

Abstract

The academic and development policies mostly discuss credit constraints faced by micro-entrepreneurs and presume entrepreneurs would be managing their business optimally. However, credit alone is not an answer to the needs of an entrepreneur. There is a need for understanding how to utilize the funds properly to have a successful venture. Microfinance providers are working in coordination with other non-financial services to cater to these needs for the entrepreneurs for entrepreneurship development and societal uplifting. Pakistan in the case has a sound microfinance structure but the outreach seems to be much lower than other peer nations in the world. The present study explores the microfinance industry in Pakistan and their credit plus approach targeting enterprise development in particular and answers the what, why and how, involved in adding trainings as a main component of credit programs of three main financial institutions of the country namely, Khushhali Bank Ltd, First Micro Finance Bank Ltd and Kashf foundation Pakistan. The research attempt to underpin the particular sort of skills and trainings required for the business operators in the country. The set of contents for the development of entrepreneurs is also constructed through analyzing the trainings contents of Kashf foundation benchmarking the Business Model Canvas (BMC) for authentication.

The research has adopted an exploratory approach to unveil the present practices, perceptions and procedures of the micro finance industry in Pakistan. The results are supported with the available literature on the areas covering entrepreneurship and micro finance studies. The primary sources of data were the interviews with the banks and their management. The research utilized qualitative measures for the formation of scenarios and their BOCR (Benefits, Opportunities, Risks and Costs), which are quantified through a quantitative analysis tool that is the Analytic Hierarchy Process (AHP) using Super Decision Software for highlighting most prior scenario and their respective cluster (BOCR).

The results revealed that no Microfinance bank provide any sort of formalized pieces of training to entrepreneurs or Medium Small Enterprise (MESE) loan clients, although they wish or intend to do so by prioritizing the benefits in provision of trainings which will eventually be increasing outreach and reducing bad debts of the banks. However, non-banking Microfinance institution (Kashf Foundation) providing extensive trainings to their clients despite their smaller loans and short span lending. The research also highlights the contents of the trainings must be included in the programs. The research benchmarks Business Canvas Model for devising the contents comparing it to Kashf foundation which is the only financial institutions (of Sample MFIs) providing the trainings compulsory to their clients. The results reveal that providing trainings to the clients of MFIs by the institution itself has high priority of benefits and opportunities. Also trainings for cost structure, key activities and Customer relationship are one of the main contents of 13 that are to be included in trainings.

An entrepreneurial training model is developed within a framework of provision of trainings through micro finance institutions of Pakistan. The prepared framework suggests to the policy makers and the Banks to evaluate their programs and adopt a formal trainings structure in their products or programs specially designed for entrepreneurs for better results. The research also highlights the policy recommendations that may be adopted by the MFIs or Central bank of the country to support the inception stage of entrepreneurial development in Pakistan.

The limitations of the research include the time and resource constraints for including the other factors like interest rates and collaterals along with the requirements of the programs to be affected on the suggested model. The future study may examine the controlled variables for consideration of most feasible scenario or the management decision for trainings incorporation. The future study may help evaluate the model developed for the bank itself and test the contents of trainings for implementation.