

SUPPORT MICRO-ENTREPRENEURS THROUGH TRAINING PEOPLE AND MICROCREDIT - BRAZIL AND BANGLADESH

Track 10: International Business and New Connections Asia-Pacific. Experiences in Business Developing with Asia-Pacific

ABSTRACT

This study aimed to analyze government policies to support small and medium enterprises regarding the lack of skilled labor workers to meet the demand of the employer market as well as microcredit initiatives of People's Bank in Brazil and the Grameen Bank of Bangladesh to support the small entrepreneur. The article examined the official programs of professional training existing in Brazil and microcredit programs offered in Brazil and Bangladesh. It has been observed that both play an economic and social role that can guarantee positive results for small and medium business, improvement in families' income and consequently reduce unemployment.

Keywords: Micro-entrepreneur. Professional training. microcredit

INTRODUCTION

Lack of jobs is one of the main issues that concern government and business in countries, even the emerging countries like Brazil, which is quoted in the report as an example of a country which has adopted "appropriate social and labor policies." Among the main issues of this phenomenon is the lack of professional qualification of the worker.

The low educational level and inadequate preparation of skilled manual laborers undermine national economic development, acting as an inhibitors to small and medium businesses, business models that rely on trained people to operate in competitive markets. In short, there are plenty of vacancies, but they lack workers with requirements to fill them. It

thus creates the need for public policies in order to avoid mass unemployment and failure of small and medium entrepreneurs.

There are government initiatives that are concerned with the training of workers, with a view to business demand. Educational actions such as improving the quality of basic education, the development of technical schools and building new universities which favor the supply of labor-intensive technicians and management to small and medium-sized enterprises needing to expand their economic activities.

On the other hand, the small individual entrepreneur, the small and medium business need credit to be able to start and maintain a business. Thus, the example of the People's Bank and Grameen Bank shows how you can give the so-called microcredit to individuals and micro entrepreneurs as a way of respecting human rights and support for free enterprise focused on combating unemployment and poverty.

OBJECTIVES

This study aims to discuss the importance of membership support programs to small entrepreneurs with the national project of development of countries, focusing on micro, small and medium enterprises. In order to present possible ways to design effective actions to solve this problem, it is proposed to consider the issue through the following objectives:

- a) Map public policy worker training in Brazil
- b) Describe microcredit policies in Brazil and Bangladesh?
- c) To demonstrate the contribution of training people and micro-credit to micro, small and medium enterprises within the context of economic and social development of the country.

THEORETICAL BACKGROUND

Professional Qualification

Education for work is not a new concern. It was already present in time and motion studies of Frederick Taylor, where the recruited staff would specialize in their tasks to meet the meticulous division of labor outlined in the organization. Also present as government policy in order to improve their public servants and meet the needs of companies.

Professional qualification definition should not be seen as something rigid or static, as such terms are constantly evolving, as does contemporary social and technological levels. Nor should it be restricted to the professional level because it also has a social dimension.

The supply of skilled labor is closely linked to a broader concept: Organizational Learning, given that, according to Jones (2010), this corresponds to the process by which managers seek to improve the desire and the capacity of members in their organization understand and manage the organization and its environment in order to make decisions that continually increase organizational effectiveness. The action of organizational learning is vital for companies to keep pace with changes that affect them.

At present, discussions concerning the professionalization are directed at reducing and eliminating the problem of unemployment caused by the lack of qualified professionals. It acts as retainer mainly of small and medium enterprises. And among the possible solutions found are: the construction of technical schools and the spreading of distance learning, using the internet.

Microcredit

The microcredit concept was created in 1976 by Muhammad Yunus, founder of Grameen Bank, although there are reports of similar experiences. One such example is Friedrich Wilhelm Raiffeisen founder of the Association for Self-Procurement of Bread and

Fruit in 1864 in southern Germany which was created to lend money to poor farmers indebted to moneylenders so they could make and market bread to increase their income and pay their debts. Microcredit is a financial term used to describe a very specific type of credit, whose principal objective is not just small farmers, but also the poor in general, who otherwise would have absolutely no access to any other type of credit.

Although the concept of Yunus is directed to individuals with total lack of access to credit, the fact is that from this initiative the borrowed funds are generally used for the purchase of tools or animals to the aid of domestic production. The loans are made on a small scale - 20-30 dollars on average – and with the condition that families keep their children in school.

In Brazil, the concept of microcredit is more comprehensive. The National Development Bank (BNDES) has created a line of credit for states and municipalities in the country to establish organizations to lend working capital, creators of income, at the end of 1996. This Bank defines microcredit as the lending of small value to formal and informal micro entrepreneurs, usually without access to traditional financial system. According to the Bank, this type of credit is in the context of microfinance, which covers the supply of loans, savings and other specialized financial services for low-income people. The resources of productive oriented microcredit is always used to finance working capital and fixed productive investments, such as civil construction, the purchase of machinery and new and used equipment, purchase supplies and materials, among others.

The main characteristics of the Brazilian microfinance are: the absence of real guarantees, since most transactions are guaranteed by the joint debtor; the granting of credit is responsive and appropriate to the enterprise's business cycle; low transaction cost due to the proximity between the institution and the borrower of the loans, and the absence of bureaucracy; economic action with strong social impact on the community; the high

operating cost for the provider institution of resources; and the particular methodology, which is assisted in providing credit. Loan officers go to the place where the employee exercises a productive activity to assess the needs and conditions of their service and the payment terms. This professional starts to follow the evolution of the business and to provide guidance if necessary.

Within this microcredit policy is the so-called People's Bank, which finances working capital and fixed income as a development of BNDES initiatives throughout Brazil.

The financing of the People's Bank in Sao Paulo is for formal and informal entrepreneurs, cooperatives and associative forms of production or work, that have gross revenues of up to R\$360,000 in the last 12 months.

The People's Bank became a success throughout Brazilian territory, it provides opportunities in a timely manner with personal loans for those who want to conquer their own business, the People's Bank offers several special conditions. What differentiates the People's Bank from other banks are the interest rates charged on credit operations, interest is reduced and the customer can choose how many installments they wish to pay, according to their abilities.

The People's Bank can be found in all Brazil, but the region that the bank became best known is the Federal District. At the bank's branches, services most sought daily by the population are the cash loans. The People's Bank in the Federal District serves individuals generally operates with up to 3000 Reais credit limit and for those who already own a company registered as a formal entity, is entitled to take out loans of up to 5000 Reais with interest rates lower than those offered in the market and with reasonable payments.

The People's Bank loans in the Federal District undergo registration review, the requester's name cannot appear in the SPC's debt ratio or Serasa (Brazilian Services that identify outstanding debt). The minimum amount to request for a personal loan is R\$500.00;

agencies of the People's Bank can analyze credit rapidly, easily and, after approval in credit analysis, the customer can choose the payment conditions that best fits their pocketbook, the minimum number of payments is four and the maximum is up to eleven installments.

METHODOLOGY

This paper presented was realized through bibliographic and documentary research consisting of books, articles and texts available in libraries, in the analysis of documented experiences of the main actions of the government policy to support small and medium enterprises regarding the lack of skilled manual labor in Brazil and microcredit as conceived by Grameen Bank of Bangladesh. It is an exploratory type of research that seeks comparison with the purpose of experience exchange.

As for the approach, the article involved a qualitative research, whose direction does not seek depth data or numbers, for the principal and interest focus is broad, involving descriptive data. However, knowledge of information involving numerical data is necessary for understanding of the subject.

The intention was to carry out a documents review of relevant legislation to public policies adopted by Brazil and demonstrate the impact of micro-credit grants. It always maintained a focus on small and medium enterprises and individual entrepreneurs.

RESULTS

Public policy experience and training in Brazil

The global trend points to the phenomenon of globalization of markets, arising from the internationalization of the economy. Therefore, countries need to adapt their production of goods and services to quality standards and internationally prevailing productivity, seeking to consolidate its presence in foreign trade.

However, the modernization of enterprises spends as much on technological innovations as on new administrative processes. At this point, the professional qualification of the worker may form a key point for the expansion of projects, since there is greater demand for technical and managerial skills.

In their National Vocational Qualification Policy, Brazil has adopted a concept that is directly linked to its social role, following international discussions within the ILO. The official Brazilian design, such a policy must be understood as a right and an essential condition for ensuring decent work for men and women. In this manner, it defines social and professional qualification as that which enables citizen inclusion and participation in the labor market, with effective impact on the life and work of people.

In Resolution no. 575 of April 28, 2008, the Brazilian MTE laid down guidelines and criteria for funding transfers to the National Qualification Plan (PNQ), details the theme scope in its 3rd article. In its content, government actions of support should address the need for intellectual, technical and cultural of Brazilian workers and raise the education of workers, and promote social inclusion of discriminated and vulnerable populations. There is concern about the ability of public policies to ensure the permanence in the labor market, reducing the risk of dismissal and turnover rates which favors the reduction of expenditures - by businesses - with constant training and new recruitment processes as well as the existence of the possibility of consolidating a high-performing team. It is also expected: the success of an individual or collective enterprise from the perspective of a popular solidarity economy; raising the productivity, competitiveness and income; and coordination with all the actions of the Public System of Employment, Labour and Income. The connection point to the actions of a macroeconomic nature and with micro and small enterprises to allow the utilization by workers of opportunities generated by the local and regional development, clearly shines in that legislation.

Public policies of vocational education in Brazil were taken over by the National Qualification Plan (PNQ), implemented in 2003, replacing the National Plan for Worker Training (PLANFOR), created and developed between the years 1996 to 2002. The PNQ was formulated by the social and Professional Qualification Program and is guided by social inclusion and reduction of social inequalities objectives; growth with labor, employment and income, environmentally sustainable and reducing regional inequalities and the promotion and expansion of citizenship. (MTE, 2003).

One of the biggest challenges of Brazilian politics is being able to also articulate the various initiatives that are not listed in QNP as a way to join together in a synergy that achieves the best results in terms of vocational education.

Among such initiatives are programs that are not funded by the government, businesses, the public schools, of civil society organizations, schools and private institutions.

Outstanding among the initiatives not directly encompassed by the PNQ developed by the System "S" - the name by which it was agreed to be called the set of eleven contributions of interest to professional categories established by the Constitution of the Federative Republic of Brazil. SEBRAE (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas), which is an institution that integrates such a system, has been developing relevant support services to SME development, stimulating entrepreneurship in the country, mainly through professional training programs.

Another who also worth mentioning is the SENAI (Serviço Nacional de Aprendizagem Industrial), which is now the largest professional education complex in Latin America. Its mission is to promote professional and technological education, innovation and the transfer of industrial technologies, contributing to increasing the competitiveness of Brazilian industry. This institution has a national department, with 27 Regional Departments that deliver their programs, projects and activities throughout the national territory, providing

appropriate services to different local needs and contributing to the strengthening of industry and the full and sustainable development of Brazil. That organization's training courses are concerned with the placement of the student in the labor market and with their training as citizens. They are offered various forms that prepare people for employment, such as the industrial learning, professional competence and mid-level professional qualification, besides offering continuing training in order to upgrade or complement the knowledge that an individual already possesses.

Grameen Bank and microcredit financing

The Grameen Bank is located in Bangladesh, and has 2185 branches. Since its founding, it has lent the equivalent of 5.72 billion dollars to 6.61 million borrowers, over 90% of whom are women. It serves 71,371 villages and has a staff of 18 795 paid staff. Their default rate is very low: only 1.15%, which means that the Grameen Bank gets back 98.85% of the loans it grants.

Bangladesh is a country that became independent in 1971. Many people lost their lives and much of the country was destroyed. It is listed among the Next Eleven economies - N11 - set of eleven countries identified by Goldman Sachs investment bank as great potential to be among the largest economies in the world along with the BRICs. The capital is Dhaka which is considered one of the largest cities in the world (in terms of population), with more than seven million people residing within its borders and over five million in the peripheral cities and villages.

Bangladesh is the eighth country in the world in number of inhabitants, with around 150 million inhabitants in 2012. The rapid population growth of the country brought a serious overpopulation problem.

Long ago the region was characterized by great poverty. Most of the inhabitants is made up of poor farmers. Many of the workers in the cities earn just pennies a day. Approximately 52.1% of the population over 15 years old cannot read or write. About 85% of the population are Muslims, and almost all of the remaining composed of Hindus. Only about 18% of the population live in cities.

The Grameen Bank, winner of the Nobel Peace of 2006 along with its founder, was the first bank in the world specialized in microfinance and was designed by Professor Muhammad Yunus in 1976 in order to eradicate poverty in the world. It operates as a self-sustaining private company and generated profits in almost all the years of its operation, except in the year of its foundation in 1991 and in 1992 and formally acquired the status of Bank in 1983, through a special law passed for its creation (YUNUS, 2001).

Today there are more than two dozen entities that work together with the bank, among which stands out the Grameen Foundation, based in Washington, DC.

The Grameen Bank has as its main objectives: to provide banking services to the poor, men and women; eliminate the exploitation of the poor traditionally made by moneylenders; create new opportunities for self-employment for the vast unemployed population in rural Bangladesh; bring the poor, especially poor women, to a system that they can understand and manage themselves; and reverse the old vicious circle of "low income, low savings and low investment" by injecting credit to make it a virtuous circle of "investment, higher income, higher savings."

The positive impact of microcredit initiative can be verified by analyzing the Human Development Index Bengali, because we can see a considerable increase. Although below satisfactory levels, Bangladesh HDI reached 0.558 (on a scale where 1.0 is the maximum), but compared with 0.336 in 1980, it has realized an improvement of almost 100%

To Muhammad Yunus, Microcredit is much more than giving money and receiving it back. This is only one part. According to Yunus, microcredit is also social change.

DISCUSSION

Clearly the issues presented cannot be quickly resolved. They require long-term investment and both government and private industry support. Local companies or industrial organizations can provide employees with proper qualification, based on the necessary educational skills with the goal to train new workers.

Financing together, government and private companies can offset the costs that are particularly difficult for small and medium enterprises and local governments. It is necessary for a skilled workforce to sustain economic development and improve competitiveness. Because of the limited resources of local governments and SMEs, assistance and national government support is essential.

With regard to direct credit to the individual entrepreneur, we perceived that actions such as that inspired by the model of the People's Bank of Bangladesh, support has been necessary for those with poor credit, despite having skills and good business opportunities.

The concept of microfinance constitutes a fundamental aspect of developing countries in the social and economic construction process. For this reason, the Grameen Bank institution developed the Credit Delivery System, keeping the main focus of the loans, those poorest of the poor, ensuring exclusivity for this layer establishing clear criteria of selection for those who are unable to support themselves, focusing mainly on women and the needs of the poor (Grameen Bank, 2014).

It should be noted that in most of the microcredit granting experience, other financial services to entrepreneurial low-income population are encouraged.

The actions of SENAI, the People's Bank as well as the Grameen Bank fulfill an economic and social role, together with a worker's training policy can ensure positive results for small and medium business. Also, perceived is that innovative initiatives such as those described initiate a cultural change, providing positive results, structure and, therefore, long-term.

CONCLUSION

Note that the impact of economic crises and underdevelopment can be minimized in economies such as Brazil and Bangladesh due to actions related to the support of individual entrepreneurs and small businesses, resulting in the development of the country.

The innovative programs of training and microcredit described in the study have favored Brazil and Bangladesh industry, having positive impact on social problems such as unemployment and poverty reduction.

It is noticed that, despite the ILO studies predicting rising unemployment, especially among young people, for the coming years, public policies of inclusion that stimulate the production are shown as the main economic driver, as opposed exacerbated policy austerity.

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