

Commitment of Microfinance Institutions and Survival Entrepreneurs Under Financial Distress



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Commitment leads directly to cooperative behavior, vital for long-term mutually beneficial relationships. When a relationship is weak and not considered in economic transactions, causing a microfinance institution (MIF) to disregard a small business entrepreneur's actions, economic agents (i.e., the MIF and the entrepreneur) will lose economic rents. On the other hand, when a relationship is strong, and an entrepreneur's actions are observed, the resulting economic rents will be such that each party will be better off building a relationship than not building it. COVID-19 in 2020 gave us an extraordinary opportunity to measure the impact of commitment in the interaction of MIF and survival entrepreneurs. Based on 876,920 observations from January 2020 to June 2021 of credits given to groups of survival entrepreneur women by a Mexican MIF, this study analyzes how relaxing credit policies during COVID-19 (financial distress time) has a positive effect on commitment from entrepreneurs to the MIF. This means that building a relationship between economic agents creates and distributes value among the economic agents.

Biography:

Dr. Moya is an expert in entrepreneurship, innovation, venture capital, finance, investment project valuation, obtaining bank and risk financing, and start-up valuation. He has 30 years of experience in academia and consulting, the development and implementation of financial strategies for funding high-impact and rapid growth start-ups and building strategic alliances with community and various organizations at a global level. an entrepreneur, he founded the company Productos FB, dedicated to the production and marketing of organic coffee. He is the actual Director of the Department of Technological Innovation and Entrepreneurship at EGADE Business School, Tecnológico de Monterrey.