations ■ Theft of money perpetrated by the partner ■ Replacement of property or assets of the business which were destroyed by the partner

Scenarios in which violence against female micro-entrepreneurs occurs

The violence which female micro-entrepreneurs suffer from has different effects on their business, depending on the scenario in which violence occurs. There are three different scenarios: the separatist scenario, the contingent scenario, and the mobility scenario³.

Depending on which scenario applies to them, female micro-entrepreneurs require different support from different institutions. These scenarios provide institutions with useful information, be it to offer women financial means or be it to strengthen their empowerment. Action strategies can therefore improve their focus, consequently increasing their effectiveness.


The separatist scenario

This scenario depicts a situation in which the woman uses her own business as a source of economic independence and hence breaks free from depending on her aggressive partner. This is common among divorced and separated women or women who are currently in the process of separation.

- The aggressors continue attacking their former partners. During a remanence time of up to five years, violence continues or even increases⁴.
- When the attacks on the ex-partners cease, the negative impacts of violence continue for up to three to five years. Fear, insecurity, and learned helplessness are psychological phenomena which considerably limit woman's function as businesswoman, therefore causing significant opportunity costs.
- Opportunity costs also arise from the process of separation which usually entails a series of legal processes: legal disputes about aptitude to make financial decisions, debt redemption, use of property, division of property, custody rights regarding children, etc. – all these affect the women's focus on and their commitment to their micro-enterprises.



Photo: ©Alba Anaya Domínguez

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- Separation can be economically very dramatic (expulsion from the shared home, lack of liquidity, child care). Solely the elementary expenditures to secure their subsistence can be such a big burden that women lack the necessary capital for the initial investments. If, additionally, paternal obligations (especially alimony for children) are not met (this is also a form of economic violence), the failure of the business is practically inevitable.
 - If the business is founded after the couple's separation, the biggest risks for the survival of the micro-enterprise are misappropriation of capital (theft) or sabotage by the ex-partner.
 - If the business was founded prior to the couple's separation and the ex-partner was involved, the biggest problem is the distribution of the shares, goods, and customers – a process which can extend over a long period of time. An escalation of the conflict and violence is ultimately inevitable and can therefore be very problematic, causing women to prefer to renounce their shares of the business and to start a new enterprise.

The contingent scenario

In this scenario, the couple decides to start a business together. Both are business partners (each contributing their share of capital and/or labor). This scenario also takes place when the woman owns a business and later includes her partner for collective activities in the micro-enterprise. It is very common among married women or those living with their partner, as well as among single women with a long-term partner who resides elsewhere.

- In this case, violence against women is utilized by the man as a means of control or assertion of their own authority. Decisions on investment, use of capital, hiring or dismissal of employees, etc. are taken unilaterally. The man uses money from loans or capital for purposes unrelated to the business rather than sustainably reinvesting in the development of the business.
- The man employs relatives, friends, or other people because of reasons unrelated to the productivity of the business.
- The man delays or restricts the delivery of orders or the signing of credit applications or agreements. Thus, the exercise of power over his partner presents a form of extortion.
- The partner violence destabilizes the micro-enterprises, impairing the working atmosphere and having a negative effect on staff's mood and performance. For salaried employees who are active in the business especially, partner violence can be particularly counterproductive:
 - Non-performance of contracts, delays in deliveries as well as bad customer service (due to, among others, late payment of employees).
 - Double authority of the man over the staff. The partner violence undermines the authority of the woman as an employer in front of their staff.
 - Reduction in work performance (presenteeism) of employees who became witnesses of violence between their employers.

The mobility scenario

This scenario involves a situation in which the woman loses her job (being an employee) and does not find a new workplace. A private business will be started to generate income, serving as a replacement of the previous job. This scenario also takes place when the woman has never had a permanent job but has to start her own business due to survival reasons – since her partner lost his job and there is insufficient income or costs become excessively high. This is common among married women or women who live with their partner, as well as among single women with a long-term partner who lives elsewhere⁵.

- If the woman has no control over the financial decisions and means due to the man violently exercising power (or the couple mistrusting each other concerning money), she does not have sufficient access to capital to start her own business or to invest in it. This lack of economic control directly affects the size of the business and its opportunities for growth.
- A woman's economic empowerment can diminish her partner's feeling of 'domination and power,' which causes violent behavior. Some studies have shown that sexual and physical violence exercised by husbands may also rise with women's increasing decision-making powers⁶. Women being professionally active will certainly not only generate economic income, but also leads to an 'emotional gain.' They may receive a sense of economic prosperity, which affects their independence and the kind of relationship they have with their partner. In this case, men's violence serves as a means to somehow regain control.
- Psychological or mild physical violence impairs the self-esteem of these women and increases their fear of reprisals. This causes the above mentioned opportunity costs, leading to a reduced commitment to the business, a loss of work days and economic opportunities, a lack of concentration, lack of initiative, and the like. If attacks occur in front of customers or staff, they damage the business' image, which may also considerably reduce the company's success.
- the micro-enterprise is run in the woman's residence, it may happen that the aggressor counterproductively restricts or prohibits the recruitment of staff (out of jealousy), as well as the purchase of equipment or the use of premises for production purposes.

- In the case of severe physical and sexual abuse, women face very high costs for medical treatment – funds which they could have otherwise reinvested into their businesses. Furthermore, their physical inability to work clearly impairs their time and commitment that they spend on the business, which has particularly serious effects when newly founding a business.
- If the partner takes possession of the money of the micro-enterprise or the woman spends money, which was not meant for this purpose, on medical treatment for herself, or other family members, as a result of the violence, she often compensates the loss by working an excessive amount of overtime in order to save her newly established business. This is at the expense of her well-being and quality of life. This situation reaches an extreme when the owner of the micro-enterprise has to pay off loans and extremely overloads herself in her job in order to fulfill her obligations.



Photo: © Alba Anaya Domínguez

The economic reality of female micro-entrepreneurs in Ecuador

38.2 % of economically active female population in Ecuador work independently and are entrepreneurs. This group predominantly encompasses micro-entrepreneurs.

The reality of the latter is different from the reality of women in salaried employment. The micro-entrepreneur has no fixed income, no fixed working hours, no fixed work place (she can work from home, on the street, in a kiosk, on a farm, in business premises, etc.), and is not covered by any clearly defined labor legislation which protects her. In addition, the majority of these businesses are informal and very small; the women have no health insurance nor significant credit benefits, the strategic investments are very low, and the business has very few paid staff members. The owner is responsible for most of the roles within the business herself; her staff is mostly from her own family and her private finances can often not be easily separated from those of the business.



Photo: © Regional program ComVoMujer

Basic data: The majority of women who create their own micro-enterprise are part of the informal market sector and generate little business value, especially since most of the generated income merely serves as a means of survival⁷. The proportion of women in export and international trade is also almost nil (0.2 %). Additionally, there are almost non-existent investments in research and development (0.2 %), market research (1 %), and education and training (1.6 %). Only 25.4 % of micro-entrepreneurs have paid staff at their disposal. In a majority of businesses it is unpaid personnel, primarily family members, who work there.

Industry: 62 % of women are engaged in trade, the majority of them in retail, especially in small neighborhood shops (convenience stores) and similar shops, kiosks, or outlets or as street vendors. 33.5 % provide services, mainly accommodation, food, and beverages (38.7 %) in small restaurants and hostels. Only 4.5 % are dedicated to the production of goods, mostly with only basic technology. The main industries among these are textiles (48 %), food (29 %), and arts and crafts (18 %). The participation of women in businesses with high added value, such as health care services, education systems, the finance or real estate sector, or in liberal professions or science, is still very low.

Credit behavior: 20.7 % of the micro-entrepreneurs have received some type of financing, on average 3,000 US dollars, and have paid an average of 744 US dollars in interest per year. These loans have primarily come from private institutions (64.8 %) and from sources that do not require guarantee collateral, such as friends or family members (10.7 %). Informal funding sources ask for the highest interest rates. The interest rates of 39 % which female micro-entrepreneurs pay are very high. Even if 60 % of the credit receivers annually pay under 20 % of interest, 9 % has to pay an annual interest rate of over 100 %⁸. Cheaper loans are possible in the official financial sector. Moreover, a membership in an entrepreneurs' association or a social group empowers women to get better interest rates and higher financial contributions.

Characteristics of micro-enterprises in Ecuador run by women		
Indicators	Percentage of micro-enterprises run by women	Value in US dollars, on average; in absolute terms; or percent
Business run by a private individual	98.4 %	
Has qualifications in crafts	5.9 %	
Rented premises	47.9 %	
At only one location	96.7 %	
Average age of the business		7.94 years
Membership in a business association	8.1 %	
Has internet, an email, website	8.1 %, 6.2 %, 0.7 %	
Has a telephone, fax machine	75.4 %, 2.5 %	
Commercial activity	65.35 %	
Service activity	3.5 %	
Production of goods	20.7 %	
Main customer, nationally: General public	99.2 %	
Foreign customers (export)	0.2 %	
Has a tax number (is registered in the Single Taxpayer's Register (RUC))	58 %	
Keeps accounting records	3.5 %	
Received financing in order to start the business	20.7 %	US dollars 3,039.19
Average annual interest rate (percent)		38.93 %
Interest paid annually	19.6 %	US dollars 744.59
The business required financing	53.3 %	US dollars 4,937.40

Conducted a market investigation	1.0 %	
Invested in waste disposal	0.4 %	US dollars 381.50
Invested in research and development of the business	0.2 %	US dollars 1,043.61
Invested in training and professional development	1.6 %	US dollars 723.30
Expenditure on raw materials	38.2 %	US dollars 2,993.95
Expenditure on spare parts and accessories	31.8 %	US dollars 307.82
Expenditure on containers and packaging	77.6 %	US dollars 172.4
Expenditure on purchases and merchandise	64.0 %	US dollars 4,371.07
Expenditure on of third-party services and rent	58.1 %	US dollars 1,366.94
Other expenditure	87.7 %	US dollars 528.65
Charges, duties, and other costs (without VAT, ICE)	54.6 %	US dollars 104.63
Has paid staff (annual average). Annual payments to the staff. Number of paid employees	25.4 %	US dollars 7,235.22 2.24 employees
Includes unpaid staff (annual average). Number of unpaid employees*.	93.2 %	1.35 employees
Value of stocks (inventory) of fixed assets		US dollars 3,491.02
Total revenue by business activity (year)		US dollars 8,153.91
Other annual revenue	3.7 %	US dollars 6,598.03
Total expenditure by business (year)		US dollars 6,652.83
Net flow (difference of income-expenditure)		US dollars 1,503.81
Negative net cash flow	11.4 %	US dollars 8,875.62
Positive net cash flow	86.5 %	US dollars 2,905.81

**A micro-enterprises can have both paid and unpaid staff. CENEC, 2010.
Elaboration and evaluation: Dr. Aristides Vara.*

Violence against female micro-entrepreneurs in Ecuador:

Some figures

More than fifty of one hundred female micro-entrepreneurs are victims of partner violence.

Extent: 51 % of self-employed women or female entrepreneurs are or have been victims of some form of violence exercised by their current or former partner.

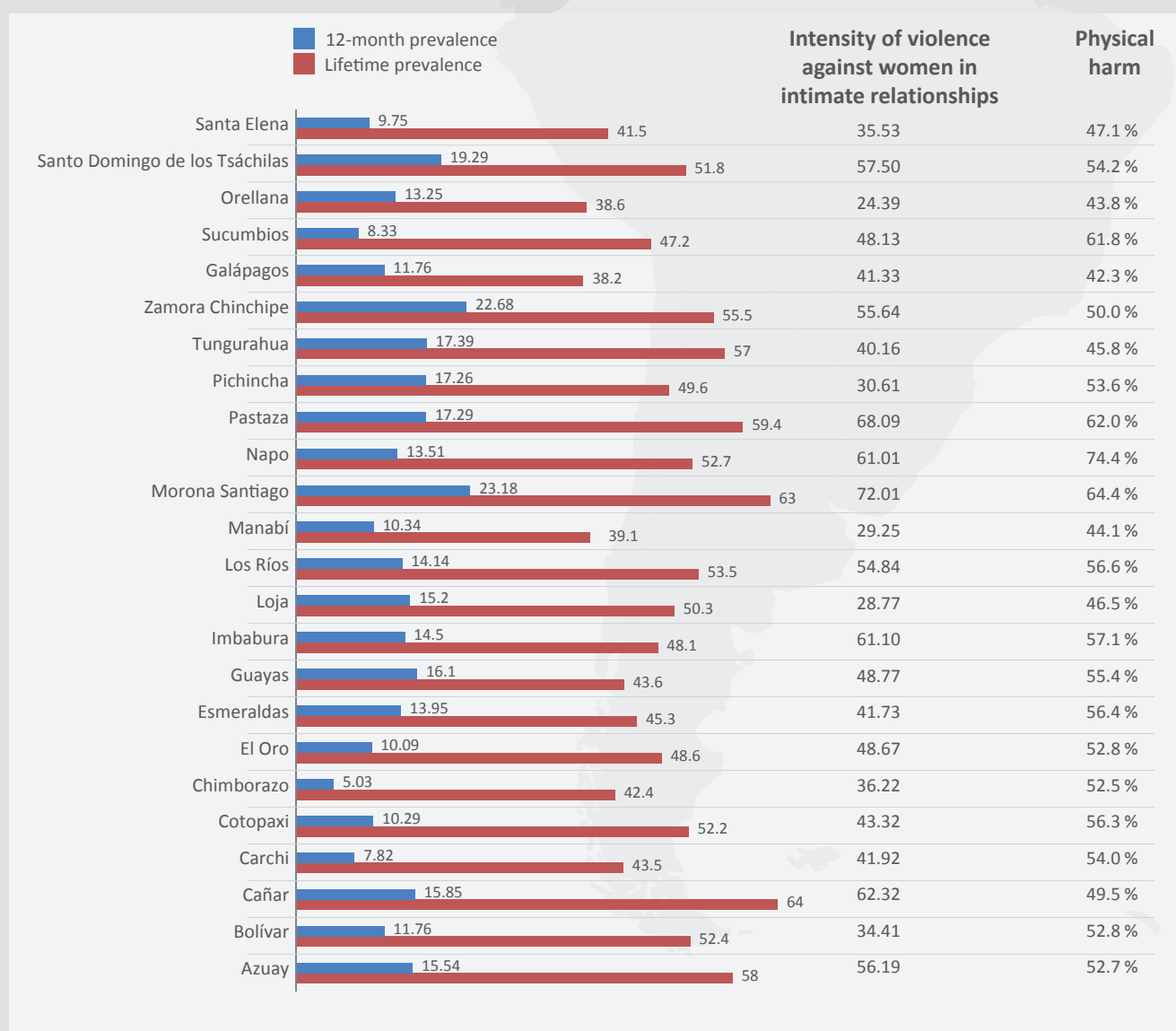
Provinces with the highest prevalence of violence: The provinces with the highest lifetime and annual prevalence are Morona Santiago, Cañar, Pastaza, Zamora Chinchipe, Tungurahua, and Azuay. The provinces with the most intense violence (with most severe and frequent attacks) are Morona Santiago, Pastaza, Cañar, Napo, and Imbabura.

Civil Status: Female micro-entrepreneurs who are most often affected by violence are those who do not live together with their partner (anymore): For women living separated from their partner, the share is 61 %, for divorced women it is as high as 80 %. However, female entrepreneurs who are in a long-term relationship are also exposed to a considerable degree of violence: For unmarried women who live separated from their long-time partner the share is 10 %. This percentage increases to 17 % for married women, and up to 25 % for unmarried women who live with their partner.

Violence does not cease with a separation: In the case of separated or divorced women it can be observed that partner violence continues despite the relationship having ended. 16 % of separated or divorced women confirmed that their partners have entered their home by force and without their permission, with a further 8 % having at least tried to get into their residence. Some indicators of extreme violence (e.g. death threats, threats with weapons, assault with knives) are even higher in this group than in the one for married women or women who live together with their partners.

Complaints are not followed up: Only 19.7 % of all female micro-entrepreneurs (with an annual income of 100 to 25,000 US dollars) reported cases of partner violence. In the case of married women or women who live together with their partners, merely 13 % of women who reported partner violence continued the proceedings or lawsuit. 26 % stated that the proceedings had been too lengthy or complicated, or that they did not have enough money to continue with them. 39 % came to an agreement with their partner, 10 % thought that a complaint was sufficient, 9 % did not want their partner to go to prison, 12 % do not trust judicial authority, and 4 % discontinued the proceedings due to threats. For women, the complaint generally had positive effects: 76 % reported that the behavior of their partner improved subsequently. Only 7 % reported that the behavior worsened, and in 16 % of cases it remained unchanged.

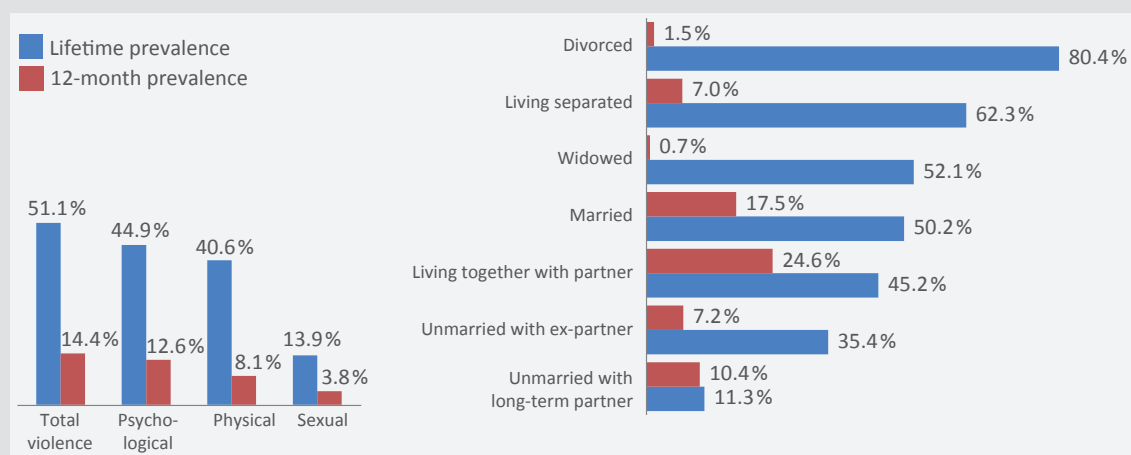
Partner violence against female micro-entrepreneurs by province



National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara.

In the case of divorced women, widowed women, or women living separated from their partners, only 25 % of the women who had reported their partner properly followed through the legal proceedings. 40 % stated that the proceedings were very lengthy or complicated or that they did not have enough money to continue it. 17 % came to an agreement with their partner, 8 % were of the opinion that a complaint was sufficient, 7 % did not want their partner to go to prison, 16 % do not trust judicial authority, and 7 % discontinued the proceedings due to threats. The complaint generally had fewer positive effects for these women than for married women: Only 42 % reported that the behavior of their partner improved subsequently. 36 % reported that the behavior worsened and in 22 % of cases it remained unchanged.

Lifetime prevalence and 12-month prevalence of violence against female micro-entrepreneurs



*National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara.*

Why is violence not reported? The main reasons why women do not press charges against the men exercising partner violence are them minimizing the crime, due to a lack of confidentiality, fear and ignorance. 70 % of unmarried women with a long-term partner did not report the violence because they thought the attacks were insignificant. Furthermore, it is noteworthy that 33 % of separated or divorced women and 29 % of unmarried women with ex-partners did not report the violence due to fear. This goes hand in hand with the 19 % of separated or divorced women and 18 % of unmarried women with ex-partners who did not report the crime because their partners actually threatened them. In addition, many of the separated or divorced women (27 %) and unmarried women with ex-partners (25 %) did not know that they could press charges against the men for these violent attacks.

Where do they seek help? The families are the first to be contacted in search of support by female micro-entrepreneurs who suffer from partner violence. 37 % of separated or divorced women and 32 % of married or women living together with their partner, firstly contact their family members to receive help after an attack. Unmarried women with long-term partners tend to contact religious authorities or friends or family members (17 % respectively). Only very few women seek support from women's organizations or health care facilities (less than 3 %).



Photo: © Alba Anaya Domínguez

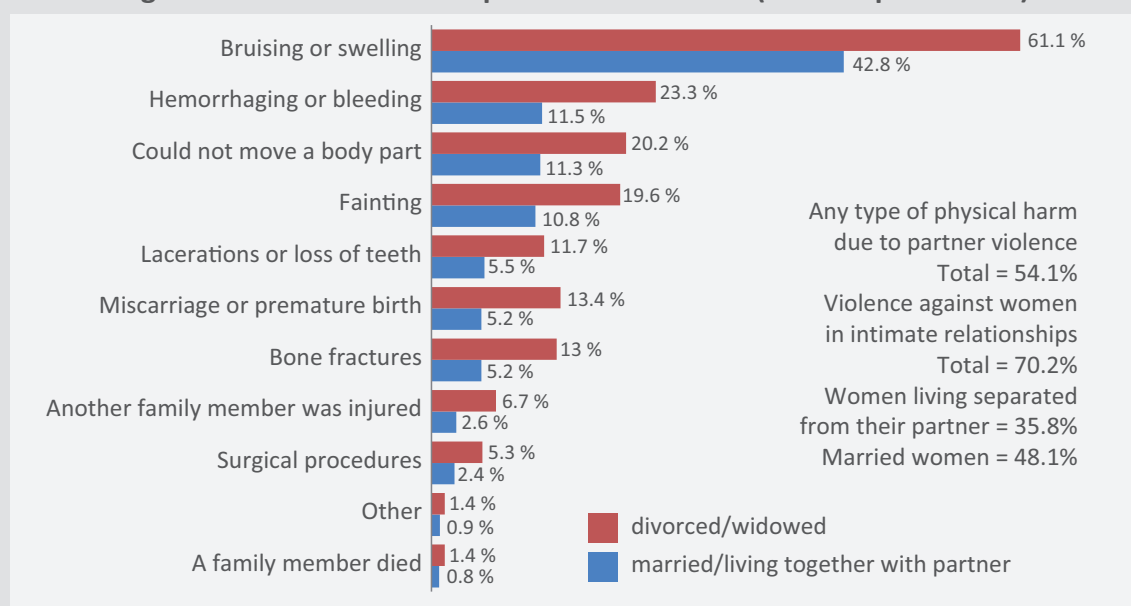
Harm and consequences of violence against female micro-entrepreneurs

The damages and the consequences described individually below are often cumulative and also occur in combination.

Physical damage: 54.1 % of female micro-entrepreneurs have suffered some form of physical harm. The most common physical harm encompasses bruises or swelling, bleeding, dislocations or sprains, as well as fainting. Micro-entrepreneurs who live separated or are divorced report the highest degree of physical harm caused by the violence of their ex-partner (70 %), mainly bruises or swelling (61.1 %), hemorrhages/bleeding (23 %), dislocations (20 %), fainting (19 %), lacerations or loss of teeth (11 %), miscarriage or premature births (13 %), fractures (13 %), injury to other family members (7 %), surgical procedures (5 %) and deaths in the family (1.5 %).

Female micro-entrepreneurs who are married or live together with their partner report physical injury least frequently, even if 48 % is by no means a small number. In this group, 43 % have suffered from bruising or swelling, 11 % from hemorrhaging/bleeding, 11 % from sprains, 10 % from fainting, 5 % from lacerations or loss of teeth, 5 % from miscarriage or premature births, 3 % from broken bones, 3 % from injury to other family members, 2 % from surgical procedures and 1 % from deaths of family members.

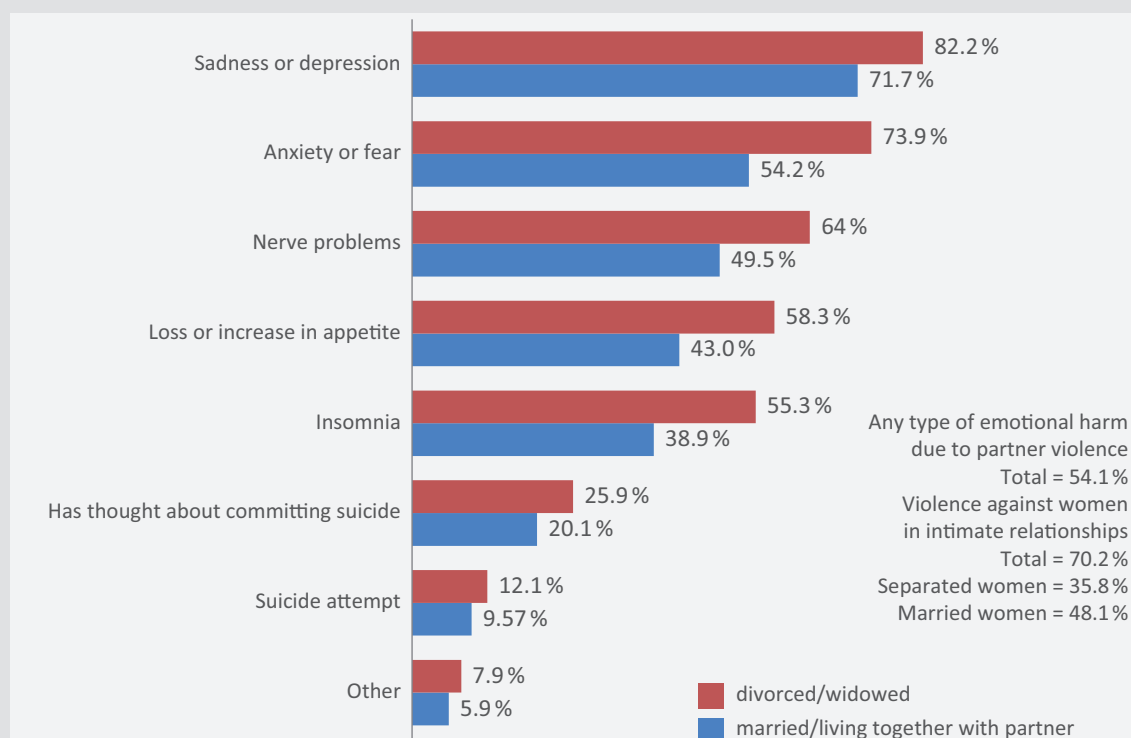
Physical harm caused by violence against female micro-entrepreneurs in Ecuador (lifetime prevalence)



National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara.

Emotional harm: 84.8 % of the micro-entrepreneurs have suffered emotional harm because of partner violence. The most common symptoms are sadness/grief, depression, anxiety or fear, nerve problems, eating disorders, and insomnia.

Emotional harm caused by violence against female micro-entrepreneurs in Ecuador (lifetime prevalence)



*National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara.*

Suicide: Almost a quarter of women have thought about committing suicide. Of these, the following groups have actually attempted to take their own life: 47 % of married women or women living separated from their partner, 33 % of unmarried women with long-term partners, and 40 % of unmarried women with ex-partners.

Social isolation: 38 % of female victims of violence have experienced some form of social isolation due to the violent attacks. This figure is even higher in the group of unmarried women with long-term partners: 75 % of them have ended contact with friends, 42 % do not leave the house anymore and 33 %

stopped participating in activities that they used to enjoy. Among the women living separated from their partner or the divorced women, 38 % do not leave the house anymore, 36 % have stopped working or dropped out of university, and 31 % find themselves socially isolated in other situations.

Treatment: Only 11 % of married women or those living together with their partners who have been victims of violence received medical or psychological care. In comparison, 17 % of those who live separated from their partners, 33 % of unmarried women with long-term partners, and 14 % of unmarried women with ex-partner were treated medically or psychologically.

Separation: As a result of experienced violence, 41 % of married women or those living with their partner have considered or have already attempted to get separated from their partner. 58 % have not thought about a separation or do not want to get separated from their partner.

Among the main reasons for women not to get separated from their partner are: The idea that a couple must stay together (58 %), the belief that the problems are not that serious (44 %), the women loving and needing her husband (41 %), the children still being young (27 %), it not being economically feasible for her to fend for herself (19 %), the woman not knowing where to go or the partner refusing to move out (17 %), lack of support, the woman having no one and fearful of being separated (16 %), fearing that the partner might hurt the children (10 %) and the partner threatening to take away the children or the house (6 %).

In the case of the female micro-entrepreneurs who are separated or divorced from their partner (except widows) 51 % of women made the decision to separate by themselves; the other 46 % made the decision together with their partner or their ex-partner made the decision by himself. 45 % of ex-partners accepted the decision taken, while 31 % of ex-partners refused to accept the separation, and 21 % of ex-partners threatened to take away their children or the house. 4 % threatened the women with committing suicide, and 3 % threw the women out of their shared home.

After the separation, 21 % of women moved out of the shared home, while in 75 % of cases the ex-partner moved out. 85 % of the women took custody of the children. Only 47 % state that their ex-partners fulfilled or are fulfilling their financial obligations to pay for the child's maintenance.

843,160 of female Ecuadorians are the owners of micro-enterprises with an annual income of 100 to 25,000 US dollars. More than half of them (422,100) are suffering violence on the part of their partner or ex-partner. Within the last year, there have been over 123,000 attacks on female micro-entrepreneurs exercised by their partners or ex-partners. Only 83,000 of these women have pressed charges against the men who exercised the violence and even fewer (51,000) sought medical care.

Extent of violence against female micro-entrepreneurs in Ecuador	
Indicators	Number of women
Economically active, female populations (EAP), female micro-entrepreneurs	938,648
Female EAP, self-employed, 15 years old or older	890,782
Female EAP, employers, 15 years old or older	47,866
Female EAP, self-employed, 15 years old or older, annual income between 100 and 25,000 US dollars	809,699
Female EAP, employers, 15 years old or older, annual income between 100 and 25,000 US dollars	33,461
Violence against women in intimate relationships	
Female EAP, 15 years old or older, annual income between 100 and 25,000 US dollars**	
Lifetime prevalence (LP) (50.1 %)	422,100
Psychological violence (LP) (44.6 %)	375,936
Physical violence (LP) (38.3 %)	323,162
Sexual Violence (LP) (13.9 %)	117,449
12-month prevalence (YP) (14.7 %)	123,696
Psychological violence (YP) (12.3 %)	103,541
Physical violence (YP) (8.1 %)	68,492
Sexual violence (YP) (3.8 %)	31,747
Violence ended in the last year (35.4 %)	298,404
Physical harm caused by partner violence (50.6 %)	213,558
Emotional harm caused by partner violence (82.6 %)	348,569
Social isolation due to partner violence (37.3 %)	157,406
Pressed charges against the man exercising partner violence (19.7 %)	83,332
Sought social support (38.1 %)	160,808
Sought health care (12.3 %)	51,781

Based on: National population and housing census 2010 and
National Survey on familial relationships and violence against women.
** Calculations with the expansion factor for women 15 years old and older.

The subsequently depicted costs are based on the group of women who have suffered from violence or have experienced lasting or serious physical, emotional, and economic harm.

Opportunity costs and direct expenditures by female micro-entrepreneurs in Ecuador

Opportunity costs: Due to violence, female micro-entrepreneurs lose 6,711,000 work days annually, resulting in a loss of revenue of 8,700,000 US dollars per year. This corresponds to a loss of 54 work days per woman and a loss of income of 70 US dollars per year. Considering the current total income of these women, this is by no means a small amount. The opportunity cost for women who have suffered violence in previous years, is even higher (81 US dollars per woman), corresponding to a total amount of 24,208,000 US dollars.

However, partner violence generates even more costs than expressed by these figures. Since violence leads to impoverishment, we must also include the consequential costs of impoverishment when looking to accurately calculate the opportunity costs (based on the difference of income compared to women who are not victims of violence). This results in a substantially higher amount, namely 49,000,000 US dollars per year. In other words, the opportunity cost, based only on the absolute income losses of female victims of violence, is 3.5 %. If we assume that the income level of women, who are not victims of violence, is similar, then the share of the opportunity costs increases to 19.6 %.

A total of 86 % of female micro-entrepreneurs have an income loss because of lost work days as a result of acts of violence. The share of average opportunity costs, taking into account the relationship to annual income, is 9 %, which is even higher for women who are currently suffering from violence than for women who were victims of violence in previous years. One percent of female micro-entrepreneurs have lost more than 100 % of their income because of the days that they were unable to work. Even if this percentage seems low, we are talking about more than 4,000 female micro-entrepreneurs.



Photo: © Thomas J. Müller/SPDA, GIZ

Opportunity costs and costs that have to be paid out of women's own pocket as a result of partner violence						
	Violence in previous years, not the current one		Current violence, in the last year		Total (all the cases of violence against women in intimate relationships)	
	Average	Sum	Average	Sum	Average	Sum
Total of lost work days due to violence	48.23	14,393,278	54.25	6,711,189	49.99	21,104,467
Opportunity costs of violence (US dollar)	81.12	24,208,230	70.30	8,696,793	77.95	32,905,023
Expenditures paid out of women's own pocket, as a result of partner violence (US dollar)	214.05	63,876,200	185.31	22,922,414	205.63	86,798,614
Annual revenue per business (US dollar)	2,093.74	624,781,766	2,036.53	251,910,485	2,256.45	1,902,547,554

*National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara. Calculations with the expansion factor for women 15 years old or older.
Annual revenue per business, without violence (MD = 2,436.36, n = 421,060).*

Causes of the loss of work days: 19 out of 100 female micro-entrepreneurs have lost some work days because of pressing charges against the man exercising partner violence. 38 % have lost work days because they have sought social support as a result of the violence suffered, and 12 % as they needed medical attention or another type of health care service.

Lost work days due to violence according to income level		
Correlation between lost work days/ self-generated income	Number of women	Percentage
0 %	57,610	13.6
0.1 % - 5 %	262,287	62.1
5.1 % - 10 %	43,347	10.3
10.1 % - 20 %	27,929	6.6
20.1 % - 30 %	14,628	3.5
30.1 % - 50 %	7,338	1.7
50.1 % - 75 %	3,320	0.8
75.1 % - 100 %	1,448	0.3
100.1 % - 200 %	4,193	1.0

*National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara. Calculations with the expansion factor for women 15 years old or older.*

Direct expenses to be covered, i.e. paid out of their own pocket, as a result of partner violence:

The current expenses amount to 185 US dollars per year per woman, resulting in a total of 22,922,000 US dollars per year. This is equal to 9 % of the generated revenue within the last year by all female victims of violence (123,696 women). In comparison to the period in the previous year (total number of victims: 298,404 women) this figure is even 13.5 % higher (214 US dollars), equaling a total of 63,876,000 US dollars.

Undercapitalization: The proportion of female micro-entrepreneurs who had to cover costs due to physical harm which had to be treated and cured, amounts to 69 %. Since these expenditures are very high, they directly affect the degree of undercapitalization of micro-enterprises. While 30 % of female victims of violence are not affected by undercapitalization, since these costs are not particularly high, these outputs are located at the other end of the spectrum (8.3 % of women) with more than 100 % of their income. We are talking about at least 35,000 female micro-entrepreneurs for which the expenses they have to pay out of their own pocket often significantly exceeds the total of their annual income.

Undercapitalization due to expenses which need to be settled by money out of the women's own pocket as a result of partner violence				
Percentage of undercapitalization (correlation between expenses paid out of the women's own pocket/self-generated income)		Number of women	Percentage	Percentage, taking into account other incomes
No undercapitalization (30.3 %)	0 %	128,008	30.3	30.3
Undercapitalization with impacts on the growth of the business (49.7 %)	0.1 – 5 %	128,026	30.3	31.7
	5.1 – 10 %	26,051	6.2	10.1
	10.1 – 20 %	31,756	7.5	7.4
	20.1 – 30 %	23,609	5.6	5.1
Undercapitalization with impacts on the sustainability of the business (11.7 %)	30.1 – 50 %	24,210	5.7	4.2
	50.1 – 75 %	17,042	4.0	3.4
	75.1 – 100 %	8,244	2.0	2.3
Bankruptcy and indebtedness (8.3 %)	100.1 – 200 %	18,049	4.3	3.7
	200.1 – 300 %	6,478	1.5	1.4
	Above 300 %	10,62	2.5	0.5

*National survey on familial relationships and violence against women, INEC, 2011.
Elaboration: Dr. Aristides Vara.*

The average share of undercapitalization is 36 %, with undercapitalization being greater for women who are currently suffering from violence (43 %) compared to those who were victims of violence in previous years (33 %). The consideration of other income (e.g. compensation fees, remittances from abroad, donations, state funding in the shape of a development bonus) reduce undercapitalization to 20 %. In the case of current violence, it is decreased to 24 %, in cases of violence in previous years to 19 %.

Microfinance as a strategy to fight violence: International experiences

A number of microfinance programs, which are summarized in the following overview, will show that they – together with empowerment programs – contributed to reduce violence against women. The latter encompass education courses and workshops to reduce inequality between men and women, to improve communication between life partners, and to empower women in general. When it comes to microfinance programs it can, however, occur that the husband or partner manipulates or at least controls the micro-credit, which has certainly a rather counterproductive effect on reducing the risk of violence.

Examples of positive effects

- In South Africa, the microfinance program Intervention with Microfinance for AIDS and Gender Equity (IMAGE), which was directed at women living in poverty in eight communities, ascertained that violence against women was reduced by 55 %, the women's self-confidence was increased by 10 %, and their attitude towards violence was improved (17 %). This program offered financial services as well as training on investment, gender issues, communication, and partner violence. In addition, it encourages the participation of husbands and the village community in the implementation of the program in order to create a favorable environment for female micro-entrepreneurs. Another study in rural areas of the country demonstrated that the access to micro-credits resulted in a 50 % decrease of violence within half a year, an increase in women's self-confidence of 9.2 %, and a growth of financial confidence of 33.1 %.
- The Working Women's Forum (2000) noted that participation in microfinance programs causes women to end violent relationships or to reduce the attacks of their current partners. 40.9 % of the women who were previously victims of partner violence, curbed violent acts due to personal empowerment, while 28.7 % achieved this with the support of group measures.
- The evaluation of the program Bangladesh Rural Advancement Committee (BRAC) in the rural area of Bangladesh also showed that the level of partner violence decreased among borrowers.

However, the cases listed below demonstrate that microfinance requires further cooperative and concerted measures in order to actually achieve relevant changes in the lives of women. A systematic study by Vyas & Watts (2009) of 41 published articles points out that the financial empowerment of women does not alone reduce violence, due to certain related environmental factors⁹.

Negative effects:

Why does microfinance alone not provide sufficient empowerment?

- In rural areas in Bangladesh, a study of 696 married women in 69 villages demonstrated that the level of psychological or physical violence among women who received micro-credits did not decrease. The reason was a lack of control of their micro-credit, which was mainly managed by their husbands (87 %) ¹⁰. An earlier study with the same sample revealed that borrowers who had no control over their micro-credit suffered from more psychological and physical violence from their husbands than women without micro-credits. They were threatened with physical assaults and forced to leave their homes. Therefore, it can be said that a micro-credit is only the key to reducing violence when it is awarded under the condition of autonomous disposal of the money by the women themselves. Conversely, the probability of physical abuse increases when women are made to participate in micro-credit programs by their partners ¹¹.
- Other investigations have revealed a strong correlation between the autonomy of a woman and the micro-credit on the one hand, and violence on the other. Comparing the results of a number of studies, it has been found that rigid gender roles can increase violence against borrowers in relationships ¹².
- In Mexico, a study was conducted on the basis of the National Survey on the Dynamics of Relationships in Households (ENDIREH), which also concluded that access to financial resources for the purpose of women's empowerment does not automatically decrease the risk of partner violence. Some dimensions of female empowerment, such as the decision to work, reduce this risk, while others, such as decisions on family planning (i.e. the use of contraceptives) increase it. Considering these results, the study recommends specific measures for each age group on issues of partner violence and the implementation of adequate finance programs.

Learned lessons and recommendations

- Female micro-entrepreneurs are a very important target group for micro-credits, thus significant investments flow into this sector. In this sense, microfinance companies fulfill an important task in attempting to increase the market coverage of their services. This expansion allows many women to have access to micro-credits but also permits some entrepreneurs to be abused by their partners. Therefore, micro-credit institutions must not ignore this social and economic reality and ought to adopt an active attitude towards fighting violence against women:
 1. Violence against women leads to an undercapitalization of micro-enterprises, thereby increasing the risk of delayed payment and negatively affecting the credit history of female entrepreneurs. Sometimes the partner takes possession of the micro-credit, thus getting the woman into debt and making her lose her capital.
 2. Due to violence against women, micro-credits are not utilized for the purpose for which they were originally awarded. They do not serve as an investment into the business, but rather to settle losses and damages that were caused by violence. This effect limits the growth of micro-enterprises and also affects the size of aspired credits in the future.
- Violence exercised by partners affects 51 % of female micro-entrepreneurs, which is why the mere extension of the market coverage of this service – just for women to have access to this form of financing – is no longer a strategic measure. Now, more attention must be directed towards the impact of the credit on the economic development of women in connection with a reduction of violence. As already demonstrated, the granting of micro-credits alone does not guarantee a decrease in violence. Micro-credits need to go along with training on financial empowerment, decision-making, and strategies of connecting women, such as networks or associations. Although the awarding of a micro-credit often involve training of the female borrowers, in order to be strategically useful, the training ought to include modules on violence against women, empowerment, decision making, financial independence, etc. Only this way can good repayment behavior of customers and high returns for microfinance institutions be assured.
- It is likely that microfinance businesses lose many female customers per year as a result of violence against women. Therefore, the question for microfinance business arises to what extent they are able to respond appropriately to cases of violence against women (in the event their employees notice these occurrences). Are staff members trained for this task? It is strategically sensible from both an economic and social perspective to also invest in prevention and the protection of female customers. Otherwise, violence increases the cost of payment control, enforcement, and loss of customers.


As demonstrated in this study, violence against female micro-entrepreneurs has a negative effect on society as well as on a country's economy. It is therefore the responsibility of the private and public financial sector to develop concrete measures as well as policy strategies against gender violence. These ought to be taught to all groups, as well as it being necessary to implement education and violence prevention programs for male and female staff members.



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Comments

- ¹ In the present study, opportunity costs are defined as a loss of income as a result of lost work days due to temporary incapacity to work caused by physical or emotional damage or as the time needed to solve problems related to violence. The above ‘expenses to be settled out of their own pocket’ scenario arises, for example, when victims have to receive treatment for physical injury they suffered. Transportation costs are caused if these women seek social support or press charges against the perpetrator due to the experienced violence.
- ² Although the person is present at the workplace, her/his attention is not focused on the professional task because of the extreme mental strain resulting from the experienced or exercised violence. This certainly has a negative effect on job performance.
- ³ The bases for the development of these scenarios of violence are in-depth interviews with female micro-entrepreneurs who are members of the Chamber of Commerce Quito (FLACSO, 2012).
- ⁴ This scenario also becomes apparent in previous studies on the impact of violence and its continuation after the separation of the couple. (Sources: Brownridge et al., 2006, 2008; DeKeseredy, Rogness & Schwartz, 2004; Thiara & Gill, 2012; Hotton, 2001).
- ⁵ Fishman et al, 2010; Jones et al, 2006; Varcoe et al, 2011.
- ⁶ Example: Yodanis, C. (2004). Gender Inequality, Violence against Women, and Fear: A Cross-National Test of the Feminist Theory of Violence against Women. *Journal of Interpersonal Violence*, 19 (6), 655-675; Pridemore, W. & True, J. (2005). Gender Equity, Traditional Masculine Culture, and Female Homicide Victimization. *Journal of Criminal Justice*, 33 (3), 213-223; Rahman, M., Aminul, H., Satoru, M. (2011). Intimate Partner Violence against Women: Is women Empowerment a Reducing Factor? A Study from a National Bangladeshi Sample. *Journal of Family Violence*, 26 (5), 411-420.
- ⁷ Women often end up in the informal market since they do not have any opportunities in the formal labor market but have to contribute to the family’s income. This fact is one of the so-called induction factors which are closely associated with gender roles and stereotypes. (World Bank, IDB, GTZ, *Mujeres empresarias: barreras y oportunidades en el sector privado formal en América Latina*, 2010, Washington, DC, p.10.

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- ⁸ According to the survey conducted by the INEC on the living conditions of the population, 26 % of households with private businesses received loans and microcredits, of which 24 % were used to repay debts, and 16 % were utilized for medical care. 42 % of these loans were granted by family members or friends. This does however not imply that the interest rates were consequently low. In fact, 76 % of these informal funding sources ask for the highest interest rates. In a survey conducted among female members of the Chamber of Commerce Quito, all respondents had experience in financing. The study showed that women who suffer violence at the hands of their partners work more overtime (25 days) in order to balance out the loss of work time as a result of a temporary incapacity to work. It ought to be noted that these are the women who most frequently apply for informal loans.
- ⁹ Vyas, S., & Watts, C. (2009). How Does Economic Empowerment affect Women's risk of Intimate Partner Violence in Low and Middle Income countries? A systematic review of published evidence. *Journal of International Development*, 21, 577-602.
- ¹⁰ Aktaruzzaman, K., & Guha-Khasnobis, B. (2010). Does control over Microfinance Matter in Reducing Domestic Violence? Evidence from Rural Bangladesh (Discussion Paper No. 304). Helsinki: Helsinki Center of Economic Research & Indian Institute of Technology Gandhinagar.
- ¹¹ Aktaruzzaman, K., & Guha-Khasnobis, B. (2009). Does Micro-Credit Increase Domestic Violence? Evidence from Rural Bangladesh. Helsinki. Manuscrito no publicado: University of Helsinki & UNU-WIDER.
- ¹² Koenig, M., Ahmed, S., & Mozumder, A. (2003). Women's status and domestic violence in rural Bangladesh: individual and community-level effects. *Demography*, 40(2), 269–288.

