

From Gender Disparity to Women's Empowerment

A critical evaluation of the impact of selected
microfinance programs on women's empowerment in
rural Bangladesh

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ABSTRACT

Bangladesh is one of the most densely populated countries in the world. It is also characterized by extreme poverty and inequality. Gender discrimination and disempowerment of women are among the root causes of this situation. Neither the government nor the market has been able to reverse this and meet the welfare needs of the majority of the population. When NGOs began operating, one of their prime methodologies was to empower impoverished women by offering them collateral-free loans called 'microfinance'. However, the role of microfinance in this area has been a matter of intense debate and controversy. Research on microfinance reveals a paradox, for it has both positive and negative impacts on poverty and women's empowerment. Such debate and paradox in the literature inspired me to conduct an in-depth study of women borrowers to explore and understand whether microfinance has had a favourable impact on their economic, socio-cultural, political and psychological empowerment.

The study suggests that microfinance brings positive changes to the poverty level amongst participating households. When poverty is reduced, women are better able to meet their practical gender needs; however, they are not empowered unless they are also able to meet their strategic gender needs, including the transformation of gender power relations from the household to state arenas. To explore how and to what extent microfinance empowers women, I have identified five different types of women borrowers, from disempowered housewives to more independent market-orientated working women. The study reveals that within these five different groups, the women belonging to groups 1 and 2, who are in receipt of credit money and involved in independent business or who work as co-workers in their husband's business (having full control in both respects), are in a better position to transform gender power relations. However, although they showed better results in terms of all empowerment indicators at both the household and community levels, very few were involved in local politics.

I also explored why the women of groups 1 and 2 outperformed those in the other groups. The study shows that it was the ability of these two particular groups to utilize the social capital generated by their membership of microfinance programs

that made the difference. When I examined other aspects of their lives, some common factors were revealed that assisted them to utilize the financial and social capital aspects of microfinance more effectively. These included their age, marital status, financial literacy, access to television and their husbands' level of education. Although these factors were pre-existing, it was not until they were combined with microfinance that they had a positive effect. Prior to that, the women were still financially dependent on their husbands.

In short, the study demonstrates that although microfinance empowers women, it cannot bring empowerment to all women equally at all levels. Although many women were empowered at the household level and some were empowered at the market and societal level, very few were empowered at the political level. Therefore, the study argues that in order to bring about higher levels of empowerment, microfinance programs must be combined with other services such as financial literacy, socio-economic training, education, health care, social mobilization and legal support.

DECLARATION

I certify that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge and belief it does not contain any material previously published or written by another except where due reference is made in the text.

Faraha Nawaz

June, 2015

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Although my study on women's empowerment was carried out to meet an academic purpose, it was also highly influenced by a personal interest as a child who was born and raised in a culture that neglects women on a daily basis. I grew up in a country characterized by classic patriarchy, poverty and inequality. It was, therefore, relevant for me to undertake my field research on microfinance and women's empowerment in Bangladesh, being the country I am most familiar with. I carried out my interviews and focus group discussions in a language (*bangla*) rather than English as it was understood clearly by the participants involved. It also imparted a level of trust with the women and this enabled me to gain useful insights and more accurate data through my direct interactions with them.

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DEDICATION

To my parents and my husband who provided continuous encouragement and co-operation to my research efforts

And

To my lovely daughter Fiona who is the source of all my inspiration

ACRONYMS

ACD	Association for Community Development
ASA	Association for Social Development
BARD	Bangladesh Academy for Rural Development
BRAC	Bangladesh Rural Advancement Committee
BBS	Bangladesh Bureau of Statistics
CBOs	Community Based Organizations
CDF	Credit and Development Forum
CEP	Community Empowerment Program
CGAP	Consultative Group to Assist the Poor
FAO	Food and Agricultural Organization
FGD	Focus Group Discussion
FO	Field Organizer
GB	Grameen Bank
GOB	Government of Bangladesh
IGA	Income Generating Activities
IMF	International Monetary Fund
IRDP	Integrated Rural Development Program
MC	Microfinance Client
MF	Microfinance
MFI	Micro Finance Institution
MRA	Microcredit Regulatory Authority
NGO	Non-Government Organization
PKSF	<i>Palli Karma Sahayak</i> Foundation
PO	Partner Organizations
PO	Program Organizers
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
RAKUB	<i>Rajshahi Krishi Unnayan</i> Bank
RDP	Rural Development Program
RDRS	Rangpur Dinajpur Rural Service
SAP	Structural Adjustment Program

SC	Social Capital
SHG	Self Help Group
SME	Small and Medium Enterprise
TMSS	<i>Thengamara Mohila Shobuj Shangstha</i>
UNDP	United Nations Development Program
UNCDF	United Nations Capital Development Fund
UP	<i>Union Parishad</i>
USAID	United States Agency for International Development
VO	Village Organization

GLOSSARY

<i>Apa</i>	Sister
<i>Bazaar</i>	Local small market
<i>Borkha</i>	Veil
<i>Durvoger shima chilo Na</i>	Knew no bounds
<i>Gala gali</i>	Verbal abuse
<i>Ghorer Kaj</i>	Household chores
<i>Hishab</i>	Accounting
<i>Kaccha</i>	A structure made of mud
<i>Kaj</i>	Job
<i>Katha</i>	A type of Bangladeshi handmade blanket made of clothes
<i>Morol</i>	Local leaders
<i>Moukhik talak</i>	Verbal divorce
<i>Pacca</i>	A structure made of brick, stone and cement
<i>Paisa</i>	Coin (Bangladeshi currency like cents in Australia)
<i>Polli Samaj Sangathan</i>	Rural community institution
<i>Polli Shomaj</i>	Women's Federation
<i>Provu</i>	Lord
<i>Rajmistri</i>	Mason
<i>Rickshaw</i>	A tricycle operated manually
<i>Salish</i>	A court constituted under the provisions of the Village Court Ordinance 1976 (amended in 2006). This court has no power of imprisonment, but may order the accused to compensate the aggrieved to an amount not exceeding 25,000 <i>Taka</i> . It is an alternative form of dispute resolution, an informal traditional system of mediation used to settle marital, land and other disputes outside the court. Criminal cases such as rape are outside the purview of a <i>Salish</i> .
<i>Samity</i>	Group of microfinance borrowers of ACD
<i>Shariah</i>	The Islamic scripture
<i>Shingara and Shamucha</i>	Bangladeshi snacks
<i>Taka</i>	Bangladeshi currency [US = 70 <i>Taka</i> (approx)]

Union Parishad

A council of elected representatives responsible for administration of a union. The council comprises chairman and nine members who are elected by the voters of the union. Each union is divided into nine wards with a member representing each ward. In addition there are three women members.

Union

Administrative unit below the Upazila and forming the lowest level of administration, divided into nine wards

Upazila

Administrative unit immediately below the district

Vaggo kharap

Bad luck

Vai

Brother

PRESENTATIONS AT INTERNATIONAL CONFERENCES

Nawaz, F. (2012). Do non-government organizations (NGOs) foster social capital and empowerment of rural women? An assessment of two NGOs in Bangladesh. Paper presented to International Development Conference: Integrating research, policy and Practice, University of Auckland, New Zealand.

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Nawaz, F. (2013). Let rural women speak out: Critical evaluation of third sector on gender empowerment. Paper presented to the CIMaR Doctoral Students' Colloquium, University of Adelaide, Australia.

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Nawaz, F. (2013). Bargaining with poverty: An empirical review on some rural women in Bangladesh. *Studies on Home and Community Science*, 7(2), 87-94.

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Nawaz, F. (2014). Can women travel to the policy making level in Bangladesh? Rural women's political representation, participation and empowerment in the context of microfinance. *Journal of Social Science and Humanities*, 22(3), 633-648.

Nawaz, F. (2014). Microfinance, financial literacy, and household power configuration in rural Bangladesh: An empirical study on some credit borrowers. *Voluntas* , Vol.26 (4): 1100-1121

1. SCOPE AND STRUCTURE OF THE STUDY

1.1 Research background

Bangladesh¹ has a population of approximately 160 million with a male to female ratio of 1.003:1 (BBS, 2011, p. 3). The population of Bangladesh has recently experienced an exponential increase of 14.4% when compared with the 2001 census. Its population density is three times higher than that of neighbouring India, four times that of the United Kingdom, seven times that of China and over thirty times that of the United States (BBS, 2011, p. 3). The enormous population of the country has heightened poverty levels because it affects per capita income and consumption, diminishes the positive effects of development intervention and undermines the country's poverty reduction efforts (Islam, S. A., 2004, p. 1).

Bangladesh is also characterized by inequality. Approximately half of the total population of the country is comprised of women but males dominate in this patriarchal society. Although the country has had a female Prime Minister since 1991, in general women have lower social status and less access to political positions, managerial or technical jobs, occupational choices, or equal pay for equal jobs. Prevailing social attitudes and stereotypical values are responsible for the domination of women by men. Generally women have exclusive responsibility for daily chores, and struggle to reconcile their formal or informal economic activities with their traditional roles. The need for the empowerment of women especially in rural areas emanates from the harsh social scenario that exists within the country (Goswami, 1998, p. 45).

As Bangladesh is a rural based country, the overall development of the nation will never be possible without ensuring the economic and social development of its rural women. The majority of the women in rural Bangladesh live in abject poverty, with only a few having access to various types of rural enterprises that can help them to break out of their inhumane economic conditions (Sultana, 2006, p. 1).

The Government of Bangladesh is faced with numerous challenges but the institutional mechanisms to deal with these challenges are weak and ineffective. This

¹Bangladesh emerged as an independent country of south Asia in 1971

situation has fostered the emergence of non-government organizations (NGOs) that have provided services to assist Bangladesh to address two basic issues, i.e. poverty alleviation and women's empowerment (Begum, 2003, p. 5). The emergence and growth of the NGO sector is a significant phenomenon from the viewpoint of development in Bangladesh and it is estimated that approximately 45,000 NGOs are registered through the Ministry of Social Affairs (Gauri & Galef, 2005, World Bank, 2006 cited in Siddiquee & Faroqi, 2009, p. 248).

Although NGOs have recently gained prominence in development discourse, they are not a recent phenomenon. There is a long history of international voluntary assistance to provide welfare services to the poor (Korten, 1991). In the colonial period, groups of volunteer families and other land based elite groups appeared spontaneously to support vulnerable people in natural disasters like flood, famine and epidemics. These groups ceased to exist once the situation improved. They shared an ethical value of taking care of their *Proja*² in distress (Ahmed, 1999, p. 12).

Gradually efforts were made primarily by Christian missionaries to institutionalize the charity work and social welfare activities in Bangladesh. They often set up hospitals, schools, orphanages and so forth in remote and poverty stricken areas. Many such centres have now been in operation for over hundred years and have progressively become known as NGOs. In the pre- liberation period most of the NGOs were missionaries from other countries. Of these, one of the longest operating was organized by the Baptist Missionary Society and it has been in existence since 1794. The longest running local NGO is the Kumudini Welfare Trust, which began its operation in 1944 (Ahmed, 1999, p. 11).

Although NGOs have been working in traditional ways since the British colonial period, they radically transformed their role after the Bangladesh Liberation War of 1971. This nine-month war devastated the country, causing extensive destruction to the physical, social and economic infrastructure. The Government faced the uphill task of providing aid to the war-affected peoples and rehabilitating the damaged infrastructure. During this time a number of NGOs emerged to respond to the

²*Proja* is a Bengali term for tenants; it refers to a person who holds or possesses for a time lands or tenements of another, usually for rent

massive need for relief and rehabilitation activities. The following quote from Ahmed (1999) captures this:

There could be no mistaking the needs following the devastating natural disasters in 1970 and the war of liberation which left a shattered economy and infrastructure and millions of refugees but at the same time, a resolute new nation which the people would build together. NGOs were requested to respond to the efforts at relief, rehabilitation and national reconstruction and respond they did. A large number of international NGOs and voluntary organizations extended their helping hands to assist Bangladesh (p. 12).

Primarily, NGOs emerged as charitable and voluntary organizations. Over time their activities slowly transitioned from relief and rehabilitation to developing welfare programs to promote development by introducing microcredit schemes. These projects followed on from community and sustainable systems development, as the Government of Bangladesh did not have adequate capacity to deal with challenges confronting it. NGOs mostly commenced their involvement by targeting groups of poor people from similar socio-economic backgrounds. Initially the target group was the dispossessed poor, both male and female. Then, in response to the global issue of gender inequality, they shifted the emphasis to providing programs for women only. Gradually, financial sustainability became a dominant issue in microcredit programs when these emerged as a development tool to alleviate poverty via international development agencies such as the World Bank, the United Nations Capital Development Fund, etc. (Rahman, 2010, p. 13).

NGOs have now become the main providers of microcredit³ in Bangladesh. Collateral-free microcredit programs have been the main catalyst for alleviating poverty and empowering women. Today's use of the expression 'microfinancing' has its roots in the 1970s when microcredit pioneer, Dr. Mohammad Yunus, introduced the Grameen Bank model. Since then, the NGO sector has achieved remarkable recognition for developing a model of microcredit that introduced collateral-free loans to rural poor women as a key strategy for alleviating poverty (Mahtab, 2007, p. 82). The Grameen Bank also promoted social and financial discipline by emphasizing activities relating to education, family planning and public health through its social and environmental development programs. These activities were

³ It is broadly discussed as a separate chapter in the thesis

aimed at enabling the rural poor to become more productive and improve their standard of living (Kabir, 2002 cited in Siddiquee & Faroqi, 2009, p. 248).

Encouraged by the success of the Grameen Bank, a large number of NGOs such as the Bangladesh Rural Advancement Committee (BRAC), the Association for Social Advancement (ASA) and Proshika, also provided collateral-free small loans to the poor aimed at poverty alleviation in Bangladesh (Mahtab, 2007, p. 82). This brought a new wave of microcredit initiatives and innovations into the sector. The BRAC began experimenting with loans to poor people, especially women, and gradually the idea was replicated by some local NGOs as well (Begum, 2003, p. 61). The *Palli Karma Shhayok Foundation* (PKSF), a non-profit company created by the Bangladesh Parliament, sponsored credit programs where 82% of the beneficiaries were women. Credit facilities widened the capacity of rural women to become involved in both farming and non-farming activities. Most studies reveal that the credit was mostly used for generating self-employment (Rahman, 1996; Hossain, 1988; Lovell, 1992; Ray, 1987; and Yunus, 1983, cited in Sarkar, 2000, p. 3). This reduced poverty and empowered the women.

Recently, NGOs in Bangladesh have gained acceptance as an essential element of the institutional infrastructure for addressing issues related to poverty and the empowerment of women. However, the rapidly increasing number of NGOs in Bangladesh has led to market competition with an emphasis on profit. Financial sustainability has become a significant issue and a major challenge. Today many NGOs are being criticized for charging high interest rates, inappropriate selection criteria for target groups, and inflexible product design and delivery. This has resulted in arguments both for and against the impact of microfinance on women, who are coincidentally the target group and service recipients. This debate is particularly fierce when the role that NGOs play in the advancement of women's empowerment is taken into consideration (This is discussed in more detail in Chapter 2).

Positive views are held by researchers such as Rahman (2010, p. 44), who argue that microfinance⁴ has appeared as a new paradigm through which NGOs have supported the empowerment of poor women by considerably expanding their activities through

⁴Currently microcredit has changed into microfinance due to its wider dimensional functions which include a wide range of financial and organizational services.

strategies such as group formation, credit delivery, savings, insurance, training, and advocacy. Rahman views microfinance as a response to the increasing poverty created through the process of globalization. In addition to poverty alleviation, microfinance has also been a tool for strengthening the role of women in Bangladesh.

On the other hand, another group of scholars voice concerns regarding microfinance and its impact on women's development. These 'pessimistic' researchers, academics and practitioners argue that microfinance has not empowered women recipients and has not led to a sustainable transformation in their lives (Sobhan, 1997). The debate on the impact of microfinance on women's empowerment is not conclusive and there is no consensus regarding the impact it has had on transforming the lives of impoverished women. To move forward in this area, it is essential to undertake comprehensive research on the unfinished revolution of empowerment. This debate is described in more detail in Section 1.2.

It is evident that empowering women is a key to addressing poverty and inequality, and that microfinance provides a tool for this purpose (Lefton, 2013). Whilst many studies have already been undertaken in the area of microfinance, very few have focused on its impact on women's empowerment, especially from the perspective of generating social capital side by side with financial capital as an essential outcome. Whilst I agree with researchers who put forward both positive and negative arguments regarding microfinance based on their empirical research, it is timely to strengthen and extend the current debate and discourse by highlighting both the tangible and intangible aspects of microfinance and its influence on women in certain circumstances. I have attempted to achieve this by addressing the various socio-economic factors within and beyond microfinance that could make a difference to the transformation of gender power relations. I have also focused on all aspects of empowerment: economic, social, psychological and political in the larger context of the institutional relationships that take place across the household, market, community and state levels. The thesis also addresses some policy implications based on the findings of the research.

1.2 Statement of the problem

The NGO sector in Bangladesh is distinguished by its innovative programs such as poverty alleviation, policy advocacy, education, health, family planning, environmental protection, voting rights and disaster management (Begum, 2003, p. 1). This sector is well known globally for developing innovative microcredit programs. Estimates indicate that microcredit reaches as many as 37% of all Bangladeshi households and around 60% poor households (World Bank, 2006 cited in Siddiquee & Faruqi, 2009, p. 248). NGOs have emerged as a 'third sector', because they have overtaken the Government and the market in the provision of essential services to the vast majority of the poor (Begum, 2003).

As NGOs have assumed wider roles, there has been simultaneous growth in the debate and controversy surrounding them, not only in Bangladesh but also globally. Different schools of thought have emerged to explain the controversy surrounding the role of NGOs. Modernization theorists hold positive views regarding the function of NGOs. From the positive point of view, it is argued that NGOs have a constructive association with the state and have emerged in order to help the state perform different developmental activities (Holloway, 1998, p. 20). Rankin (2002) suggests that microfinance organizations foster democratic participation within microfinance groups and this promotes collective decision making (p. 13). Through the group formation and participation process, women can develop leadership abilities and personal networks. Basargekar (2010) argues that microfinance brings positive effects by raising women's levels of awareness about social issues and decision making rights as a means of improving their wellbeing (pp. 25-43).

Similarly, other researchers have found some improvement in women's individual capacities such as community mobility and decision making. Sanyal (2009) suggests that women's membership in microfinance groups may improve their individual capacity and facilitate their collective empowerment (p. 529). Some supporters of NGOs consider women's empowerment purely from an economic perspective and believe that women can simply be empowered if they are economically developed. They argue that NGOs have concentrated their efforts on women's economic development by involving the women in income-generating activities and providing them with training, credit and other inputs and that the financial support given by

NGOs is beneficial to women and ensures their empowerment in rural Bangladesh (Shailo, 1994, p. 18).

Researchers who have a negative view of microfinance programs have often criticized the contribution of NGOs, considering their endeavours as repetitious and their activities as largely insignificant (Islam & Hussain, 1993). Ahmed (1993) claims that strong national and international backing has encouraged NGOs to defy decisions of the state by setting their own agendas (p. 20). Haque (2006 cited in Nawaz, F., 2013, p. 88) has made the observation that the influence of NGOs has increased in most developing nations over recent years. It is quite conceivable that NGOs have become a formidable force in Bangladesh, affecting the political and economic environment and the power and legitimacy of the government. They are the alternative voice who frequently expresses their opinions against the power of political society and the state.

Other researchers who debate the positive impact of microfinance believe it is impossible to change the fate of poor people with the help of microfinance alone. They argue that in addition to credit, women need to be provided with a range of other opportunities including improved education and health services. A number of studies have highlighted the point that NGOs do not reach the poorest population of the country. Excluding those below the poverty line is a risk as they tend to be clustered in areas amongst the predominantly moderately poor or the vulnerable non-poor (Islam, T., 2007, p.159).

MkNelly and McCord (2001) argue that one particular shortcoming of the microfinance program is group liability. When an individual fails to make a repayment, the responsibility then falls on the other members of the group to do so and this burdens them with debt (p. 7). Goetz and Gupta (1996) state that microcredit can still empower women even if the loan is not utilized and controlled by the women themselves. They state that women usually lose personal control over their repayments when they are provided with larger loans. Their study revealed that the women have 100% control over loan repayments when they are below 1000 *Taka*, whereas only 46% are able to maintain that control if the loan is larger than 4,000 *Taka*. In the latter case, women have to depend on men when they are unable to

generate sufficient income to make their repayments and this situation can lead to a gendered pattern of dependency and added tension within the family (p. 45).

Another group of researchers argue that women's empowerment can only be ensured when they possess self-confidence, self-understanding, and decision-making power and that the women's economic development through participation in income-generating activities is not enough for their overall empowerment. Kabeer (2001) argues that access to economic resources alone is not necessarily sufficient to address inequality or the empowerment of women. Similarly, Kantor (2003) in her study of women in India stresses that improved access to income-earning opportunities is a means to facilitate women's empowerment. Her specific conclusion, however, reveals that income alone is not sufficient to directly facilitate women's empowerment within the household. She also argues that the financial support given by NGOs is inadequate and cannot guarantee economic development (p. 443). Other constraints include inadequate flow of credit, high interest rates, the use of obsolete technology, machinery and equipment, poor quality standards and inadequate infrastructural facilities (Molla, 1982, p. 59).

Therefore, opinions vary about the ability of microfinance programs to empower women. While some researchers agree that the effects are positive, others disagree and the true impact seems to depend on how microfinance programs are implemented. For example, Cons and Paprocki (2008) disagree that microfinance empowers women on the grounds that it has the negative effect of increasing dowries. Women are forced to take out loans as the only alternative means of paying these increased dowries for their daughters. Some female borrowers fall into a cycle of debt and have to use a microcredit loan from one organization to meet the interest obligations of another. The authors also argue that microfinance institutions often judge the performance of their field officers by the number of repayments they have been able to secure. As a result the field officers sometimes use coercive and violent tactics to collect monies owed by borrowers (p. 3). Findings relating to the impact of microfinance on the incidence of domestic violence are also conflicting. Hashemi et al. (1996) argue that microcredit reduces domestic violence, yet Mahmud et al. (1996) oppose this argument and claim that microcredit increases household

violence. They suggest that microcredit may have a detrimental effect on the women's position within her family and community.

In summary, among the various programs launched by NGOs, at the world-wide level microfinance is regarded as one of the most promising tools for development, but despite this global renown, it has not been free from criticism. The debate is particularly fierce when the role microfinance plays in empowering women is taken into consideration. There is hardly any consensus on its role in women's empowerment and this inspired me to conduct research in this particular field.

1.3 Purpose statement and research objectives

The core purpose of this research is to explore a) whether microfinance programs of NGOs empower women through the provision of loans, b) if the programs have helped, then how did they promote the empowerment of women, c) whether women's new stocks of social capital/networks have been generated as a result of participating in microfinance programs, d) if so, then how have women's new stocks of social capital promoted women's empowerment.

In more detail the objectives of the study are as follows:

1. To investigate and understand the impact of microfinance programs on the economic, socio cultural, psychological and political empowerment of women in Bangladesh.
2. To identify and explore the creation of new stocks of women's social capital as a result of participating in microfinance and the effectiveness of women's social capital on empowering women through the establishment of networks in rural Bangladesh.
3. To explore and understand the strategies and approaches with regard to microfinance followed by a national and a local NGO in order to propose some policy suggestions for improving the design of microfinance that will lead to better outcomes for women.
4. To identify socio-economic factors within and beyond microfinance that could have an influence on the degree of women's empowerment in differing circumstances.

1.4 Research questions

1. How and to what extent does microfinance empower rural women in the following aspects: economic, social, psychological and political?
2. How and to what extent does microfinance contribute to the formation of women's social capital in rural Bangladesh? How and to what extent does social capital work to create an impact on the empowerment of women in rural Bangladesh?
3. What are the strategies adopted by a local and a national NGO respectively to promote the welfare and empowerment of their borrowers?
4. What are the socio-economic factors or individual resources that may impact on the degree of empowerment of women?

1.5 Implications and significance of the study

In Bangladesh, women are the most disadvantaged group and often they are the victims of exploitation. This is a country where there is strict control over women's sexuality and their mobility in the public domain. The principles of inheritance are patrilineal and men always come first in matters relating to property and lineage. In this male-dominated country, a significant number of women are discouraged from engaging in productive activities because of gender specific barriers, such as social unacceptability and limited mobility (Parvin & Akter, 2002, p. 18). The long-lasting development of the country will never eventuate unless women's contribution to the development process is acknowledged and valued. This understanding drives the NGOs' operational context as they work to empower women through various programs, especially through microfinance (Haider & Akhtar, 1999, p. 57). Despite their women-focused programs and actions, especially those related to microfinance, NGOs are not free from criticism. Conflicting evidence in the literature has been my motivation to research these issues more extensively. The present study is significant for the following reasons:

Firstly, NGOs have undertaken a vital role in addressing issues such as poverty alleviation, family planning, education, primary health care, improvement of infrastructure, awareness building, rural development and environment protection. There is little dispute on the contribution of NGOs in these areas. The existing debate and controversy revolves around matters relating to the impact that microfinance

programs have had on women's empowerment. The importance of finding an answer to these issues was the first justification for undertaking this research study and from this perspective the findings could make a significant contribution to the theory and practice of empowerment.

Secondly, the study explores the impact of microfinance programs on the development of women's new stocks of social capital and the influence this had on both the individual and the collective empowerment of women in rural Bangladesh. Very little meaningful research has so far been carried out in this area. With this in mind, the present study seeks to demonstrate how microfinance programs have financed income-generating activities and generated social capital in the rural areas of Bangladesh. It also shows the effect these outcomes have had on women's empowerment.

Thirdly, as most of the previous studies have mainly focused on the contribution of national NGOs in Bangladesh, the present study will focus on the impact that both national and local NGO programs have on the empowerment of women in rural settings. Only limited analysis of policy and practice has so far been undertaken on local NGOs, so research at this level is needed. At the same time, the thesis will explore the strategies, approaches, strengths and pitfalls of microfinance programs offered by both national and local NGOs in order to propose some policy suggestions for improving program design to ensure the empowerment of women in the long term, as well as helping to fill current gaps in the research.

Fourthly, most previous studies have only focused on the economic empowerment of women, yet empowerment is a complex concept that extends beyond the economic dimension. The present study expands the parameters of the concept by also considering socio-cultural, political and psychological empowerment factors. Moreover, women's empowerment in this research is viewed not only as an 'outcome', but also as a 'process'. An essential element for assessing the impact of microfinance on women is the loan and repayment process. Little research has been undertaken in this area, so the evaluation of the effects of microfinance programs needs to be taken to a further level.

Gender equality and women's empowerment is the third United Nations Millennium Development Goal (MDG) and NGO activists believe that the focus on microfinance as a tool for empowering women works as a pathway to achieving this objective. There is trust that NGOs will not only work towards this goal but also accomplish other goals by offering a range of associated programs in areas such as health, education, legal aid and social mobilization. From my point of view, however, it is essential to look at whether NGOs practise what they preach and to what extent they achieve their goals, especially in the context of microfinance.

In short, the significance of the study is both theoretical and practical. By exploring the various dimensions of women's empowerment, it adds to current knowledge with a focus that extends beyond the financial paradigm of empowerment. It also adds to the literature on microfinance by exploring its non-material impact as well as to the body of social capital literature by adding 'gender' to the whole debate and discourse. In addition, the research in this area is opportune, as it is anticipated that the findings of the study will be useful for both policy makers and NGO officials in the formulation of innovative and useful strategies that will help improve the efficiency and effectiveness of NGO operations in general and microfinance in particular. The policy recommendations could also be useful for microfinance providers to redesign their programs into packages that bring long term benefits for women in Bangladesh. I trust that the issues, factors and policy suggestions expressed in this thesis will open up a new dialogue between government, media and NGO officials and hopefully lead to the introduction of desirable and comprehensive policies that increase the empowerment of women in Bangladesh. It is hoped that this new research could also be beneficial for academics and researchers who are keen to further explore the field of gender mainstreaming, especially in the context of microfinance.

1.6 Scope and limitation of the study

Although the Grameen Bank is the pioneer of microfinance in Bangladesh, BRAC is considered to be one of the biggest and most diversified NGOs not only in Bangladesh, but also globally. As considerable research studies have already been conducted on Grameen Bank programs, it is worthwhile to investigate what other NGOs are doing in the field of microfinance. In order to accomplish research

objectives, the study investigated the microfinance programs of two NGOs, namely BRAC (Bangladesh Rural Advancement Committee), which is a national NGO and ACD (Association for Community Development), which operates locally.

All research has its limitations including this study. Although precautionary measures were taken to ensure the robustness of data collection and analysis, some clear limitations are acknowledged. As the study area was confined to two specific villages of the Rajshahi District, it could be argued that the study results may not necessarily be representative of the views and ideas of rural women in the remainder of the country. Likewise, critics may argue that findings from two case studies alone do not indicate their suitability for application by all NGOs involved in projects designed to increase women's empowerment. Nonetheless, it is anticipated that the study will contribute a more in-depth appreciation of the social context of microfinance programs and thus provide an increased understanding of any positive or negative outcomes experienced by women and their families. My intent was to generalize the results to a broader theory rather than generalizing them to a broader population.

The majority of the respondents did not keep records of their age, income or expenditure. This meant that it was difficult to obtain accurate data as the women interviewed had to mainly rely on their memory when reporting. I also had to be mindful that the subjective aspect of qualitative research could also cause difficulty when establishing the reliability of the information. These constraints, however, were treated with care while conducting interview sessions. Focus Group Discussions were carried out cautiously and these are discussed in far more detail in the research process section of the methodology chapter. These limitations did not affect the findings of the study as every attempt was taken to minimize their impact by undertaking the research as accurately and objectively as possible. Moreover, as Pratt (2009) asserts, "There is no accepted 'boilerplate' for writing up qualitative methods and determining the quality" (p. 856).

1.7 Outline of the thesis

This research study provides a comprehensive body of theoretical and empirical work on microfinance and its relationship with women's empowerment. The thesis is organized in ten chapters as follows:

Chapter 1 reveals the framework of the research study. This chapter states the research problem, sets research objectives, and formulates the research questions. The chapter also focuses on the scope and limitations of the study and sheds light on the justification for undertaking research in this particular area.

Chapter 2 highlights the various key concepts of the research study that have been applied throughout the thesis. The chapter sheds light on various theoretical models of empowerment in order to draw a theoretical foundation for the study. This chapter also highlights a range of literature relevant to the role of microfinance programs and how these have impacted on women's empowerment. The literature review identifies a gap in current understanding and discusses both the strengths and weaknesses of methodologies that previous researchers have used in the literature under review. This provides an insight into the significance of my research. Finally, this chapter presents the conceptual model used to guide the study. Various concepts of the model have also been operationalised in this chapter.

Chapter 3 provides an overview of microfinance programs in Bangladesh. Focusing on the historical aspect and the conceptual issues of microfinance as a development tool, this chapter explores the emergence and growth of microfinance in Bangladesh during the pre- and post-liberation periods and highlights key players who facilitated the expansion of microfinance programs in the country.

Chapter 4 discusses the study's methodology. It includes a detailed account of the sources of data, research methods, research design, research sites, sampling methods, research processes, problems encountered during data collection and ethical considerations. Two villages from the Rajshahi district were chosen for the study, based on their suitability in terms of location, ease of availability of the programs in the villages, duration of the programs, the number of women beneficiaries and transport facilities. The study areas were considered to be representative as both NGOs have been operating in the selected villages for more than ten years. The

women borrowers were chosen through a purposive network sampling method. Both primary and secondary sources of data were used in the study. Primary data were collected from microfinance borrowers, their family members (mostly husbands), government officials, NGO officials and community leaders. Data were validated through crosschecking one respondent's views with the other and primary data were also crosschecked with secondary data. Secondary data were collected from various publications, books, articles, websites and NGO reports. When collecting data, my interpretive epistemological position guided my choice of applying qualitative methods such as in-depth interviews, focus group discussions and observation. Case stories were also obtained through in-depth interviews with women borrowers. Data were validated by applying triangulation data collection methods and this chapter also provides details of the data analysis techniques that were used.

Chapter 5 provides an overall account that includes the historical setting as well as the mission and various programs offered by the selected NGOs, namely BRAC and ACD. The chapter explains the reasoning behind the choice of these two NGOs and also provides a detailed explanation of the microfinance programs used by each. The microfinance programs operated by these two selected NGOs provide the foundation for the research and are discussed broadly, expanding on details relating to the particular types of loan schemes utilized, savings and insurance policies, branch structure, formation of groups, credit delivery mechanisms, and methods of loan repayment. My aim was to propose policy suggestions for redesigning the microfinance program as a strategy that could provide a positive influence on the degree of women's empowerment in the long term. To achieve this, I compared the common characteristics of both NGOs within the lens of the microfinance operation and attempted to explore and understand the strategies and approaches they each followed. This chapter highlights some common pitfalls in relation to microfinance and the resulting discussion provides the context underpinning this research study.

Chapter 6 provides an evaluation of the microfinance programs and their impact on women's economic empowerment in rural Bangladesh. Data relating to the personal profiles of the respondents is examined and the socio-economic circumstances of the respondents both prior to and following their membership of a microfinance program is discussed. By comparing some of the issues and actions experienced by the

women before and after their membership, it was possible to provide a critical evaluation of the effects of microfinance on their economic empowerment in both family and community arenas. This was achieved by comparing their participation in income-generating activities, their access to and control over loan utilization, income and expenditure, and their access to and control over consumption and asset accumulation. The chapter presents a continuum of cases from the least to the most empowered women on the basis of the types of entrepreneurial activities they undertook.

In **Chapter 7**, it was considered worthwhile to look at whether women's changed economic circumstances at the household level had translated to the community level and this chapter sheds some light on women's socio-cultural and political empowerment at these levels. The chapter highlights the extent to which and the ways in which microfinance promotes women's socio-cultural empowerment in terms of their decision making agency, the incidence of spousal violence against women and women's mobility in the public domain. The chapter focuses on whether and how microfinance advances women's empowerment at the local government level, this being the highest level of empowerment that women could be expected to attain in Bangladesh.

Chapter 8 discusses the dynamics of microfinance, social capital and women's empowerment. The chapter highlights how women's new stocks of social capital have been created through microfinance and how effective this outcome has been in increasing women's socio-economic empowerment at both individual and collective levels. At the individual level, the chapter demonstrates how each woman can benefit from group participation and how she can utilize new stocks of social capital to empower her both economically and socially. At the collective level, the chapter describes how women as a group utilize their new platform to undertake collective community action. The chapter concludes with a description of critical factors that have influenced the extent of women's empowerment.

Chapter 9 summarizes the key findings of the research study in the light of the key questions identified in the first chapter. The application of theory into praxis is also highlighted in order to demonstrate how my research study confirms, adds to or varies the current body of knowledge. This chapter analyses the findings of the

research study and how it fits with existing theoretical models noting that its theoretical foundation is mainly aligned with Naila Kabeer's empowerment theory and Bourdieu's theory of practice.

Chapter 10 focuses on discussions centred around current constraints of microfinance on women's empowerment in the light of research findings, together with policy implications including possible directions for future research.

2. THEORETICAL FRAMEWORK AND REVIEW OF LITERATURE

2.1 Introduction

The study provides a critical evaluation of the effect of microfinance programs on women's empowerment in rural Bangladesh. There is considerable conceptual and empirical literature on this subject. In order to provide a sound theoretical foundation for the study, it is important to explore the existing literature and theoretical frameworks. The chapter is divided into four broad sections. The first section explores the key concepts that are applied throughout the thesis. In order to provide a theoretical basis for the study, the second section discusses various theoretical models of women's empowerment. The third section highlights a range of relevant literature relating to the role played by microfinance programs in women's empowerment. This section will identify gaps in current understandings and discusses both strengths and weaknesses of the methodologies used by researchers in the literature under review. This chapter provides insights into the significance of this research. The fourth section proposes a conceptual model to guide the current study. I have also operationalised various concepts of the model in this section.

2.2 Key concepts

This section highlights the conceptual clarification between microcredit and microfinance as two concepts that are used differently in the study. Other key concepts that are applied throughout the thesis are also discussed.

2.2.1 Microcredit and microfinance

Microcredit refers to small loans that are provided to the poor, especially women, to stimulate entrepreneurship⁵. The term microcredit has been replaced by microfinance in recent times due to its wider role, as microfinance adds the provision of savings and insurance services to that of credit. Some organizations also include training and other services such as health and education (Abed, 2000, p. 14).

⁵Entrepreneurship is the act of being an entrepreneur - one who undertakes an endeavour. An entrepreneur is a person who has possession of a new enterprise, venture, idea or becomes involved in income-generating activities and assumes significant accountability for the inherent risks and the outcome.

The microfinance movement has often been referred to as a second revolution in credit theory and policy. The first revolution was focused on microcredit taking into consideration structural barriers such as information asymmetries, lack of collateral, high cost, high risk and systematic market bias when providing savings and credit services to the poor. The second revolution focused on the microfinance program. Because microcredit programs mainly provided a small loan oriented service, the promoters of the second revolution describe the microcredit approach as only satisfying the interests of lenders rather than developing products that met the customers' needs. This narrow 'lender focused' approach was transformed with the introduction of the second revolution (Woller, 2002, p. 1).

Although microcredit is one aspect of microfinance, confusion of the two terms is common in public discourse. The present study makes a distinction between microcredit and microfinance. Microcredit refers to small credits only, whereas microfinance includes savings opportunities, insurance, training and advocacy (Elahi & Rahman, 2006, p. 477). Therefore, the basic functional difference between microcredit and microfinance relates to the type of service they each provide. Different microfinance institutions (MFIs)⁶ have different methodologies when it comes to lending, choosing clients, interest rates, instalment repayment methods, etc. However, there are some common features shared by the different microfinance institutions in Bangladesh. According to Alamgir (1999, p. 13), a microfinance program must have the following characteristics:

1. Be collateral-free so that the poor and landless may easily avail themselves of it.
2. To obtain a loan, the members should be mobilized into groups ranging from five to 30 members depending on the policies of the particular MFI.
3. Members to meet once every week and make a small savings deposit with the MFI. After a waiting period which usually varies from two to six months, members can receive a loan but must also take collective responsibility for repaying each other's loan.
4. Loans are usually given for one year and received in weekly instalments. A few MFIs recover loans in monthly instalments.

⁶ Microfinance Institutions and NGOs are used alternatively in the study. Nowadays NGOs are named as Microfinance Institutions since they are the key providers of microfinance.

5. The field staff of the MFIs must supervise the utilization of loans.
6. The majority of the borrowers (as high as 90%) need to be women.
7. MFIs establish the majority of their branches in remote areas to help poor members obtain loans. The field staff collects loan instalments at meetings held at members' premises.
8. The MFIs start with small loans (1,000 to 3,000 *Taka* or US \$25 to \$75) and provide subsequent loans of increasing amounts as long as repayment of earlier loans is satisfactory.

The thesis focuses on microfinance and covers all elements connected with it. The majority of the available literature emphasises the impact of microcredit and gives little attention to microfinance, thus providing justification to undertake this particular study. Moreover, previous literature has not widely explored other factors beyond microfinance that could have a significant impact on the extent of women's empowerment. The emergence, evolution and growth of microfinance as a global development tool are described more broadly in the subsequent chapter.

2.2.2 Social capital

The meaning of social capital ranges from social energy, community spirit, social bonds, civic virtue, community networks, social ozone, extended friendships, community life, social resources, formal and informal networks, good neighbourliness and social glue. Different conceptualizations exist depending on the theoretical assumptions through which the concepts are framed.

Generally, social capital refers to connections amongst individuals and their social networks and the norms of reciprocity that arise from them. Putnam (1993) argues that the more people work together the more social capital is produced and the less people work together the more community stocks of social capital will deplete (as cited in Cooper et al., 1999, p. 2). Social capital is generally considered one of the attributes of a community and, in some cases, as an attribute of an individual. According to Putnam (2001), "social capital includes all those social aspects including unrecognized traditions such as greetings, nodding to each other on the street or in the supermarket" (p. 42). According to Coleman (1988), "social capital is defined by its functions. It is not a single entity but a variety of different entities, but

with two elements in common: they all consist of some aspects of social structures and they facilitate certain actions of actors...” (p. 98).

In contrast to Coleman and Putman, Fukuyama (1995) integrated social capital with trust and focused on the economic framework rather than the sociological framework. He tried to compare the relative economic performance of different countries and cultures based on differing levels of trust. Bourdieu (1983) defined social capital as a resource that can be accessed through relationships between individuals; it is the sum of resources, actual or virtual, that an individual or a group of individuals accrue by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition (Bourdieu, 1983 cited in Field, 2003, p. 15; also cited in Muriisa, 2006, p. 22).

To sum up, from a broader perspective social capital can be defined with reference to five dimensions: firstly, network associations varying in density and size, that are made up of both individuals and groups; secondly, reciprocity—the expectation that consideration and services will be repaid either in the short or long term; thirdly, trust—the enthusiasm to take risks and participate in activities with the strong assumption that others will respond as expected; fourthly, norms—a socially structured pattern of behaviour and interaction; fifthly, efficacy both at a personal and collective level—the active participation of citizens in community activities (Bourdieu,1983; Coleman,1988). The network concept of social capital will be applied in Chapter 8 of the thesis.

2.2.3 Understanding social capital: Background and conceptual issues

Since the 1990s, the concept of social capital (SC) has received special attention in social science literature. There is a growing desire to explain the outcomes of various development interventions in the light of SC. Thus it has become a central premise of many development initiatives amongst various international development organizations. However, the concept of SC is hotly contested as it has been defined and analysed by various authors from different theoretical and ideological perspectives (Middleton et al., 2005, p. 1713). Still, the central theory can be expressed as a relationship matter (Field, 2003, p. 1).

The use of the concept of SC can be traced back to the nineteenth century when Jacobs (1961) first used it as a term. Later it was also used by Bourdieu (1986). Recently, through the work of Coleman (1990) and Putnam (1993), enthusiasm for the use of the concept has arisen. Putnam traces the development of the concept to the works of Bourdieu and Coleman in the 1980s. Bourdieu defines SC as “all actual or potential resources linked to the possession of durable networks of more or less institutionalized relationships of mutual acquaintance or recognition” (Bourdieu (1986) cited in Mubangizi, 2003, p. 141). He considered SC to be an individual, family or group asset that helped elites to further their interests (Mubangizi, 2003, p. 141). Bourdieu used the concept to explain how individuals can access economic resources through social networks. He conceptualized social capital as context dependent and argues that it includes obligations (within a group), trust, intergenerational closure, norms and sanctions that assume that relations between individuals are durable and subjective (Bourdieu, 1983).

This idea is somewhat different from those of Coleman (1990) and Putnam (1993). Although Coleman (1990) shares Bourdieu’s idea that SC is a personal asset by arguing that it lies in the structure of relations between persons and amongst persons (Middleton et al., 2005, p. 1713), he also recognizes it as a resource base for disadvantaged groups. On the other hand, Putnam treats it as a societal asset. He defines social capital as “a feature of social life-networks, norms and trust that enables participants to act together more effectively to pursue shared objectives” (Field, 2003, cited in Huq, 2006, p. 17). In political science, the concept of social capital became popular with the publication of Putnam’s (1993) seminal work, *Making democracy work: Civic traditions in modern Italy*, in which he described the concept of social capital to explain issues of local governance in Italy. He pointed out a wide variety of advantages resulting from social capital ranging from governance, education and health to neighbourhood safety.

More specifically, Coleman and Bourdieu considered social capital to be an attribute of the individual whereas Putnam considered it to be an attribute of communities. The value of social capital was identified by Bourdieu (1986) and given a theoretical framework by Coleman (1990). Coleman was the first to develop ways of operationalising social capital for research purposes (Baron et al., 2000, p. 8). It is

now associated with Putnam (1993, 1995, 2000) who took the concept out of the academic world and linked it with the media.

There are two theoretical models underpinning the concept of social capital. One is neo-Marxist and the other is neo-liberalist. The Neo-Marxist model was developed by Bourdieu and the neo-liberalist by Putnam. The Neo-Marxist model focuses on access to resources and distribution of power in society. Putnam considered social capital as a societal asset which incorporates different features of social life-networks, norms and trust that enable participants to work together more effectively to pursue shared objectives. Bourdieu, on the other hand, emphasizes the role played by differing types of capital in the generation of unequal power relations. Bourdieu and Coleman both treat social capital as a personal asset and as a resource base for disadvantaged groups. The theory of practice provided by Bourdieu is described in greater detail in the second section of this chapter.

2.2.4 Network view of social capital

Woolcock (1998, 2001) identifies three categories of social capital: bonding, bridging and linking (cited in Muriisa, 2006, p. 30). These distinctions were later used by the World Bank to develop a systematic model for analysing economic development and underdevelopment within and across countries. The definition and differentiation of the three concepts are as follows:

Bonding social capital

This term refers to relationships amongst relatively homogenous groups such as family members and close friends and is similar to the notion of strong ties. Bonding social capital connects individuals to groups and networks. Particularized or ‘thick trust’ has been identified as one of the key features of bonding network⁷. Barry and Scot (1990) argue that bonding networks of family, friends and relatives are sources of support services to their members (cited in Muriisa, 2006, p. 31).

Bridging social capital

Bridging social capital refers to relationships formed with distant friends, associations and colleagues. It ties relationships between different socio-economic and ethnic classes. ‘Thin trust’, limited knowledge with one another, limited

⁷Bonding social capital is also known as bonding network

attachment to group values and loose ties are common characteristics of bridging network⁸ (Williams, 1988; Granovetter, 1973; Uslaner, 1999 cited in Muriisa, 2006, p. 31).

Linking social capital

Linking social capital focuses on relationships between individuals and groups in different social strata in a hierarchy where power, social status and wealth are accessed by different groups. It ties poor people to other members of higher social status (Cote & Healy, 2001, p. 42). Putnam (2000) argued that linking networks⁹ are a special kind of bridging network that emphasizes vertical relationships between various individuals, groups and organizations.

Generally, each type of network has advantages and disadvantages depending on the context. Consequently, Lin (2001) identifies three important elements of social capital: i) the number of persons within one's social network who are prepared to offer help when called upon, ii) the strength of the relationships indicating readiness to help, iii) the resources possessed by persons in the network (p. 21). These three elements determine whether individuals decide whether to associate or not, and with whom. The bonding and bridging type of social capital will be addressed in Chapter 8 of the thesis.

This study is based on Bourdieu's theory of practice where he discusses social capital from a social network perspective. This notion is broadly described in Section 2 of the chapter. Woolcock (2001) and Lin (2001) view social capital from both the relationship and network perspectives. In my thesis I prefer to explore the concept of social capital from the network point of view, particularly at the bonding and bridging levels. My thesis contributes to the social capital debate by applying gender to the concept.

2.2.5 The concept of empowerment

Another key concept I address throughout the thesis is the concept of empowerment. Empowerment is a multi-dimensional concept. It has been used in many different contexts and by many different organizations in the fields of education, health, social

⁸ Bridging social capital is known as bridging network

⁹ Linking social capital is also termed as linking network

work and psychology, as well as in the work of feminist and development organizations. It is, therefore, essential to describe the background, meaning, theories and models of empowerment.

Empowerment can be described as a process whereby people become able to organize themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources that will assist them to challenge and eliminate their own subordination (Malhotra et al., 2002). Pilla (1995) also defines empowerment as an active, multidimensional process that enables women to realize their full identity and power in all spheres of life (cited in Nawaz, F., 2010, p. 64). Power is not a commodity to be transacted. It has to be acquired and needs to be exercised, sustained and preserved. It is not possible for one person to empower another. People can only empower themselves.

Cheston and Kuhn (2002) argue that empowerment covers two important aspects: choice and power (p. 12). A person must have options to choose from and have the power to choose from the available options. As mentioned earlier, the current research goes beyond the financial paradigm of empowerment which focuses only on the choice component of empowerment and ignores the power component. Both choice and power components of empowerment are applied in the thesis. When compared to their previous circumstances, microfinance has increased women's options for choice by offering them collateral free loans; however this does not necessarily imply that they have gained power of choice. It is, therefore, worthwhile to look at both aspects of empowerment.

2.2.6 Women's empowerment

The concept of women's emancipation emerged in the Indian sub-continent during the nationalist movement against colonial British rule. During the 1970s and 1980s feminists came up with the concept of empowerment to address the gender imbalance that existed in the control and distribution of resources. In rural Bangladesh, society not only treats women as inferior but the women also perceive themselves to be inferior. The empowerment process lies, therefore, in women's ability to exercise choice by freeing themselves of their inferiority complex.

Krishna (2003) emphasizes the importance of women having effective economic choices in their lives (cited in Bali, 2006, p. 9), while Malhotra, Schule and Boender (2002) argue that women's empowerment must include access to options, choice, control and power (p. 5). Saraswathy, Panicker and Sumi (2008) argue that women's empowerment is a continuous process whereby powerless women become conscious of their situation and organize themselves to improve it and gain access to opportunities (p. 190). This results in women taking control over their own lives, setting their own agendas, gaining skills, solving problems and developing self-reliance. However, Mayoux (2000a) maintains that the power of women to make decisions at a policy or political level is one of the key elements of women's empowerment (p. 9).

This study explores beyond the narrow minimalist evaluation of microfinance that only focuses on women's economic empowerment through their ability to access financial resources. Rather it looks at whether and how microfinance empowers women in a holistic manner across the socio-cultural, psychological and political spheres of life.

2.2.7 Power relations

One of the key issues when conceptualizing empowerment is the study of power. The term 'power' refers to the ability to do something. Much of the recent debate on power revolves around the issue of the enabling nature of power. A comprehensive account of power can be found in Lukes's (1974) radical perspective where he discusses the three dimensions of power. Lukes begins his argument by challenging the traditional view of power where power is a relationship in which A has dominance over B. Power is the ability of A (relatively powerful) to get B (relatively powerless) to do what B might not otherwise do. Lukes emphasizes the concept of knowledge and how it relates to power. The key themes of the three-dimensional view are knowledge as a resource for making decisions about public issues, powerful control over the production of knowledge and finally, the ways in which knowledge production shapes consciousness of the agenda (cited in Reason & Bradbury, 2001, pp. 70-71).

However, Lukes's 'three-dimensional view' was later criticized as his approach was limited to the 'power over' relationship factor. Kabeer (1994), Nelson and Wright (1995) and Rowlands (1995) argue that power is an attribute of growth from within

oneself, not something which is limited by others. This ‘power within’ is shaped by one’s identity and self-perception of agency as well as by outside forces held by ‘the other’. Thus, power may not be a ‘zero sum relationship’ (cited in Reason & Bradbury, 2001, p. 72).¹⁰

The power relation concept is clearly explained in Mayoux’s (2000a) theoretical framework. She defined empowerment in terms of power relations. The following chart illustrates her framework for women’s empowerment:

Table 2.1: Various types of power relations with short description

Power within	Enabling women to articulate their own aspirations and strategies for change
Power to	Allowing women to develop the necessary skills and access the necessary resources to achieve the aspirations
Power with	Permitting women to examine and articulate their collective interests to organize and achieve them and to link with other women’s and men’s organisations to facilitate change.
Power over	Changing the underlying inequalities in power and resources that constrain women’s aspirations and their ability to achieve them.

Source: Adapted from Mayoux (2000a, p. 18)

Mayoux views women’s empowerment as a multidimensional concept and a complex process of change in power relations. The power relations can be operated at different levels such as individual, household, community and market. She also views empowerment as the transformation of the patriarchal social structure that perpetuates women’s subordination. The current study has adapted these various power relations for the purpose of analysing different types of empowerment. The power relation discussion is very relevant to my thesis because in any society, empowerment is deeply rooted in the structure and relations of power. I have, therefore, seen empowerment as the transformation of power relations at various levels of the society. So the current research is deeply concerned with all forms of power relations including power to, power with, power within and power over.

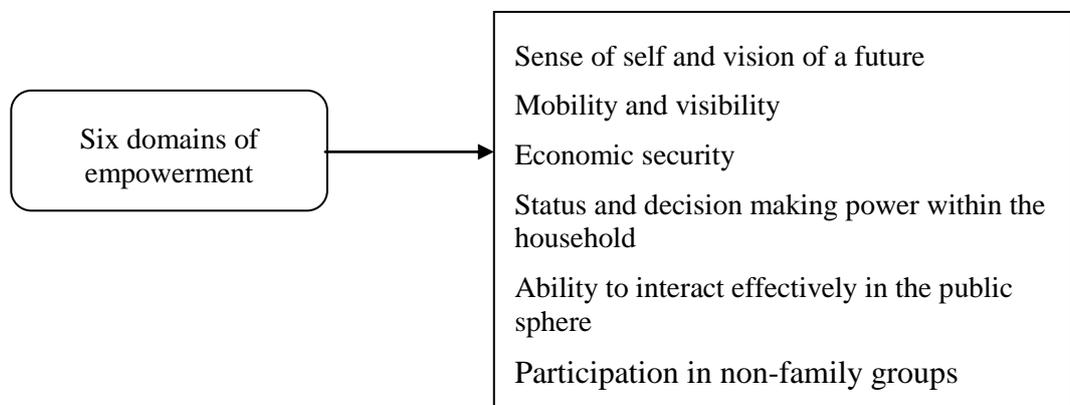
¹⁰ If one person acquires power, this may necessitate the other person giving up some of it.

2.3 Theoretical models on women’s empowerment: A critical analysis

The theoretical perspective of women’s empowerment varies since the concept of power is unable to be streamlined internationally as it differs within social contexts. Women’s empowerment is a process that is impacted by many influencing factors. When examining the relative literature, women’s decision making power is revealed as one of the key factors of women’s empowerment (Snijders, 2009).

Hashemi, Schule and Riley (1996) conceptualized empowerment from a behavioural perspective when conducting their study on microfinance in Bangladesh. They viewed women’s empowerment as an inner state that included self-confidence, autonomy, self-feelings, and faith in one’s own capability to act effectively. They also recognized the meaningful decisions and actions that affect one’s own life and other peoples’ lives as well. They identified six domains of the empowerment process, beginning with self-consciousness and finally leading to greater participation in the community.

Fig 2.1: Six domains of empowerment



Source: Adapted from Hashemi et al. (1996, p. 638)

The theoretical framework provided by Hashemi et al. is very relevant for my research because they emphasize women’s participation in the community as an important benchmark for assessing their level of empowerment. My research also explores women’s degree of empowerment at the community level including their involvement in other institutions in accordance with Naila Kabeer’s theory (Kabeer, 1994 cited in March et al., 1999, p. 104).

2.3.1 Process vs outcome/end

Many scholars have debated the extent to which empowerment can be considered as either a process or an outcome. Some scholars like East (2000) and Staples (1990, cited in Carr, 2003), maintain that empowerment is both a process and an outcome, whereas Gutierrez (1995) argues that it is a process, the foundation of which is the personal transformation of the individual who is being empowered. He clearly mentions empowerment as a process of increasing personal and interpersonal power, one in which individuals, families and communities take action to improve their circumstances. Empowerment is thus a transformation process constructed through action.

Batliwala (1994) defines empowerment as both a process and a goal. She considers that the goals of women's empowerment are to challenge the patriarchal ideology (male domination and women's subordination); to transform the structures and institutions that reinforce and perpetuate gender discrimination and social inequality (the family, caste, class, religion, educational processes and institutions, the media, health practices and systems, laws and civil codes, political processes, development models, and government institutions); and to enable women to gain access to, and control of, both material and informational resources (p. 130).

More specifically, when considering the impact of microfinance on women's empowerment, there is a tendency to view empowerment as an outcome resulting from their access to loans and in most cases it is assumed that loans will yield positive effects. Garikipati (2012), however, highlights the point that measuring empowerment by outcome alone is insufficient and misleading. It is, therefore, essential to focus on the process around loan use and repayments rather than on outcomes only, as this ignores the context. He argues that robust findings regarding the impact of microfinance on women's empowerment can be achieved by focusing on the process that leads to three broad questions: who decided to apply for the loan, what the loan is to be used for and who is responsible for repayments (p. 1). The current study, therefore, focuses not only on outcomes but also the process surrounding loan use and repayment.

From the above discussion, it can be implied that empowerment works as a process that leads to a host of opportunities; increases the ability to exercise autonomy and

the capacity to define one's goals and act upon them; enhances decision making powers and increases both bargaining and negotiating capacity. It further relates to a cognitive process of 'doing and being', as well as the ability to analyse situations and events that lead to eventually strengthening self-reliance, recognition of the right to independence, and the capacity to solve problems through knowledge and skills. This means empowerment cannot be a one-way process; nor is there a fixed formula to achieve it. It is a process that enables women to make choices without necessarily being transformative immediately, but it has a long term transformative affect at both the personal and group levels (Strandberg, 2001, p. 4).

Hence, no single framework/model provides an appropriate way to address women's empowerment in all contexts. Some gender analysis models emphasize equity or equality as key outcomes and do not address gender relations to analyse gender power relations. For example, the Harvard Analytical Framework,¹¹ also known as the gender roles framework, is one of the earlier studies that focused on both men and women and their different position and roles in society. The framework highlights both men's and women's activities, identifying them as either productive or reproductive and demonstrating that these activities reproduce access to and control over income and resources. As the approach only emphasizes gender awareness rather than gender inequality, it offers little guidance for the analysis of unequal gender power relations. Consequently, in my thesis, I focus not only on gender roles but also on gender relations in order to understand how and to what extent microfinance brings about changes in the relationship between men and women in the family and community arenas. For a more critical understanding of gender roles, it is essential to discuss Moser's (1993) triple role theory.

2.3.2 Moser's theoretical framework

Moser (1993) developed a framework that links the examination of women's roles to the larger development planning process. This framework encompasses both the technical and political aspects of gender integration into development. At the heart of the framework are three concepts: the first is the reproductive; the second is the productive; and the third is community work. Each will be discussed separately.

¹¹ The framework was developed by a group of researchers at Harvard Institute of International Development in collaboration with USAID's Office of Women in Development

Gender role identification: Who does what?

The first tool identified by Moser involves mapping the gender division of labour by asking who does what. In doing so she identified triple roles in most societies.

1. Reproductive work: Involves the care and maintenance of households and their members such as bearing and caring for children, preparing food, collecting water and fuel, shopping, housekeeping and family health care.
2. Productive work: Refers to the production of goods and services for consumption and trade either in employment or self-employment. The functions and responsibilities often differ between men and women.
3. Community work: Includes the collective organization of social services such as ceremonies and celebrations, functions to improve the community, participation in groups and activities, local political activities and so on.

As defined by Moser, the reproductive work of poor communities is labour intensive and time consuming and in most cases it is the responsibility of women. Women's productivity is less visible and less valued than men's.

Triple role vs double role

The triple role concept has been the focus of criticism from other scholars. For example, Kabeer (1995) argues that one weakness of the triple role concept is that it fails to distinguish between the three roles (who does what and how) logically. The distinction between productive and reproductive roles is clear. One focuses on domestic work whereas the other concentrates on the production of goods and services. Kabeer argues that it is less obvious that community work is the third type of work (as cited in March et al., 1999, p. 65). It is important to remember that most resources can be produced in a variety of settings and through a number of relationships and this notion is absent in this three-way distinction of gender roles. In support of Kabeer's argument, women's reproductive and productive roles will be addressed in my thesis.

Gender needs assessment: Practical and strategic gender needs

This tool identified by Moser is very similar to the concept of practical and strategic gender interest described by Molyneux (1985 cited in March et al., 1999, p. 57). Moser argues that because of the subordinate position of women in most societies, as

a group they have particular needs which differ from those of men. Moser (1993) distinguishes between practical needs (to address inadequate living conditions) and strategic needs (for power and control to achieve gender equality).

Table 2.2: Practical vs strategic gender needs

Practical gender needs	Strategic gender needs
Water provision	Challenges to gender division of labour
Health care provision	Alleviation of the burden of domestic labour and child care
Opportunities or earning an income to provide for the household	The removal of institutionalized forms of discrimination such as laws and legal systems biased in favour of men
Provision of housing and basic services	Provision of reproductive health services, offering women choice for child bearing
Distribution of food	Measures against male violence

Source: Adapted from Moser (1993) cited in March et al. (1999, p. 58)

Moser analysed practical gender needs as being shared by household members, but women often identified this as their specific need. Practical gender needs do not challenge the existing gender division of labour whereas strategic gender needs relate to the gender division of labour, power, control as well as issues such as legal rights, domestic violence, equal wages and women’s control over their own bodies. Fulfilling women’s strategic needs requires strategies that enable them to become more capable of achieving gender equality. My research explores how and to what extent microfinance addresses women’s practical and strategic gender needs.

Meeting their practical/basic needs does not challenge women’s subordinate position within and beyond the household. Whilst volunteering or doing more work at home enables women to meet their basic needs, ironically their world view may still be limited due to their lack of power to meet their strategic needs. Improving strategic empowerment needs to be based on making structural and procedural changes that provide more opportunities to women. The thesis reviews the extent to which microfinance has been able to empower women by enabling them to meet their strategic needs. The concept of strategic needs is highly relevant to the thesis as it is central to my understanding of the women’s narratives. Interventions that focus on

meeting practical gender needs only respond to an immediate perceived necessity in a particular context, ignoring women's subordinate position in society. This study explores the extent to which microfinance intervention has challenged women's subordinate position by meeting their strategic gender needs. The thesis examines the effect of institutional interventions on women's power and control and the gender division of labour and domestic violence against women, and explores how microfinance has enabled them to meet their strategic gender needs in addition to their basic needs.

The third tool, 'disaggregating control of resources and decision making within the household' used by Moser (1993) focuses on the division of the control of resources and decision making within the household. This tool addresses the question of who has control over what resources within the household and who has what power over decision making (as cited in March et al., 1999, p. 58) Moser links the allocation of resources with the bargaining process. This study addresses the productive and reproductive gender roles identified by Moser (1993) under a variety of settings and relationships to assess whether or not microfinance brings any changes in women's roles within and beyond the household.

From the above discussion it is obvious that there is no consensus with regards to women's empowerment. It has been defined and analysed by different scholars in various ways, but most of the theories are based on the transformation of gender power relationships. Malhotra et al. (2002) combined some commonly used concepts and dimensions of women's empowerment as identified by different scholars and then developed a framework that suggests that women's empowerment needs to occur from multiple dimensions including economic, socio-cultural, familial/interpersonal, legal, political and psychological. They also identified some indicators of women's empowerment under each dimension on the basis of the frameworks developed by various authors as shown below:

Table 2.3: Dimensions of empowerment and their operationalisation

Dimension	Household	Community	Broader arenas
Economic	Women's control over income; relative contribution to family support; access to and control of family resources	Women's access to employment; ownership of assets and land; access to credit; involvement and/or representation in local trade associations; access to markets	Women's representation in high paying jobs; women CEOs; representation of women's economic interests in macroeconomic policies, state and federal budgets
Socio-cultural	Women's freedom of movement; lack of discrimination against daughters; commitment to educating daughters	Women's visibility in and access to social spaces; access to modern transportation; participation in extra-familial groups and social networks; shift in patriarchal norms (such as son preference); symbolic representation of the female in myth and ritual	Women's literacy and access to a broad range of educational options; Positive media images of women, their roles and contributions
Familial/ interpersonal	Participation in domestic decision-making; control over sexual relations; ability to make childbearing decisions, use contraception, access abortion; control over spouse selection and marriage timing; freedom from domestic violence	Shifts in marriage and kinship systems indicating greater value and autonomy for women (e.g., later marriages, self selection of spouses, reduction in the practice of dowry; acceptability of divorce); local campaigns against domestic violence	Regional/national trends in timing of marriage, options for divorce; political, legal, religious support for (or lack of active opposition to) such shifts; systems providing easy access to contraception, safe abortion, reproductive health services
Political	Knowledge of political system and means of access to it; domestic support for political engagement; exercising the right to vote	Women's involvement or mobilization in the local political system/campaigns; support for specific candidates or legislation; representation in local bodies of government	Women's representation in regional and national bodies of government; strength as a voting bloc; representation of women's interests in effective lobbies and interest groups
Psychological	Self-esteem; self-efficacy; psychological well-being	Collective awareness of injustice, potential of mobilization	Women's sense of inclusion and entitlement; systemic acceptance of women's entitlement and inclusion

Source: Adapted from Malhotra et al. (2002, p. 13)

The above framework illustrates a clear roadmap to operationalise women's empowerment. There are a number of dimensions and levels where women can be empowered. Women are often empowered economically or at the household level. Rarely do women experience empowerment at the political level. Economic and social spheres of life often overlap and it is difficult to separate one dimension from the other. For this reason the empowerment process should involve a holistic approach.

This study focuses on empowerment at both the household and community levels. In this research, women's community level empowerment encompasses women's engagement in local markets, community actions and local government bodies. The highest level of empowerment at the rural level will only be possible when rural women are enabled to take part, not only in community works, but also in political actions at local government level. Malhotra et al. (2002) combined commonly and compulsorily used indicators for four key areas of empowerment—economic, socio-cultural, psychological and political—and I have also applied most of these.

From my point of view, Malhotra's (2002) indicators of socio-cultural and familial empowerment overlap and therefore I have focused on the socio-cultural dimension covering both types of empowerment. I consider women's psychological or self-empowerment to have equal importance with other forms of empowerment because empowerment is something which has to be realized by the self. It has both internal and external dimensions. A woman cannot be empowered unless she has the inner strength and determination to seek it. This study explores the extent to which and the ways in which microfinance enables women to contribute to their own empowerment and also how it enables them to change their own attitudes. In relation to psychological empowerment at the community level, I have included one more indicator in addition to those identified by Malhotra (2002) and that is women's community action, either individually or collectively, that has been driven by their increased awareness. For the purpose of this research all these indicators will be applied in the findings and analysis chapter.

In my opinion, the concept of empowerment is deeply rooted within the structure and relationships of power. Women's empowerment refers to the transformation of gender power relations at various levels. The process is not automatic and not

everyone can do it to someone else. Power transformation in gender relationships is a pre-requisite for empowerment. If women want to empower themselves, they firstly have to change their relationship with everybody else, starting with the men and then continuing with institutions, policies, structures and so on. If the power relation aspect is removed, then it will never be possible to address empowerment. The conceptualization of empowerment becomes more powerful in discussions about power relations between men and women. Therefore, it is essential to address the question of 'who has the power to do what' since we all live within the webs of power. This study examines whether and how microfinance helps women to even out the power balance in situations where men have been in full control of the resources that women need to pursue initiatives that will increase their empowerment.

The above discussion provides a very clear understanding about the different concepts, dimensions and indicators of women's empowerment. The core concept of empowerment is entirely focused on power in terms of male domination. Different authors have conceptualized empowerment in different ways. However, some common indicators of women's empowerment have been identified by most of the scholars. Although empowerment theories advanced by Moser (1993), Batliwala (1994), Mayoux (2000a), Malhotra (2002) and others have been taken into consideration, and some of the ideas they have identified have also been adapted for this study, the core theoretical foundation of the study is based on the empowerment theory of Kabeer (1999) as it links very well with Bourdieu's (1977) theory of practice based on social capital and power relations.

The earlier theories, such as Harvard's analytical framework and Moser's triple role theory, focused only on gender roles whereas my research has a focus not only on gender roles but also on gender relations. For the purpose of a meaningful gender analysis, it is essential to explore the power relationship of women with men. In my view, empowerment refers to the transformation of power relations between men and women in the first instance before shifting to institutions and organizations. It is obvious that men gain an advantage from women's low status across institutions. It is worthwhile to explore how men can be involved in the process of empowering women and how the power relationship between men and women can be transmuted

across various institutions in the context of microfinance. To investigate this, I have taken Kabeer's institutional dynamics¹² into account.

2.3.3 Bourdieu and Kabeer's theoretical frameworks

This section introduces two complementary theories, namely the theory of practice and the theory of empowerment developed by Bourdieu (1977) and Kabeer (1999) respectively. The theoretical foundation of the study is predominantly based on their theories which are very well aligned. The study highlights how social capital is conceptualized in the theory of practice as well as the relationship between women's social capital and women's empowerment. The objective of this section is to introduce the two different but complementary theories to find possible answers to the main research questions defined in chapter 1. It will discuss how social capital and empowerment relate to the current thesis and how this study adds to the conceptualization of social capital and women's empowerment. Lastly, the section briefly concludes with a description of the proposed conceptual model covering the entire research process.

2.3.3.1 Bourdieu's theory of practice

Pierre Bourdieu (1930-2002) is one of the most influential social theorists. The reason for choosing his theory is partly due to the way he conceptualized power relations in a societal context. Bourdieu's approach is very useful for analysing the role of power in both development and the process towards social change. He focuses on 'power struggles' and holds the view that power follows on from the ability to mobilize capital. Bourdieu views 'power' as culturally created and cultivated through the interaction of agency and structure. He further argues that there is a 'dialectic' (two ways) relationship between structure and agency, where relationship is determined by individual or class *habitus* (Bourdieu, 1977, p. 78).

Habitus and doxa

A central concept of Bourdieu's theory is *habitus*, that is, societal norms that guide behaviour and beliefs (Bourdieu, 1977, p. 76). In the words of Bourdieu, *habitus* refers to the mental structures of individuals belonging to a particular class or group that can be transformed over time and then impact on the structure of that class or

¹²This is elaborated in Section 2 of the chapter

group (Bourdieu, 1977, p. 83). *Habitus* is not fixed or permanent and can be changed in unexpected situations or over a long historical period. *Habitus* can also be termed as the link between the structures of classes of people as well as the mental structures of individuals in that class (Bourdieu, 1984, p. 170).

Bourdieu also refers to the concept of *doxa*, which is important to his theory and refers to a social constitution that includes societal rules, norms and values. The difference between *habitus* and *doxa* is very minor in a social setting. *Doxa* refers to prevailing norms and values rooted in a society and *habitus* refers to people's perception of the rules and values in relation to *doxa* (Bourdieu, 1984, p. 471). In this study, I have included the gender aspect of *habitus* to explore whether or not microfinance enables women to change their *habitus*.

Field and capital

Bourdieu's societal framework includes the concept of 'field' instead of the Marxist concept of 'class' (Wacquant, 2013, p. 5). Field refers to a social arena within which people compete for resources and it is a system of social position based on the structure of power relationships. Fields do not create clear boundaries like classes. They rather construct networks which are more scattered and can spread in various ways. Bourdieu argues that a society consists of a plurality of social fields. Social fields are constituted with economic, cultural and social dimensions that are categorized as a form of capital. Economic capital refers to basic economic and material resources. Cultural capital refers to the cultural knowledge and skills, to the education system that empowers people. According to Bourdieu, social capital refers to the capital which a person can achieve by utilizing his/her social network, that is, family, friends and work relations (Bourdieu, 1986, p. 12).

These forms of capital are key factors for addressing the position of various actors in any field. Each social field has its own profile but it depends on a proportion within it of each of the forms of capital (Siisiainen, 2000, p. 10). Bourdieu (1986) argues that social capital is a resource which is connected with group membership and social networks. It is a type of capital that consists of a set of relations a person can utilize. Social capital accumulated in voluntary associations can be considered as collective and shared by its members and it also can be delegated. Bourdieu argues that the

volume of social capital depends on the size of the network of connections that an agent can effectively mobilize.

Power relations and symbolic capital

Bourdieu and Wacquant (1996) argue that the field of power is a field of forces defined by the structure of the existing balance between forms of power or between different species of capital. It is a field of struggles for power among the holders of different forms of power. Bourdieu describes power in terms of ‘symbolic capital’ which refers to social position and prestige. It is ‘something’ which leads other people to pay attention to a person. Sometimes it creates inferiority in others who recognise symbolic power in others. Bourdieu argues that when a person uses symbolic capital against another; it may be termed ‘symbolic violence’. In my research I have taken gender into the whole discourse of power relations, whereas Bourdieu describes power relations from a gender neutral perspective. The thesis highlights how and to what extent microfinance assists women to gain and exercise power or symbolic capital at the household and community level which was previously under the male’s domain.

In summary, Bourdieu conceptualizes social capital and power relations by using a set of distinct concepts such as *doxa*, field, *habitus*, power and symbolic capital. His concept of power can be used to clarify and to explain empowerment issues and gender relationships which could be socialized to behave differently in various arenas of power. The addition of ‘gender’ to the discussion of Bourdieu’s theory of practice represents my contribution to the theory.

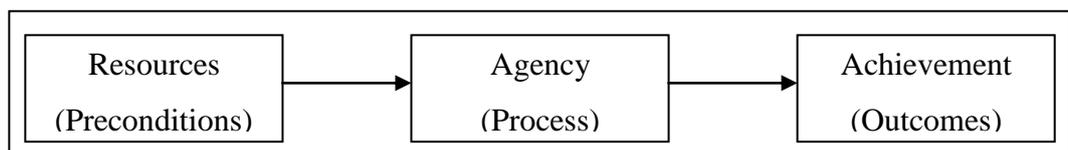
2.3.3.2 Kabeer’s empowerment theory

According to Kabeer (1999), empowerment is “the expansion in people’s ability to make strategic life choices in a context where this ability was previously denied to them” (p. 108). Here, strategic life choices means decisions that influence an individual’s life trajectory and subsequent ability to exercise autonomy over choice of livelihood, where to live, who to marry, whether to marry, whether to have children, how many children to have, who has rights over children, freedom of movement and choice of friends, all options that are critical for people to live the lives they want. Kabeer’s theory of empowerment is based on three important concepts, namely, resources, agency and achievement. This theory is relevant to my

research since Kabeer’s research on empowerment is based on South Asia in general and Bangladesh in particular. Therefore applying her theory to my research offers a rationale from the contextual perspective.

The following discussion connects Bourdieu’s theory to Kabeer’s. Kabeer’s structure agency debate is well suited to Bourdieu’s theory of practice. Bourdieu’s concept of capital and *habitus* matches Kabeer’s resources and agency concepts. Kabeer’s conceptualization of empowerment as the ability to exercise strategic life choices can be thought of in terms of the following three interrelated dimensions:

Fig 2.2: Three dimensions of women’s empowerment



Source: Adapted from Kabeer (1999, p. 108)

Bourdieu describes three forms of capital, namely, economic, cultural and social. The three forms of capital link well with Kabeer’s concept of material and non-material resources, employment and education. Material resources and employment in Kabeer’s theory correspond to Bourdieu’s economic capital. In conventional economic terms, resources are assets, but in the broader context, resources are obtained through different social relationships operating in various institutional domains that constitute a society, connecting family, market, state and community. The non-material resource concept links well with Bourdieu’s concept of social capital while Kabeer’s concept of education matches Bourdieu’s cultural capital.

Kabeer (1999) conceptualizes empowerment in terms of women’s capacity to exercise agency. She sees agency as the capacity to define one’s goals and act upon them which includes decision making, bargaining and negotiation capacity. It provides resistance against deception and manipulation. Agency refers to the ability to make active choices from amongst a number of alternatives for oneself as well as the ability to take precedence over decisions made for one by others. Women must have multiple options to make effective choices, and Kabeer calls this ‘positive agency’. Conversely, ‘negative agency’ refers to doing something without having

more than one option. Another concept used by Kabeer is ‘transformative agency’ which refers to a long term process of change (p. 27). Kabeer’s idea of agency links very well with Bourdieu’s concept of *habitus* because it can make options seem closed to a woman.

Achievements are the capabilities of being and doing that are valued by people in a given context. They are gained by combining resources and agencies together. Kabeer suggests that achievement is not actually what a person achieved but what one is willing to attempt to change things. The issue of achievement is more about giving women a sense of agency, a sense of change, rather than actually winning the gains that one is looking for (p. 4). Kabeer describes the necessity of access to resources or employment and agency to enable women’s empowerment and this fits very well with Bourdieu’s concepts of economic capital and *habitus* respectively.

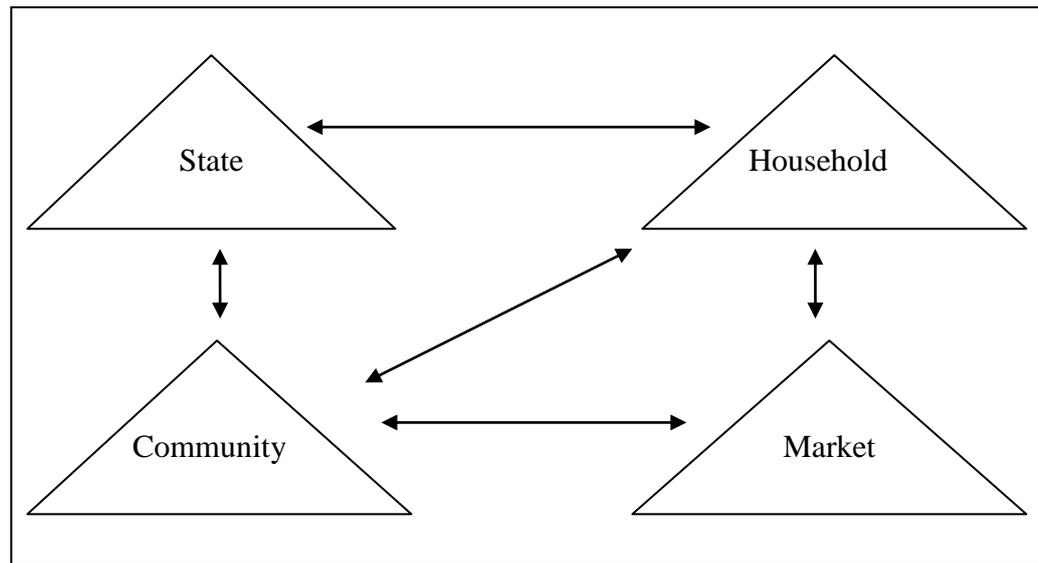
Institutional analysis and power dynamics

Drawing on her socialist feminist background, Kabeer (1994) has developed her Social Relations Approach which has been used by government departments and NGOs for planning programs in a number of countries. Kabeer argues that a narrow application of the Social Relations Approach that focuses on a specific institution will reveal how gender inequality is formed and reproduced in a particular institution. By contrast a broader application of the approach, examining a number of institutions in a given context, will highlight how gender and other inequalities cross cut each other through various institutions. The Social Relations Approach consists of three concepts:

1. development as increasing human well-being;
2. social relations;
3. institutional analysis (March et al., 1999, p. 108)

This research study focuses on the third concept of the Social Relations Approach which is institutional analysis. The following diagram depicts various key institutions and their relationships:

Fig 2.3: Social relations concept 3: Key institutions and their relations



Source: Kabeer (1994 cited in March et al., 1999, p. 108)

Kabeer (1994) argues that the underlying causes of gender inequality are not confined to the household but rather are reproduced across three other institutions, namely, the state, market and the community/society. She maintains that all of these institutions have five different but interrelated dimensions of social relationships, that is, rules, resources, people, activities and power. Analysing institutions on the basis of the five dimensions helps to understand who does what, who gets what, what is done, who will benefit, and who will lose. Thus the Social Relations Approach is a method of analysing existing gender inequalities in the distribution of resources, responsibilities and power.

While other models highlight gender roles, Kabeer's framework is concerned with how power is distributed between the sexes. It defines the way in which responsibilities and claims are allocated. Gender relations vary according to other social relations including class, race, ethnicity, disability and so on. A good gender analysis cannot be undertaken unless a proper analysis is carried out on gender relations. Such an analysis can be done by asking the questions: Who does what? Who has what? Who decides? How? Who gains? Who loses? Moreover, while other models explore gender analysis at an individual or household level, Kabeer's analysis moves beyond the household level and considers three other levels, that is,

community, market and state levels (Kabeer & Subrahmanian, 1996 cited in March et al., 1999, p. 103).

My analysis reinforces Kabeer's approach as I look at how power relations within the household interrelate with those at the community level. I explore empowerment broadly at the household and community arenas where community level empowerment includes other institutions such as community/society, market and state/local government. I also explore whether and how microfinance brings any transformation of gender power relations at the household level and whether transformation at each level simultaneously results in changes at other levels.

From my point view, Kabeer's theory would best fit my research if 'context' is taken into consideration since her research is also predominantly based on South Asia. As far as I am concerned, most of the studies carried out in the area of women's empowerment so far have concentrated mainly on changes at the household level, which is only the first stage of the bigger context. This research goes beyond the household level to look at other levels, exploring whether and how microfinance affects the exercise of power at those levels of governance. Kabeer's institutional dynamics are applied in my empirical chapter to explore how gender power relations work across different institutions and whether or not microfinance brings any changes in power relations across those institutions.

2.4 Microfinance and women's empowerment: Theoretical paradox

The discussion in this section encompasses wide ranging theoretical and practical issues related to this field.

Although different studies demonstrate the active role played by NGOs through the use of microfinance as a tool for increasing the development of Bangladesh in general and improving women's empowerment in particular, the findings relating to their contribution is highly controversial. As Simanowitz (2003) argues, "the nature and extent of the impact of microfinance, particularly on women's empowerment, and the nature of economic and social outcomes that microfinance is expected to have—particularly the impact on empowerment—continues to promote lively debate" (p. 1).

Microcredit is now accepted as a critical tool for relieving poverty and empowering disadvantaged women all over the world. For this reason, it has gained the special attention of academics, researchers and practitioners globally (Rahman, 2007, p. 2). There are two paradoxical arguments about the impact of credit on women's empowerment, and the resolution of the paradox justifies the importance of this research. This section will describe the work of other researchers in this particular field, their findings and conclusions. It will also reveal the limitations or knowledge gaps that this thesis will address.

2.4.1 Positive arguments: An interpretation of selected literature

In recent years the contribution made by NGOs in improving the lives of marginalized people is significant. NGOs have helped organize and link the disadvantaged with development activities. They have earned an excellent reputation for their dedication, commitment and grassroots linkages. The contribution of NGOs is visible in mobilizing destitute women and involving them in various income and employment-generating activities through microfinance. Khan (1987) compares NGOs with government agencies and finds that the former have been more successful than the latter in reaching out to the rural poor and channelling and providing services for them (as cited in Begum, 2003, p.77).

NGOs in Bangladesh have been recognized as some of the most effective change agents in the world because of the innovative microfinance programs that they have introduced. Their group-based mobilization strategies have increased the community strength of the poor women and provided them with a tool for social and institutional empowerment. Sarkar (2000) found in her study that a greater economic role for women definitely improved their status in family. She observed that the majority of microfinance borrowers had more money to spend and even more importantly had a greater say in the decision making process involved in spending that money. She also noted that in her study the majority of women reported an improvement in their status as a result of their contribution to household income through microfinance (p. 22).

In her book, Shehabuddin (1992) focuses on the impact of the Grameen Bank's economic and social development programs on the status of its female members, both within and outside their households. She posits that there is a positive relationship between women's involvement in the monetized sector and their power

within the household. She also argues that microfinance operating programs have an in-built system that facilitates the mobilization of rural women and develops solidarity and political consciousness amongst them.

After an in-depth study of three Bangladeshi microfinance institutions, Khandker (2005) asserts that microcredit accounts for 40% of the entire reduction of moderate poverty in rural Bangladesh; that microcredit's spillover has a 1% annual effect with regards to poverty reduction amongst non-participants living under moderate poverty and a 1.3% annual reduction among those living under extreme poverty conditions (p. 284). Other authors (BIDS, 1990; Hashemi et al., 1996; Hossain, 1985; Hossain 1998; IMEC, 1995; Pitt & Khandker, 1995; and Rahman, 1996 cited in Mahtab, 2007) support the above arguments and all agree that there is little doubt that the being active members of microcredit programs has enhanced opportunities for rural women to earn a livelihood and increase their physical space. They also found the Grameen Bank to be very successful in empowering women because of its central focus on credit as well as skilful use of rules in their loan program operation. Lastly, they found that participation in credit programs does empower women by increasing their mobility, their ability to make household decisions, their legal and political awareness and their ownership of productive assets.

Zaman (2001) conducted an empirical study of a selection of BRAC borrowers to explore to what extent and how microfinance promoted ownership and control over assets and increased general and legal knowledge as well as knowledge about fertility. His results suggest that credit programs increase women's ownership and control over assets and economically empower borrowers. Similarly, Ackerly (1995) carried out research on Save the Children, Grameen Bank and BRAC to observe how different organizations work to achieve their goal of empowerment. In his study, empowerment was compared through the knowledge of accounting variable. In other words, he used knowledge of accounting in relation to loan activity to measure empowerment. His results suggest that credit programs are empowering women. Another study was conducted by Mustafa et al. (1996) on BRAC women borrowers to identify the opportunities available to generate and control their income. From their field survey they concluded that credit has a positive impact on women's empowerment.

Sarumathi and Mohan (2011) also conducted research on the role of microfinance on women's empowerment. Their study was carried out in the Pondicherry region of India and it revealed a gradual increase in all three aspects of empowerment amongst women as a result of their participation in microfinance programs. From interactions with the women, it was found that they were also more empowered socially and psychologically as a result of their participation in self-help groups arising out of microfinance programs. In another study in Bahawalpur, Pakistan, Nawaz, N., Jahanian and Manzoor (2012) found that microcredit drives women's empowerment in a positive direction because women feel empowered at personal, economic and family levels after using microcredit in various income generating activities. They argued that economic empowerment of women further drives increasing empowerment at other levels.

Das (2012) conducted research on microfinance self-help groups (SHG) in India and examined the influence that membership had on women's decision making capacity within the family; women's position within a patriarchal social system; and women's leadership qualities. He found that microfinance SHG had a positive impact on women members particularly in empowering them. He ranked the indicators of empowerment and found that participation in decision making ranked first, followed by economic empowerment. Awareness and capacity were ranked third, while the indicators of entitlement ranked fourth, and so on. He considered microfinance SHG as a beneficial empowerment model.

The impact of microcredit on domestic violence produces both positive and negative results. Negative results will be discussed under the counter arguments section. On the positive side, Kabeer (1998) conducted a study amongst SEDP (Small Enterprise Development Program) loan recipients. She identified how credit impacted on the bargaining process and power relations at home. She argues that depending on the cause of violence, credit can have a positive effect on women by mitigating domestic violence. Poverty is a root cause of gender based violence and Kabeer reports that most of her respondents identified poverty related stress as the root cause of violence. Microcredit mitigates violence by providing economic resources to the women which enabled them to undertake various income generating activities. Consequently, the women's ability to share economic responsibility increased and

they started to feel that they were no longer dependent on their husbands. Their husbands also valued their wives more due to their economic contribution and this further diminished violence at the household level.

Another important study on microcredit programs conducted by Amin and Pebley (1994) explored whether credit programs increased women's control over household resources and transformed women's dependence and attitudes. They applied semi-structured interviews and multiple logistic regression to explore the effect of the program on women's life transformation. Their research results reveal that credit programs empower women. When women can bring credit to the family, husband's attitudes towards their wives is transformed and consequently gender based violence at home is reduced.

Another study conducted by Institute of Social Studies Trust (2009) examined the impact of microfinance in reducing domestic violence against women. An analysis of data relating to the impact of microfinance indicates that it contributes considerably towards the economic empowerment of women. The data revealed that despite only 5% of respondents claiming to have benefited directly by the disbursement of microfinance, others benefitted indirectly as a result of their involvement in Self Help Groups. Bhattacharya, Bedi and Chhachhi (2009) conducted research on the nexus between marital violence and women's employment in North Indian villages. They gathered wide-ranging data relating to the impact of women's paid work on spousal violence. Their research suggests that there is a positive relationship between women's employment and the reduction of violence against women. They found that women's engagement in paid work was associated with a sharp reduction of spousal violence.

The above-mentioned studies highlight some of the positive impacts of microfinance on women's empowerment. The researchers point out that through participation in microfinance, women can have access to financial capital for launching various income-generating activities. Consequently, women can make a financial contribution to their families which in turn enhances their position at the household level. The researchers also note that women's participation in income-generating activities increases their decision-making capacity relating to personal, family and community matters and that it also has a positive impact on spousal violence against

women. Having reviewed related literature I observed that the proponents claim that through microfinance group participation and training offered by NGOs, women have not only gained economically but also socially. Some literature suggests that microfinance promotes group development and enables women to generate an income that eventually provides them with the opportunity and potential for socio-economic empowerment.

Based on the review, I argue that the researchers' claims are only valid if the impact of microfinance is limited to supporting the resilience activities of marginalized women. However, resilience activities alone help women to meet their day-to-day basic needs and do not provide comprehensive answers relating to women's practical needs, let alone their strategic needs. The researchers mostly explored the impact of microfinance at the household level. It is also important to investigate how this support can be extended from the household to other institutions. The thesis explores whether and how microfinance enables women to gain socio-economic, political and psychological empowerment at both family and community level and enjoy equality with men.

While some authors take a positive position when explaining the role of microfinance on women's empowerment, other literature suggests that the impact of microfinance is not always positive. The following section describes some of the negative impacts of microfinance.

2.4.2 Microfinance and women's empowerment: Counter arguments

The impact of microfinance institutions on disadvantaged women is subject to a long-standing dispute. Daley-Harris argues that Bangladesh is the world's most saturated microfinance market and that the impact of this microfinance is highly controversial. For example, in 1965, Thailand's per capita income was 50% higher than that of Bangladesh. By 2004, it had risen to almost 600% higher than Bangladesh. More importantly by 2002, Thailand had pushed the \$1 per day poverty rate down to only 2%. So, Thailand achieved their success even though there were no extensive microfinance institutions for serving the poor (Pollin, Feffer & Daley-Harris, 2007, p. 3).

Haque and Itohara (2009) have undertaken research to explore the effects on women's empowerment of participation in microcredit programs in Bangladesh. Empirical data for the study were collected from the Gaibandha district using structured questionnaires. Respondents were selected on a random basis. To assess the impact on women's empowerment, the authors chose various programs operated by BRAC, Grameen Bank and *Thengamara Mohila Sabuj Sangha* (TMSS). The results of the study reveal that only 21% of the women respondents experienced a positive effect on their empowerment with the remainder reporting no improvement. However, amongst those women who felt more empowered, 69% were active members of microcredit programs.

Another study published in the same year by Rahman, Junankar and Mallik (2009) using a case study from Bangladesh, also identified some factors influencing the level of empowerment experienced by female microcredit borrowers. They highlighted the impact on women's empowerment of differing levels of income. They found that non-borrowers were equally empowered as microcredit borrowers and that their education level and age were significant factors in empowering women. They concluded that education provided women with the tools to make positive decisions for their lives. Hence microfinance is not enough to empower women unless it is combined with education.

Several studies reveal that the repayment rates of Grameen Bank's loans do not match those claimed by the bank. Moreover, there is no serious supervision of bank policies and this enables the bank to delay defaults and hide problem loans. Other studies found that NGO programs overlook the extremely poor women who make up a significant percentage of their potential clients. The functional coverage of NGOs is fragmented as the number of poor women in a particular area is dependent on the service capacity of the NGOs rather than the actual needs of the area. Sometimes NGOs are accused of being new agents for expanding neo-imperialism. Western donors meet their own interests through NGOs and establish patron client relationships that hinder social revolution (Begum, 2003, p. 77).

Asim (2008) conducted research to evaluate the impact of microcredit on women's empowerment in Pakistan. For her case study she chose the urban slums of the Lahore District of Pakistan. The household level instrument explored the link

between microcredit and women's empowerment and considered various dimensions relating to making household decisions in areas such as children's health, education, economic and major household expenses. The results of her study reveal that participation in the microcredit program was an insignificant factor in sampled households for explaining the outcome indicators of empowerment.

There are some reported cases where women have been used to access credit and yet they are neither able to use it nor have control over activities initiated through the loan. Harper (1992) reported that sometimes husbands take out loans in their wife's name without informing her, yet the repayment liability is ultimately her responsibility (p. 14). Furthermore, female borrowers sometimes have trouble meeting their weekly repayments because their husbands fail to use the loan profitably. Similarly Rahman (1999) argues that in some cases when women start earning an income, the male withdraws his economic support to the family and this increases household tension and domestic violence (p. 74).

Greeley (1997), Kabeer and Ann (1998, cited in Mahtab, 2007, p. 88) argue that although NGO policy encourages the provision of more than 90% of micro-loans to poor women, unfortunately in reality the picture is quite different. They reject the positive arguments about microfinance and conversely argue that micro credit is no panacea for poor women. According to them, there are many borrowers who have become more vulnerable and trapped by the system. The institutional debt burden on individuals' households has increased anxiety and stress among household members and this has produced new forms of social and institutional dominance over many women.

MacIsaac (1997) focuses on the role of microcredit in poverty reduction and promoting gender equity. The study recommends examining indicators that go beyond financial data and over the long term, including disaggregated quantifiable data as well as qualitative information. It also identifies gaps in our understanding of the impact and the need for more research. Microcredit has proven its potential to generate results such as poverty alleviation and the empowerment of women.

However, these results are generally short-term and vary significantly among borrowers. MacIsaac also argues that the poorest seldom benefit from microcredit,

with the middle and upper levels of poor people benefitting the most. Women in particular face significant barriers to achieving sustained increases in their income and improving their status. To remove existing barriers they require complementary support in other areas, such as training, marketing, literacy, social mobilization, and other financial services (e.g., consumption loans, savings). In fact, it is difficult to separate the impact of microcredit from that of other interventions. MacIsaac suggests that there may be other factors that contribute to promotion of gender equality. The contribution of this research is to challenge thought beyond microcredit and consider other important factors that promote empowerment.

Garikipati (2008) highlights the impact that loans to women have had on household vulnerability and women's empowerment in India. Her study investigates existing data on loan use and compares it to the testimonies of borrowers. She found that loans taken out by women are often used for purchasing household assets and increasing income to allow households to cope with crisis, but ultimately, she argues, women expressed disempowerment as they had no ownership of productive assets. Therefore, she argues that in order to empower women, it is essential to challenge the patriarchal grip on productive assets.

In another research paper describing a single study only, MKNelly and McCord (2001) highlight both positive and negative impacts of microfinance as well as its paradoxical outcomes. The positive aspects included access to more economic opportunities, more community involvement, increased self-confidence and a greater voice in the family. On the other hand negative aspects included loss of control of the loans and increased household tension, workloads, household debt and household violence. They also found that microfinance programs sometimes disempower women due to group dynamics failure. A rigid societal patriarchal culture delimits the benefits of microfinance to women and obstructs the empowerment process. Socio-cultural and religious factors often prevent women from participating in various income generating activities in the market. Therefore women are unable to utilize their loan independently for productive activities. They also identified group liability for loan repayments as a key threat.

The studies cited above highlight the negative impact of microfinance on women's empowerment. Some of these authors reject positive findings relating to the impact

of microfinance, claiming that it disempowers women by leading them into debt, which in turn increases family tension. They argue that in many cases, women work only as a means of bringing credit to their families and are unable to use the credit independently or have control over the loan-initiated activities. Moreover, when women have credit or any extra income, the men withdraw their financial contribution to the household. Sometimes women find themselves with significant debts because, whether or not they have control over the loan, they are ultimately responsible for the repayment. A few of these studies reveal the negative aspects of microfinance where women can feel threatened by group liability that can burden them with debt should other group members fail to make their repayments.

2.4.3 Microfinance and social capital: A critical analysis

When social capital is discussed in the microcredit literature, there is a tendency to investigate how social capital can be used for the success or failure of microfinance operations. As Rankin (2002) argues, microcredit socializes the cost of lending to poor women by providing them with access to credit on the basis of ‘social collateral’ obtained through membership in borrowers’ groups. Rankin viewed social collateral as a substitute for physical collateral for offering credit to the poor, which is ensured through group-based lending and peer pressure. Physical collateral refers to ‘something’ (asset) pledged as security for repayment of a loan while social collateral refers to trust, norms, networks and solidarity that has been developed amongst the borrowers in microfinance groups. Van Bastelaer (2000) likewise argues that many credit programs based on physical collateral fail due to poor repayment rates. But credit programs that are based on social collateral mainly achieve success because social capital works as a weapon for the successful operation of microcredit programs.

Feigenberg, Field and Pande (2009) conducted research on building social capital through microfinance. To explore whether repeated interactions amongst group members built social capital and improved financial outcomes, they carried out experimental research looking at the frequency of repayment meetings. They found that frequent repayment meetings built trust and encouraged informal sharing arrangements amongst group members, which in turn lowered default rates on subsequent loans. Over a ten-month loan cycle, they examined two client groups:

those groups that met once per week and those that met once per month. After five months, they found that the groups that met weekly performed best in relation to loan repayments.

In his research, Dowla (2006) examined how the Grameen Bank in Bangladesh created social capital by forming horizontal and vertical networks that contributed to the expansion of microfinance. He argued that the trust that the Grameen Bank showed towards its members created a reciprocal relationship as the members felt an obligation to repay the loan on time. Thus the bank created a norm of group lending and repayment. By holding regular centre meetings, the bank created a norm of transparency in financial transactions. Dowla concluded with the interesting finding that social capital also had a dark side. For instance, the borrowers who had a long time involvement in the Grameen Bank had lower repayment rates because the borrowers used their power of social capital to reduce the threat of sanctions that are usually enforced to ensure timely repayments. Thus he concluded that negative social capital sometimes diminishes the chance of microfinance reaching its full potential.

Another study conducted by Larance (1998) indicates that NGOs create centre meeting norms through microfinance programs. The norms include loan recipients walking across the village to attend centre repayment meetings, sitting in a group along with other village women, pronouncing the sixteen principles and paying the instalments in centre meetings. Interestingly, Larance concludes that when NGOs face repayment crises, their most powerful rehabilitation strategy is to enforce the centre norms that include regular and timely attendance at the meetings and regular and timely savings.

More interesting for the purpose of this research, are the study findings of Anderson and Locker (2002), who argue that it is obvious that microcredit programs make use of existing social capital through their group lending techniques. It is essential, however, to explore whether people also create new stocks of social capital through meetings and other services. They found that regular communication with group members through group meetings greatly increased the chances of successful collective action in the community. Similarly, Ostrom (1994) states that regular group meetings and regular interactions can facilitate communication, knowledge

about fellow group members and develop trust with one another, which further fosters collective actions (p. 532).

Since 1990, both microcredit and social capital have attracted academic attention. All the discourse, however, basically focuses on how existing social capital can be used for the successful operation of microfinance (Haque, 2010, p. 8). There is a gap in the literature on how new stocks of social capital can be created to empower women through microfinance. So, in this respect, the present study adds to the literature on social capital in the context of microfinance.

2.4.4 Methodological and conceptual weaknesses of the earlier studies

It is obvious that there are logical arguments both in favour of and against the ability of microfinance to empower women. It is worth highlighting the limitations of the earlier studies, to reveal the gap in the existing research studies, and to use this research as a means of furthering discussion in the area of concern. The following table demonstrates the methodological and conceptual weakness of some of the recent studies:

Table 2.4: Recent literature: Quantitative approach, unidimensional focus

Authors	Approaches	Sample	Data collection tool	Conclusions	Limitations
Haque and Itohara (2009)	Quantitative	180	Structured questionnaire	Only 21% of the respondent women are empowered; Among empowered women 69% were MF borrowers. MF is not very empowering to women; women could attain empowerment either today or tomorrow only by using money on productive assets.	They overlooked other issues beyond microcredit that could have significant impact on women's empowerment. For example, age, education can have significant impact on women's empowerment.
Garikipati (2008)	Quantitative	117	Questionnaire	The loans procured by women are often used for household's assets and incomes. Women's lack of co-ownership of household assets disempowers women	They did not provide any information about whether the women borrowers take part in deciding the loan use. The socio economic context and reality of a country is also not taken in account while exploring the impacts of microfinance on women's empowerment

Rahman et al.(2009)	Quasi experimental	387	Structured questionnaire	The non-borrowers are equally empowered; MF is not enough to empower women unless it is combined with education (that makes women capable of making right decisions)	They overlooked the socio cultural context of a particular country despite the fact that contextual variables matter significantly in impact evaluation of a policy.
Sarkar (2000)	Quantitative	143	Structured questionnaire	Women's involvement in credit driven self-employment improves their status in family. After their involvement in microfinance women have money to spend for themselves and their families enhance their position in the family and society.	She examined the positive impact of microfinance on poverty reduction and women's empowerment, but did not take other socio economic factors into consideration.
Khandker (2005)	Quantitative	1,638	Follow up survey though structured questions	Access to microfinance contributes to poverty reduction at village level in general and for women in particular. MF helps both the participants and local economy	Overdependence on quantitative methods and statistical surveys limits the scope and depth of the study findings.

Nawaz et al. (2012)	Quantitative	94	Closed ended questionnaire	There is positive relationship between microfinance and women's empowerment at personal, family and economic levels. Economic empowerment of women is most influenced by MF.	Statistical analysis suffers from under-reporting and inadequacy to describe the variation and degree of empowerment in different contexts
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Source: Compiled by the researcher from the cited literature

The table illustrates both the positive and negative impacts of microfinance on women's empowerment in some recent studies. Some researchers argue that there is a positive correlation between microfinance and women's empowerment, while others refute the positive impact of microfinance on women. Whether they hold a positive or a negative viewpoint, most of the writers overlook other socio-economic factors within and beyond microfinance that could have a significant influence on the extent of women's empowerment.

Most studies conducted earlier are based on quantitative research. Overdependence on quantitative methods and statistical surveys limited the scope and depth of the study findings. Some studies such as Haque and Itohara (2009), Larance (1998), Khandker (2005) and Amin and Pebley (1994), undertook experimental research and their statistical analysis has been impacted by under-reporting and an inability to describe the variation and degree of empowerment in different contexts.

Very few studies took qualitative approaches to help counteract the shortcomings of a statistical approach to data analysis. Participatory and ethnographic research designs helped some studies to demonstrate the extent of transformation of power relations in different contexts. Examples include Greeley (1997) and Kabeer and Ann (1998 cited in Mahtab, 2007, p. 88). Kabeer (1998) used an ethnographic research design and undertook in-depth interviews which allowed the researchers to explore

and understand how credit produced different effects on power relations between partners in the households.

Some of the earlier studies are limited in scope and suffer from conceptual weaknesses when arguing that women have control over loan utilization. For example, whilst Harper (1992) Rahman (1999) and Mahtab (2007) all emphasize the point that in most cases male members of the families used the loan, they fail to provide any information about whether the women borrowers were involved in deciding how the loan would be used. While exploring the impact of microfinance on women's empowerment, the socio-economic context and reality of a country has also not been taken into account. For example, Rahman (1999), Asim (2008) and Garikipati (2008) all overlooked the socio-cultural context of a particular country despite the fact that contextual variables matter significantly in evaluating the impact of a policy.

Most of the studies with the exception of Haque and Itohara (2009) overlook other issues beyond microcredit that may have had a significant impact on women's empowerment. For example, Begum (2003), Shehabuddin (1992) and Sarkar (2000) all examined the positive impact of microfinance on poverty reduction and women's empowerment, but they did not take other socio-economic factors into consideration. Another noteworthy conceptual weakness of the majority of the studies was their focus on only the credit part of the program when examining microfinance. They failed to address other important aspects of the programs such as savings, insurance and training.

Dowla (2005), Feigenberg et al. (2009), Larance (1998), Rankin (2002) and Van Bastelaer (2000) discuss the connection between microfinance and social capital, yet they mainly concentrate on how social capital can influence the success or failure of microfinance operations. They propose a positive relationship between the frequency of meetings and various factors relevant to increasing women's social capital, but fail to provide any insights as to why the frequency varies for different groups of women. There is limited discussion about how microfinance can create new stocks of social capital to empower women.

Most of the studies fail to look at the social aspect of microfinance programs, in particular those aspects very much related to human capital such as health, education and social networks. Only Kabeer (2003) considers the wider social impact of microfinance and this is important for the microfinance sector's internal learning process. While most of the earlier studies are delimited at the household level gender analysis Kabeer (1996) looks beyond the individual or the household level analysis, stating that gender analysis should also be conducted at community, market and state levels (as cited in March et al., 1999, p. 105). She refers to these as 'domains of impact' because societies are comprised of different institutional domains each with their own rules, norms and practices that can be influenced by microfinance interventions in different ways. Kabeer (2003) not only refers to domains of impact but also highlights dimensions of change that should be assessed (p. 110). Kabeer's argument on impact assessment and gender analysis is relevant to my research study as she analyses impacts by assessing each of these issues in order to gain an accurate picture of the impact of microfinance on women's empowerment.

2.4.5 Research gap

What lessons have I learned from previous studies? The simple answer is the journey of women's empowerment is never simple, especially when investigating the impact of microfinance. Women's empowerment is the unfinished revolution, expected to be achieved by 2015 as the third broad Millennium Development Goal, and it was the conflicting evidence in the literature that stimulated my interest to undertake further research in this area. By using an instrumental case study in Bangladesh, this research attempts to determine how and to what extent to microfinance programs led to the empowerment of rural women. My research findings contribute to the prevailing discourse regarding empowerment and help bridge the existing gap in the literature relating to microfinance and women's empowerment.

Although there is no shortage of studies relating to microcredit, very few have evaluated the social impact it has had on women's empowerment in rural Bangladesh. In light of the reviewed literature and the existence of conflicting evidence, a need for further evaluation of this largely debatable issue provides justification for undertaking my research. Although several research studies have been undertaken on national NGOs, in particular the Grameen Bank in Bangladesh,

the contribution made by other NGOs, especially local NGOs, has so far been overlooked. The current research exploring the contribution of a local NGO reveals some of the untold stories of local areas of Bangladesh.

Most studies have mainly been concerned about economic empowerment and have focused primarily on a financial or an economic paradigm. Yet empowerment assessed solely from a financial lens ignores its multi-dimensional construction. So the current research extends beyond the financial paradigm of empowerment and gives equal attention to its socio-cultural, psychological and political dimensions. While most of the prevailing literature explores the impact of microfinance on women at the household level only, this thesis will consider how women acquire power at the community/societal (including market and state) levels, these being the other important institutions where women deserve to experience equality

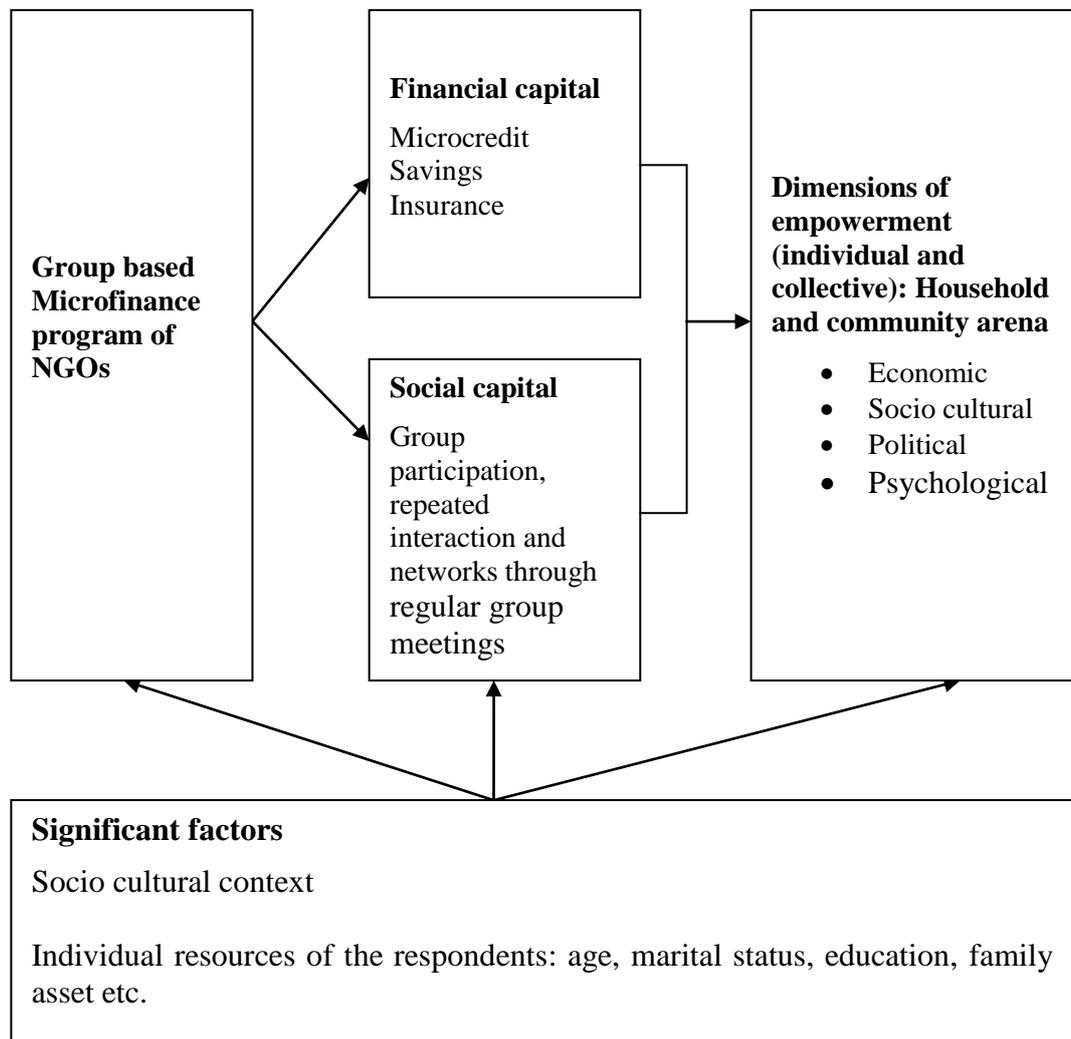
A number of research studies are available that demonstrate how existing social capital can be used as a tool for promoting the success of microfinance programs, but very few studies have explored or assessed the extent to which women's empowerment has been increased by new stocks of social capital generated from microfinance. Using an instrumental case study of two selected NGOs in Bangladesh, the study examines the creation, sustenance and influence of women's social capital as an outcome of microfinance. This is an innovative approach that to date has not been explored in any other studies. Usually the economic and material aspects only of microfinance have been considered when measuring its outcomes. To fully assess the effects of microfinance in relation to the empowerment of women, the social capital aspect of microfinance needs to be taken into account in the whole debate relating to the role played by the NGO sector.

2.5 Conceptual model of the study

The conceptual model assumes that microfinance provides economic/financial capital such as credit, savings and insurance to poor women, that might promote economic, socio-cultural, psychological and political empowerment at both household and community levels. Similarly, microfinance programs also work to create and sustain women's social capital through regular group meetings, interaction and networking. Microfinance involves a group-based approach that might help to

promote new stocks of social capital by creating networks amongst women. It also assumes that women’s social capital can influence their empowerment in certain circumstances. For example, networking can promote greater access to information, increased knowledge, awareness, and decision making capabilities of women. The following diagram shows the conceptual model of the study:

Fig. 2.4: Conceptual model



Source: The researcher

The conceptual model assumes that group-based microfinance programs offer both financial and social capital to empower women.

2.5.1 Financial capital

Financial capital encompasses microcredit, savings and insurance.

1. The term ‘microcredit’ is used to mean ‘small credit only’, which is offered mainly to disadvantaged women to generate self-employment opportunities. Here it means mainly group-based collateral-free loans to create income-generating activities, where each group member is mutually responsible for all credit repayments.
2. Savings: Every member of a NGO has to deposit into both personal and compulsory savings. Having a current savings account provides a safer place than home for women to keep their money.
3. ‘Insurance’ refers to life insurance. Every member has to pay a certain amount as a membership fee, which automatically serves as their life insurance cover. In case of the death of a microfinance client, her family members receive that money and her outstanding loan is written off. Sometimes NGOs make adjustments between her loan and savings and the surplus is given to her family.

2.5.2 Social capital

In this thesis, social capital has been adapted from Woolcock (1998), Lin (1999) and Bourdieu (1986). The conceptual model hypothesizes that group-based microfinance programs offer the opportunity of creating new stocks of women’s social capital through regular group meetings and repeated interaction with group members. Social capital has been adapted in the study from the network point of view (Bourdieu, 1985 cited in Maclean, 2010, p. 501). Network quality refers to a norm which relates to the pattern of behaviour within the group. Reciprocity and inclusiveness are examples of the concept. Network transactions include sharing knowledge, offering support, physical/financial assistance, and integration within the group as well as other organizations and communities.

In this research, the concept of social capital is adapted from Bourdieu’s theory of practice. As mentioned earlier, Bourdieu’s viewpoint on theory of practice links very well with Kabeer’s empowerment theory, and both theories address one of the key questions in the current research. Bourdieu uses the concepts of economic, cultural, social, symbolic capital/power, *doxa*, *habitus* and ‘field’ to illustrate the dynamics of power relations in society. Drawing on the work of Bourdieu (1986), Woolcock

(1998) and Lin (1999), I define social capital as both an individual and a group resource/asset which can be accessed and utilized through new forms of networks created by microfinance groups. While exploring the relationship between social capital and empowerment, I assume that women's new stocks of social capital can have an influence on both individual and collective empowerment. At the individual level, each woman can access and utilize new stocks of social capital generated from microfinance groups to empower her both economically and socio-psychologically. At the collective level, women can utilize their new group networks as a platform to undertake collective community actions.

2.5.3 Women's empowerment:

The current study focuses on all dimensions of empowerment from household to the community arenas. I define empowerment as:

1. Individual and collective level
2. The transformation of gender power relations across various institutions
3. Both an outcome and process
4. Women's capability to meet their strategic gender needs not merely their basic needs
5. Women's access to and control over both tangible (financial capital) and intangible resources/networks (social capital)
6. Women's ability to exercise agency regarding personal, family and community affairs
7. Women's transformed *habitus* to challenge *doxa*

Economic empowerment

Economic empowerment focuses on the 'power to' dimension of power relationships, where 'power to' refers to higher access to credit and savings and other economic resources such as business training, that leads to women being in a better economic position and having increased bargaining power at home and in the community (Basargekar, 2010, p. 33). The indicators of economic empowerment at the household level include women's involvement in income-generating activities, access to and control over loan utilization, and control over income and expenditure. Economic empowerment provides answers to questions about who keeps household earnings and who has a say about household expenditure (Kabeer, 1996 cited in

March, 1999, p. 19). It also encompasses women's access to and control over their basic wellbeing, including health care provision, food options, nutrition and asset accumulation, all indicators that have been adapted from Moser (1993, p. 55). The indicators of economic empowerment at the community level include access to employment, access to credit, access to market and involvement in local trade associations, as described by Malhotra et al. (2002, p. 13).

Socio-cultural empowerment

Socio-cultural empowerment encompasses the 'power with' dimension of power relationships. Its focus is on permitting women to examine and articulate their interests, that is, to organize them, achieve them and link with other women's and men's organisations to facilitate change (Basargekar, 2010, p. 33). The socio-cultural dimension of empowerment encompasses women's decision making agency, women's mobility in the public domain, their ability to meet strategic gender needs and women's changed perception and reaction towards spousal violence against women. These concepts have been adapted from Kabeer (1996) and Moser (1993 cited in March, 1999) and Malhotra et al. (2002).

Decision making agency includes women's participation in making both minor and major decisions. Minor decision making includes small household purchases, decisions about minor health care and family matters. Major decision making encompasses large household purchases, children's education, health, house repairs, leasing land, etc. (Hashemi et al., 1996; Cleland et al., 1994 cited in Kabeer, 1998).

In this thesis, strategic gender needs have been adapted from Moser (1993) and include challenges relating to the gender division of labour, alleviation of the burden of domestic labour and child care and taking measures against male/spousal violence. Spousal violence itself is defined as both physical and verbal abuse against women in the household. The indicators for exploring violence against women include issues such as whether women are afraid of their husbands; whether they are beaten by their husbands; whether they are both afraid and beaten by their husbands; how women perceive and react against spousal violence; whether they protest against violence either against themselves or on behalf of someone else in their neighbourhood and community; and whether they seek legal advice or aid from any institutions (Jejeebhoy, 1997 cited in Kabeer, 1998).

The indicators of women's mobility in the public domain include women's freedom of movement in the community, for example, mobility in market, medical and outside the village. Market refers to the place where women go to purchase goods; medical means hospitals where women go for treatment; and outside the village refers to their ability to go to the cinema, restaurants, relatives' and friends' houses outside their village arena. The indicators have been taken from Kabeer (1996 cited in March, 1999), Hashemi et al. (1996) and Malhotra et al. (2002).

Political empowerment

Political empowerment focuses on the 'power over' dimension of power relationships. 'Power over' refers to changing the underlying inequalities in power and resources that constrain women's aspirations and their ability to achieve them (Basargekar, 2010, p. 33). Political empowerment focuses on the transfer of various elements of power (resources, capabilities and positions) to those who do not have it. Political empowerment must include access to various political offices, including positions in the government. Following this understanding, political empowerment embraces the transformation of gender power relations in the political arena where major political positions are occupied predominately by men.

The power of women to make decisions at a policy or political level is regarded as one of the critical elements necessary for advancing the level of women's empowerment. An acceptable level of empowerment can only be achieved when women can participate in the policy making process and be heard at the agenda setting table (Snijders, 2009). In this thesis, political empowerment indicators at the household level include knowledge of the political system and means of access to it, domestic support for political engagement and the exercise of voting rights. Indicators of political empowerment at the community level include women's level of involvement in local politics; the ability to vote in local government elections; the right to campaign and support specific candidates; and the right to representation on local government bodies. The study has addressed both women's knowledge of and engagement in political actions. All of these indicators have been taken from Malhotra et al. (2002, p. 13).

Psychological empowerment

This is also understood as women's self empowerment. The indicators of psychological empowerment include self-esteem, self-efficacy, psychological well-being, an ability to establish one's rights, and awareness about socio-political issues. Psychological empowerment is evaluated by exploring both the women's knowledge levels and actions taken to establish their rights. Collective awareness and action against injustice is assessed at the community level. The idea of psychological empowerment has been adapted from Malhotra et al. (2002, p. 13). I have also added women's engagement in community action either individually or collectively as an important indicator of women's self empowerment at the community level.

It is very hard to differentiate one dimension of empowerment from the other. Each dimension has a distinct component, yet they all are inextricably interlinked with one another. The model also assumes that empowerment is context specific and that individual resources may have an impact on the extent of women's empowerment across different institutions. The empirical chapters will demonstrate how all these dimensions are related to microfinance or, in other words, how microfinance impacts on all dimensions of women's empowerment.

2.6 Conclusion

This chapter addressed various key concepts that are applied throughout the thesis. I have discussed various theoretical models and frameworks relating to the study, ranging from the least empowering approaches to the most empowering. The chapter also focused on the work done by previous researchers in this particular field, evaluating their methodology and findings and uncovering some gaps that this research aims to address. The chapter also illustrated the conceptual model used to guide the present study. As many of the concepts and ideas discussed in this section overlap, I have operationalised them into the current study. The next chapter highlights how microfinance programs that originated in Bangladesh are now being adapted as a most promising development tool around the globe.

3. MICROFINANCE AS A TOOL FOR DEVELOPMENT: GENESIS AND GROWTH IN BANGLADESH

3.1 Introduction

The key objective of this chapter is to examine the origin and growth of microfinance as a development tool. The chapter is divided into three sections. The chapter begins with the background and conceptual issues of microfinance as a development tool from the global perspective. Section 2 explores the background of its development during a pre- and post-liberation period in Bangladesh as a pioneer country of microfinance. The third section presents a brief profile of the various key microfinance actors operating in Bangladesh.

3.2 Microfinance as a development tool: Global context

Since World War II, a prime concern has been the development of newly decolonized countries. Different strategies and ideas have been tried to overcome poverty and insecurity in former colonies. Bilateral and multilateral lending agencies have showered former colonies with loans and grants but their efficiency is being questioned. After World War II, modernization theories became prominent in social science. The US played the leading role in developing them. The theories mainly focused on some key areas. Firstly, to develop infrastructure; secondly, to change traditional beliefs and practices by introducing new educational systems based on modern science and technology; and thirdly, to establish new administrative systems and state mechanisms to control the decolonized domains (Leys, 1996).

In the expansion of modernization theories, Rostow's stages of economic growth played a significant role. He argued that all societies have to pass through five linear stages, namely, the traditional society, precondition for takeoff, take off, drive to maturity, and the age of high mass consumption. This theory includes industrialization and capital accumulation which was considered as a key to development (Rostow, 1960). In the 1950s and 60s, these theories were integrated into development planning for developing countries. Rostow's five stages of economic growth were further refined by Nurkse (1961) who focused on high amounts of savings and reduction of population pressure in order to achieve higher economic growth.

To facilitate growth, different development efforts were motivated by the ideas of “big push” by Rosentein Rodan and “critical minimum effort” by Leibenstien (Singh, 2009, p. 75). The central idea of these strategies was to focus on raising the aggregate growth rate through increased investment in physical capital. The aggregate growth would facilitate employment opportunities and thus could reduce poverty and insecurity indirectly. The approach anticipated “trickle down benefits” which unfortunately proved unsuccessful because whatever growth was achieved did not create employment sufficient enough to solve the poverty problem (Islam, N., 2009, p. 4).

The economic growth approach and modernization theory failed to solve the problem of poverty, inequality and unemployment. As modernization theory and other top down approaches failed to reduce widespread poverty in developing countries, the dependency theory became popular. The theory argues that the core reason for poverty in developing countries lies in the import and export of goods and commodities. Poor countries export primary commodities to rich countries at a low price; conversely they import manufactured products from rich countries at higher prices. This imbalance in exchange relationships results in poor countries remaining poor (Larrain, 1989).

In the 1970s, thinking shifted towards a basic human needs approach to development. The previous unsuccessful efforts led to the development of a Basic Needs Strategy through which poverty reduction was proposed as separate goal (Arnold, 1980). The new approach faced insecurity issues and regrettably, also proved ineffective because it failed to address the actual problem of the poor and did not provide a resilient solution to the problems of poverty and insecurity. The approach also proved to be a fiscal burden which threatened the global economic condition. Although the basic needs approach proved unsuccessful, its components were included in UNDP’s Human Development Index (Facio, 1995, Simmons, 1995 cited in Nawaz, M. S, 2007, p. 20).

In the 1980s, Neoliberalism was presented as the solution to the problem of poverty reduction and economic growth. The core argument of Neoliberalism was that state intervention in economic development should be minimized. The neoliberal theorists argued that government interference in market and business should be diminished and open/free market needs should be emphasized. In response to poverty, oil

shocks, inflation and economic recession, the multilateral lending agencies (World Bank and IMF) advocated Structural Adjustment Policies (SAP) aimed mainly at stabilization, liberalization and privatization. They constituted another stage of international development efforts for developing countries. The adoption of SAP resulted in reducing governments' role in the provision of social services and consequently poverty increased in many developing countries instead of decreasing. Moreover, SAP failed to generate an aggregate growth rate and the actual growth rate was not associated with desired employment expansion. Unfortunately, like trickle down benefits, SAP also failed to deliver on the pledges (Banejee, Benabou, & Mookherjee, 2006 cited in Islam, N., 2009, p. 5)

In response to the limitations and unsatisfactory performance of SAP, the World Bank and IMF launched the Poverty Reduction Strategy Paper (PRSP) in the 1990s. This identified different strategies for poverty reduction in developing countries. They developed PRSP as a prerequisite of loan disbursement. But the irony was that the idea of PRSP was supposed to be domestically generated and the core ideas were almost the same as those in the Structural Adjustment Policy. Later, the inadequate results of the PRSP inspired the development of Millennium Development Goals¹³ or MDGs by the United Nations. These comprised eight development goals for the purpose of achieving eighteen specific targets in the areas of poverty, health, empowerment, gender equality, maternal health, malnutrition and the environment (Islam, N., 2009, p. 5).

From the above discussion, it is clear that the strategies and approaches taken since World War II involved development ideas with an emphasis on aggregate growth and its impact on poverty and insecurity. But many countries in the world have high aggregate growth and this has not been able to reduce poverty or insecurity. In relation to the focus of this study, it is important to explore where microcredit fits in the wide range of development approaches and models.

Microcredit encompasses a wide range of institutional formats, both informal, such as individual money lenders, and formal, such as commercial banks, credit unions, financial co-operatives and specialized SME funds (Khawari, 2004, p. 3). However,

¹³ Adopted in the year 2000 and set to be achieved by 2015, the Millennium Development Goals (MDGs) provided concrete, numerical benchmarks for tackling extreme poverty in its many dimensions.

as previously mentioned, due to the success of the Grameen Bank model launched by Dr Muhammad Yunus in 1976, microcredit has extended its functions. This new paradigm robustly addressed the reduction of poverty by offering collateral free microloans through a group-based approach where joint guarantees by groups of borrowers encouraged very high repayment rates. The intention of microcredit was to reduce poverty by raising the income and the productivity of the poor through self-employment and income-generating activities (Bateman & Chang, 2009).

Microcredit was also established using a target group approach, with the functionally landless people being the main target group. The program used the target group approach to reach the poor and provided microloans by applying ‘solidarity circle’ mechanisms. The conceptual basis for this approach was taken from the dependency theory¹⁴ put forward by Andre Gunder Frank (Ferraro, 1996). Women are the most vulnerable group in society and through the target group strategy, NGOs endeavoured to increase their living standards and enhance their decision making powers. In response to the global gender issue, the target shifted from male to female (Chowdhury, 1989, p. 205).

With regard to the growing dominance of Neoliberalism in the global development community, the Grameen Bank adopted a neoliberal agenda that focused on private individual entrepreneurship. Since then, the success of microfinance has been assessed by the financial sustainability of the microfinance institution itself and its focus has primarily been to reduce poverty through a self-help approach. After the emergence of the Grameen Bank and with the help of international donors, NGOs and a high level of global political support, the new wave of microfinance rapidly expanded. USAID was the first international development agency to extend their support by pushing for the recognition of microfinance as a “new wave” and as standard best practice for poverty reduction. The Boston-based Accion¹⁵ also supported the new wave of microfinance (Otero & Rhyne, 1994).

Similarly, in the 1980s the World Bank started to provide technical and financial support to the microfinance movement. In the 1990s, it was evident that the original

¹⁴ In this theory Frank argued that the poor are treated as peripheral and are exploited by those at the centre.

¹⁵US based NGO

microcredit concept developed by the Grameen Bank had transmuted to include a wider range of functions such as savings, training, insurance and advocacy. There are now a large number of Microfinance NGOs funded by foreign agencies working across the world. Their activities are largely located in developing countries and are mainly concerned with women's socio-economic issues (Dangol, 2010, p. 2).

The World Bank also established the Consultative Group to Assist the Poor (CGAP)¹⁶ and shape how the new wave of microfinance is perceived. The United Nations declared 2005 the 'International Year of Microcredit' and helped to promote the microfinance model by providing funding through United Nations Development Program (UNDP) and the United Nations Capital Development Fund (UNCDF).¹⁷ Accordingly, the microfinance sector benefited through the contribution of some high profile individuals such as Bill Gates, Pierre Omidyar and also from some powerful business men, royalty, the movie business and politicians. There was an impression that accumulating wealth in the microfinance sector was the best way to serve humanity (Smith and Thurman, 2007 cited in Bateman & Chang, 2009, p. 3).

The Microfinance Revolution in the 1980s demonstrated that "microfinance could provide a large-scale outreach profitably", and in the 1990s, it began to develop as an industry (Robinson, 2001 cited in Rathinam & Prahannayaki, 2010). In the 2000s, the microfinance industry's objective was to satisfy the poor's unmet need on a much larger scale and to play a role in reducing poverty. While much progress has been made in developing a viable and commercial microfinance sector in the last few decades, several issues will need to be addressed before the industry will be able to satisfy massive worldwide demands.

Christen, Richard and Veena (2004) argue that microfinance is a global movement which offers poor people not only credit but also savings, insurance, fund transfers and other services (p. 2). Those who promote microfinance generally believe that such access will assist poor people to free themselves of poverty. Finally, it can be argued that the perceived status of microfinance has been reinforced due to the United Nations declaration of 2005 as the 'International Year of Microcredit' and also

¹⁶ CGAP is a multi donor institution

¹⁷ UNCDF contributes to the achievement of the Millennium Development Goals in Developing Countries through a variety of innovative approaches in microfinance.

to the award of the Nobel Peace Prize to Dr Muhammad Yunus in 2006 in recognition of his innovative model of microfinance as a tool to address poverty and inequality. This model has now been adopted as a development model around the globe.

3.3 Emergence and growth of microfinance: The Bangladesh context

The use of credit as a strategy to reduce poverty is not a new phenomenon in Bangladesh. In the nineteenth century, credit was extended to the rural poor to reduce the effect of periodic famines because it was assumed that famine was due to indebtedness resulting from the harsh money lending system. During the British colonial period, The Strachey Famine Commission of 1880 and the Famine Commission of 1901 recommended credit for the rural poor (Dowla, 2006).

3.3.1 Pre-liberation period

At the end of World War II, ideas related to microcredit were revealed in a separate section of the Marshall Plan. In the 1960s, small credit programs were established by Akhtar Hamid Khan through a community-based initiative of the Bangladesh Academy for Rural Development (BARD) at Comilla. The Comilla Model was popularly known as a group-based cooperative system for providing credit and other development inputs to members of cooperatives in rural areas. This cooperative system gained popularity as an approach to rural development. In early 1970, the program was expanded to include the whole of Bangladesh under the name of the Integrated Rural Development Program (IRDP). Through these cooperatives, modern inputs such as high-yielding seeds, fertilizer and credit were provided to members. However, because the formal credit institutions (such as rural cooperatives, specialized agricultural credit agencies and commercial banks) had high asset-based collateral requirements, the major beneficiaries were the rich rural elites (Goetz, 2001; McGregor, 1988; Pitt & Khandker, 1996 cited in Nawaz, M. S.: 2007, p. 58).

Since the early 1970s, international organizations such as the World Bank, the Food and Agriculture Organization (through FAO's Rural Finance Program) and other major donor agencies also incorporated small loan programs and products into their rural development strategies in developing countries. These subsidized credit programs created excess demand for credit, leading to rationing and a distortion of

the market (Shaw, 1973; McKinnon, 1973 cited in Nawaz, M. S., 2007, p. 59). As a result, the rural credit program failed to reduce poverty due to the over-involvement of the government. Hierarchies formed within communities as specific groups of people started to exercise more control over loans than others. Consequently, after the independence of Bangladesh, modern microcredit emerged as an alternative to the traditional lending system.

3.3.2 Post-liberation period

Prior to independence, the government of Bangladesh helped poor farmers with limited Taccavi loans¹⁸ (Ahsan & Kar, 1993, Haque, 1995 cited in Sarkar, 2000, p. 2). After independence, the government and NGOs started to give more attention to credit facilities for the rural poor. In the beginning, rural credit programs concentrated only on the agricultural development of the government. Gradually, however, since 1977, other nationalized commercial banks have started to execute credit programs. The programs include crop hypothecation loans, interest free loans in coastal areas, specialized agricultural credit programs, cooperatives and rural bank programs (Roy & Chowdhury, 1994 cited in Sarkar, 2000, p. 2). Likewise, some renowned NGOs also launched special microcredit programs for poor women to strengthen their efforts.

Bangladesh is known as the birth place of microcredit. A few experimental programs were commenced in Bangladesh after 1971 whereby the poor were given small loans to invest in micro business. This kind of microcredit was offered on the basis of solidarity group lending, with each and every member taking group responsibility and providing a guarantee for the loan repayments. The origins of group-based microcredit in its recent practical manifestation can be linked with numerous organizations founded in Bangladesh including, in particular the Grameen Bank. Dr Yunus, founder of the Grameen Bank, commenced a project in a small village named Jobra, near Chittagong University campus. He found that a large number of

¹⁸Taccavi loans were handled by the Provincial Revenue Department. Necessary funds were allocated for different areas each year in the provincial budgets. The Taccavi loans were primarily given to farmers to meet emergencies such as flood, earthquake, famine, etc. The farmers took these advances in the spirit of a gift or relief given in calamity and were not serious in repaying them.

extremely poor households borrowed money from various informal sources¹⁹. However, they were unable to improve their living standards as they were exploited by these money lenders. Dr Yunus realized that the poor had no other options for taking out such loans as they did not have access to formal institutions. He led his students on a field trip and was informed that the poor had to repay the money at a weekly interest rate of 10% leaving them with minimal, if any, profit margin. He started to lend small amounts of money from his personal funds. He challenged myths about the poor and voiced his ideas as follows:

You will be told with 100% certainty that the poor have to be trained before they can do anything. The poor cannot budget, they cannot save. It is useless to offer anything to poor women, they have no skills. The influence of religion and custom is so strong on them that they cannot move an inch in any direction. These are the mind set of people which is completely baseless. The poor have skills or they wouldn't have been able to survive. They know what to do. All you have to give them is access to capital. (Todd, 1989 cited in Shehabuddin, 1992, p. 70)

His project was based on the assumption that providing financial resources to the poor with certain terms and conditions would get them involved in different entrepreneurial activities and improve their life. It was very difficult for the poor to get loans from formal financial institutions such as commercial banks due to complicated administrative procedures and lack of collateral. In his project, Professor Yunus borrowed from a commercial bank and he became the guarantor for the recovery of the loans. He came across an old village woman who made bamboo stools for living. As she was unable to purchase bamboo herself, she borrowed from a local moneylender at an excessive interest rate. In the end, she was only able to make two cents a day. Dr Yunus lent out a total of \$28 to 43 villagers to save them from loan sharks. This was enough to enable the poor villagers to shake off the middlemen and attain self sufficiency.

At the start of his project, commercial bankers and money lenders made fun of him by saying that the poor would never pay back the loans. Dr Muhammad Yunus said:

¹⁹ Informal sources are generally money lenders or businessmen who lend money on certain strict conditions and imposes a high interest rate

Conventional banks are based on the principle that the more you have, the more you can get, if you don't have anything, you don't get anything. Grameen has literally turned this principle completely around. Grameen's principle is the less you have the higher the priority you get in receiving loans from Grameen. If you have nothing, you get the highest priority (Yunus, 1994a, cited in Nawaz, M. S., 2007, p. 61)

After few days, commercial bankers were proved wrong because the money was repaid on the due date. Thus, the Grameen Bank project started its journey. The program developed over the next few years and was transformed by government ordinance into the Grameen Bank. The Grameen Bank gradually became known as a specialized financial institution for the rural poor (Shehabuddin, 1992, p. 71). From 1976 to 1978, the project was extended to people in some of the neighbouring villages. In 1979, the project was further extended to Tangail²⁰ and other parts of Bangladesh. Thus the concept of microcredit became firmly established in Bangladesh and eventually became a model for other countries.

In the 1980s, NGOs began to place a much greater emphasis on the development of their microcredit programs (Microfinance Industry Report: Bangladesh, 2009). Donor grants became available to the NGOs to enable the provision of loans to clients for income-generating activities. Following the Grameen style of microcredit approach, the 1990's was notable for the large-scale expansion of microfinance activities by MFIs. Originally, the microfinance pioneer Grameen bank believed that their loans would be assigned to small businesses run by women, so that these women could use these loans to alleviate poverty. Thus, the microcredit approach (small loans with very small weekly repayment amounts) became very popular in Bangladesh, and NGOs all over the country followed this development model (Ahmed, 2003 cited in Pine, 2010, p. 5).

Thus, the success of the Grameen bank (and later BRAC) motivated other NGOs to launch microcredit programs. Today, most microcredit institutions in Bangladesh have adapted the Grameen Bank model and 300 projects have been implemented by replicating the model in 60 countries under the guidance of the Grameen Trust (Latifee, 2000, p. 5). The Grameen Bank was the pioneering institution that led the commencement of the cooperative system based credit programs, with the vision of

²⁰Tangail is a district (*zilla*) of Bangladesh which stretches over a total area of about 3,424.39 square kilometres

providing credit without collateral to poor women who have no access to the formal credit market. The Grameen bank has succeeded in combining community development with microcredit.

3.4 Key actors of microfinance in Bangladesh

The *Palli Karma Shahayak* Foundation (PKSF), the Bangladesh Rural Development Board (BRDB), some government departments and nationalized commercial banks play key roles in providing microfinance in Bangladesh. Some of these organizations (e.g. CDF), maintain networks with NGOs; some (e.g. PKSF) are wholesalers of funds, while others provide loans directly to the borrowers. The Credit and Development Forum (CDF) is a networking NGO which provides customized service and needs-based credit to its member NGOs. There are about 15,000 registered NGOs working in Bangladesh, a majority of which have designated microfinance as their core program (Abed, 2000 cited in Nawaz, M.S., 2007, p. 67).

Since PKSF was established by the government in May 1990, it has been working as an apex microcredit and capacity building organization initially focusing on poverty alleviation in rural areas. PKSF is a second tier funding institution operating through its Partner Organizations (PO). PKSF is an independent organization with a legal structure that provides flexibility, authority and power for undertaking and implementing programs throughout the country. Currently PKSF funds its 200 Partner Organizations (POs)²¹ including three big MFIs and 197 small and medium microfinance institutions. It facilitates four mainstream credit programs: rural microcredit, urban microcredit, micro-enterprise credit and microcredit for the extreme poor (Mahtab, 2007, p. 84).

Although PKSF was established and is funded by the government, it works independently to plan and implement policies aimed at helping the local MF NGOs reach the poor (Nawaz, M.S., 2007, p. 69). Today, PKSF has emerged as the world's largest and most successful autonomous apex funding and performance standard setting agency for microcredit. This model is being replicated in different countries around the world. For instance, the PPAF (Pakistan Poverty Alleviation Fund) in Pakistan, The National Development Trust Fund (NDTF) in Sri Lanka, Africa Alex

²¹ NGOs/MFIs funded by PKSF are called POs

Fund, Rural Microfinance Development Centre (RMDC) in Nepal, *Fondo Fiduciario de Capital Social* (FONCAP) in Argentina and The Local Initiatives Departments (LID) in Bosnia Herzegovina have all adopted the PKSF model for promoting microcredit operations (Mahtab, 2007, p. 85).

In addition, microcredit is being provided by various government organizations and nationalized commercial banks and specialized banks. The government of Bangladesh also has an important role in the promotion and regulation of microfinance. The GOB distributes microcredit through a number of ministries, departments and agencies including the Finance Division, the Ministry of Social Welfare, the Ministry of Women and Children Affairs, the Prime Minister's Office, the Ministry of Fisheries and Livestock, the Ministry of Industries, the Ministry of Textiles, the Ministry of Agriculture, the Ministry of Local Government, the Ministry of Youth and Sport, the Ministry of Rural Development and Cooperatives, the Ministry of Land and the Cabinet Division. The Bangladesh Rural Development Board (BRDB) is the largest government-led microcredit provider to entrepreneurs (Mahtab, 2007, p. 85).

Some government banks, including the Bangladesh Krishi Bank and the Basic Bank, RAKUB (*Rajshahi Krishi Unnayan Bank*) also provide loans to small/medium entrepreneurs to enable them to operate their businesses. Private commercial banks operate microcredit programs to enable poor people to initiate entrepreneurial activities. However, the microcredit being provided by the government institutions and banks is largely insignificant and fails to reach the rural poor, especially women. In most cases, they require collateral which poor people, especially women, do not own. Moreover, they also have lengthy complex administrative procedures for loan applications that disallow rural women to access credit. It is obvious, therefore, that they generally provide support to small/medium entrepreneurs who already operate a business and own some assets. The rural women who need access to loans for launching any entrepreneurial activities are deprived of access to formal banking systems. It is the NGOs who have appeared to fill the gap by providing collateral free loans to the poor who have no capital to start income-generating activities.

Although there are thousands of NGOs throughout the country offering microcredit, the majority of microcredit clients are being served by five huge MFIs, namely

Grameen Bank, BRAC, ASA, *Proshika*, and *Thengamara Mohila Sabuj Sangha*. Some local NGOs such as ACD, Rangpur Dinajpur Rural Service (RDRS) are also known as active microfinance actors of the country (Mahtab, 2007, p. 82). The genesis and growth of BRAC and ACD will be elaborated in Chapter 5 since these two NGOs have been chosen as instrumental case study for this research.

In summary, the issues discussed in this chapter offer an understanding into the emergence and expansion of microfinance as a key model of development. However, debates are still raging around its interest rate, its strict norms of repayment, its exclusion of the poorest of the poor, the expansion of the informal economy and unbalanced economic growth (Graziosi, 2010, p. 2). The following chapter discusses the prevailing debate and controversy surrounding microfinance, especially in relation to its capacity to empower women.

3.5 Conclusion

Microfinance emerged as a constant global effort to address poverty and gender discrimination throughout the world especially in third world countries. Nevertheless the question remains as to why microfinance is assumed to be a role model for development throughout the world. One possible answer is that microfinance serves unmet global needs since two-thirds of the global population has no access to banking services. Microfinance is the only strategy whereby banking services without collateral are provided to the door steps of poor people. It is the only approach which focuses especially on poor women rather than men, providing them with the opportunity to work as a gateway or entry way for the rest of the household. The family and children receive the greatest benefit when the mother of the family earns money. However, the role of microfinance still remains a matter of debate and controversy. This chapter highlighted the genesis and growth of microfinance as a global development tool and revealed a need for comprehensive research in the field of microfinance in Bangladesh. The next chapter discusses how this research was carried out in Bangladesh.

4. METHODOLOGY OF THE STUDY

4.1 Introduction

Within this chapter of the thesis, the methodological approach is outlined and the research design and process are discussed. In order to accomplish the objectives of the study qualitative data collection tools have been employed in gathering information. This chapter gives a detailed account of the research approach, sources of data, research process, problems encountered during data collection and ethical considerations. Furthermore, the study locations are highlighted, representative sampling methods are explained and data analysis techniques are demonstrated.

4.2 Research paradigm and research design

An interpretive research paradigm has been used for this study to emphasize the value placed on the learning experience of the participants. In order to gain an understanding of the impact that microfinance has had on disadvantaged women in their real-life environment, an autoethnographic research design was chosen for this study. This is a slightly a different form of ethnographic research design. For doing ethnographic research it is essential to reflect participants' views, ideas and thoughts rather than researcher's own ideas, opinion and interpretation. In this process participants are researched in their natural settings and are ideally not controlled by the researcher's preconceived knowledge. For conducting an ethnographic study, the researcher attempts to collect and interpret data from the perspective of the population under study (Hancock, 1998, p. 5). Silverman (2001) states that "social scientists do something extra with observations, they write ethnographies. Ethnography refers to social scientific writing about particular folks" (p.45).

While ethnography reflects entirely on the respondents' views and ideas, autoethnographers use their own ideas and experiences to understand the respondents' viewpoints. So, autoethnography is a form of ethnographic process where the researchers are the primary participants of the research. For conducting autoethnographic research it was essential to locate myself within the research context. As, Stanley and Wise (1993) state, "we see the presence of the researcher's self as central in all research studies. One's self cannot be left behind; it can only be

omitted from discussions and written accounts of the research process. But it is an omission, a failure to discuss something which has been present within the research itself' (p.161). This required me to observe and interact with participants in their own environment in order to gain a deeper awareness of their situation.

Within the parameters of my research, I tried to understand and explore information about the role of women in their families and outside their home as well as any changes in their attitude and activities following their involvement in microfinance programs. I investigated the respondent's views regarding changes they experienced following their involvement in microfinance, any positive and negative impacts microfinance had on their life transformation and what was needed to make the program more client-oriented. The autoethnographic approach enabled me to obtain essential data from my respondents. I had no relationship and no conflict of interest with the participants. I made my position very clear to my respondents within the context of my study. I interviewed participants and drove the research process personally. The research has no specific cultural or religious focus, although I acknowledge that participants were mainly from the Islamic religion as it is the dominant religion of Bangladesh. I did not face any religious conflict while collecting data as I also belong to the same religion.

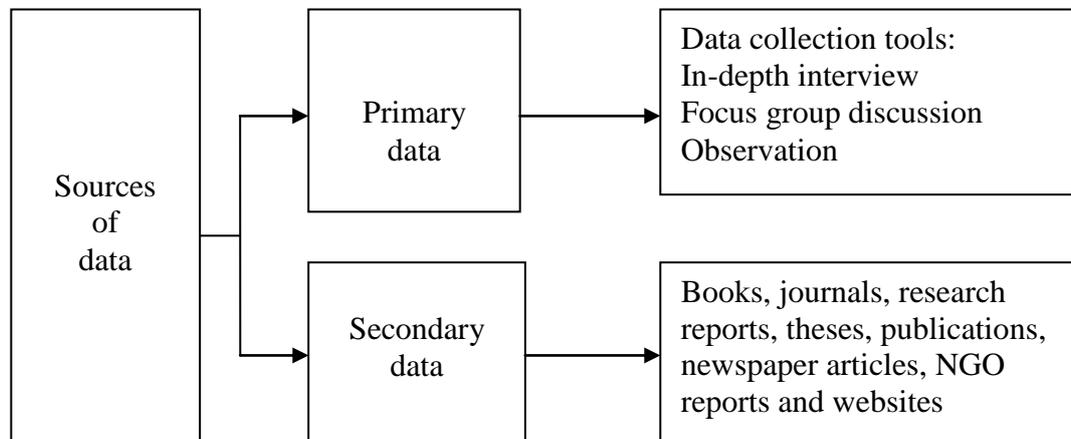
As Denzin and Lincoln (2000) argue, autoethnography examines culture or sub-culture and researchers use their own experiences reflexively to look back on the self and look more deeply at self-other interactions (p. 739). Reflexive ethnography, therefore, enabled me to use my own world view, experience and self-consciousness to explore and understand the research site and participants. As an academic researcher in Bangladesh, I have had previous experience conducting research with a similar participant category and I also have background knowledge and familiarity with the culture to address any possible issues. My personal experience became important primarily by shedding light on the culture under study. My research ranged along a continuum, beginning with research from my own experience to ethnographies where my experience was actually studied along with that of the other respondents. My own experience became the focus of my investigation. Lastly, the following quote from Ellingson and Ellis (2008) resonates with me as they wisely

stated that “whether we call work autoethnography or ethnography depends as much on the claims made by authors as anything else” (p. 449).

4.3 Sources of data

The study is based on both primary and secondary data. To collect the primary data I had to go to my field areas almost every day during my six months stay in Bangladesh. The following diagram reveals the sources of data of the study.

Figure 4.1: Sources of data



Source: The researcher

This study is entirely based on qualitative research methodology. Data were collected through in-depth interviews, focus group discussions and observation. All these will be elaborated in the research methods and data collection tools section. Secondary sources of the research include books, research reports, journals, theses, relevant publications, reports of NGOs, daily newspapers and relevant websites.

4.4 Selection of NGOs

One national NGO (BRAC) and a local NGO (ACD) were chosen for the purpose of the study. The origin, growth and program operations of both NGOs have already been discussed. This chapter presents specific justifications for choosing them as the instrumental case studies for this study:

- **Focus and approach:** The mission of both NGOs is to work with the people, especially rural women, whose lives are dominated by extreme poverty, illiteracy, disease and other handicaps. These two NGOs strive to bring positive changes to women's lives and they mostly focus in rural areas.
- **Functional coverage:** The BRAC has been working to alleviate poverty and to empower women since the independence of Bangladesh in 1971. Although the Grameen Bank is the pioneer of microfinance in Bangladesh, the BRAC is considered to be the largest and most diversified NGO incorporating wider functional coverage with a focus on poor women especially in rural areas. Similarly, through implementing different programs, the ACD endeavours to integrate poor people, especially women, into the prospective mainstream of sustainable development. The ACD has been selected due to its diversified activities in the village selected for the study.
- **Period of operation and area of my research interest:** Both NGOs target the participants in rural areas, especially women, and have been providing long-term support in the Rajshahi district where the study was carried out.

4.5 Research method and data collection tools

The study follows a case-oriented qualitative research method. As Creswell (1994) points out, there are six assumptions of qualitative research based on Merriam's (1988) work: qualitative researchers are concerned primarily with (i) process, (ii) an interest in understanding how people make sense of their lives, (iii) the researcher as the primary instrument for data collection and analysis, (iv) the involvement and importance of fieldwork, (v) descriptive, observational research that demonstrates an interest in process, meaning and understanding gained through words or pictures, and (vi) inductive qualitative research (Creswell, 1994 cited in Panday, 2004, p.7). Denzin and Lincoln (2000) define qualitative research in the following way:

Qualitative research refers to a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible. Qualitative research involves an interpretive, naturalistic approach to the world. Qualitative research studies things in their natural settings, attempting to make sense of or to interpret phenomena in terms of the meanings people bring to them. (p. 3)

In summary, as the present study follows a qualitative strategy, the process used inductive reasoning, because it was exploratory and moved to a broader generalization and theories based on the on-going construction of reality by both the participants and the researcher. The ideas and actions of the participants and the method of construction of their realities were given the highest priority. The study emphasizes ‘words’ rather than ‘numbers’ and generates theories rather than generalizing population. Moreover, the research focused on the process—why and how things happen rather than the outcome. I tried to engage in the whole process of research to have an in-depth perception of a smaller number of cases. Therefore, importance was given to ‘depth’ rather than ‘breadth’ and to the participants’ real world. My interpretive epistemological position drove my choice of methodology, guiding me to choose inductive research and qualitative data collection tools to conduct the study.

Qualitative methods provide an in-depth explanation of why and how changes arise out of an intervention. “Qualitative methods are useful for understanding the reasons for events described in research or impact assessment” (Simanowitz, 2003, p. 4). Qualitative tools include semi-structured in-depth interviews, focus group discussions, etc. Punch (1998) states that in-depth and disciplined case studies assist to develop new concepts to explain some aspects of what has been studied (cited in Nawaz, M.S., 2007, p. 79). For this study qualitative tools are useful because they help to explore the positive and negative impacts of micro-finance on the borrowers as well as the factors that contribute to these different impacts.

Holtzhausen (2001) argues that triangulation is a powerful tool that strengthens the qualitative research design (p. 5). This study followed the triangulation method because different qualitative approaches in the data collection were used, involving multi-perspectives coming from both microfinance clients and NGO officials. Multiple qualitative data collection tools such as in-depth interviews, FGD and participant observation were applied in order to ensure the validity of the research study. Triangulation is a safety net for any qualitative research. It establishes the validity of the data collected and diminishes any biases the researcher may have as a result of their prior knowledge or preconceived assumptions and theories (Creswell, 2012). As mentioned earlier primary data was collected from the microfinance clients

(women), their family members (mostly husbands), NGO officials, social/community leaders including government officials using the following data collection tools:

4.5.1 In-depth interviews

Primary data consistent with the research objectives and questions was collected through in-depth interviews. This is a verbal technique for obtaining data directly from the primary source (Aminuzzaman, 1991, p. 82). In-depth interviews were conducted with woman borrowers, their family members (mostly husbands), NGO officials, government officials and community leaders. This method aided the collection of information that would help to provide insight into the processes by which microfinance might make a difference to the lives of borrowers.

Information relating to the operation of NGOs was collected through interviews with NGO officials working at the field level or at the headquarters of the organizations and also by attending their centre meetings. As this study focuses on the critical evaluation of microfinance on women's empowerment, an in-depth interview method was considered to be the most effective to obtain necessary data from all categories of respondents.

4.5.2 Focus group discussion (FGD)

Focus group discussions were conducted to understand and compare the views of women borrowers about the programs offered by two MF organizations. This method was very useful to collect more in-depth and additional information since culturally Bangladeshi people prefer collectivism rather than individualism.

4.5.3 Observation

Observation refers to a technique which operates by systematically selecting, watching, listening, reading and recording behaviour and characteristics of living beings, objects or phenomena (Islam, M. N., 2008, p. 171). The observation method was also used for collecting data from the rural women. This method was very useful for collecting actual data about respondents' behaviour and attitudes during the process of my interviewing. I tried to examine the respondents' thoughts and attitudes regarding the impact of microfinance on their economic, socio-cultural and political life. The respondents' mind-set regarding domestic and wider decision making was also monitored. The data collection tools are described more elaborately in the following discussion.

4.6 The research site, participants and research process

The study areas were selected with great care so as to maximize the quality of the results. In order to select two villages for the present study, I initially visited six villages in the Rajshahi district. I finally chose two villages named Chokkapashiya and Dewyanpara under the Yousufpur and Borogachi *Union Parishad*²² on the basis of basic criteria such as location, availability of the programs in the villages, duration of programs, the number of women participating in the microfinance program and transport facilities from Rajshahi district²³. Both the villages correspond most closely with the criteria of my selection. BRAC and ACD have been working in Dewyanpara and Chokkapashiya villages respectively for around ten years.

Moreover, both villages had a sufficient number of microfinance borrowers to enable me to determine whether the program was able to empower rural women by offering financial and social capital. Both villages are more or less similar from all perspectives and this enabled the objectives of the research to be achieved as accurately as possible. During my field visit, I clearly described the purpose of the interviews to the respondents. I informed them that the information they shared with me would be only be used for my higher study. I also explained that I had no connections with any microfinance institutions and that their interviews with me would not impact on their membership. I endeavoured to develop a trusting relationship with them by using a friendly, simple and rural attitude.

In the first instance, a pilot study was carried out in order to gain some prior understanding of the field. The pilot study assisted me in determining a tentative length of time to complete each interview, the type of language needed and what kind of attitude and behaviour would be most beneficial for developing a trusting relationship with the village women. It also helped me to develop a deeper understanding of the feasibility of undertaking valid field research. After gaining some ideas from the pilot study, I visited my chosen field areas. The following section describes the sampling and the recruitment process of the respondents from the selected field.

²² The lowest tier of the four tiers of our local government system

²³ One of Bangladesh's 64 districts

4.6.1 Sampling and recruitment process

Total sample size for this research study is as follows:

Table 4.1: Sample size at a glance:

Categories of respondents	BRAC + ACD	Total No
MF borrowers (women)	16+24	40
Family members	6+10	16
NGO officials	6+4	10
Govt officials and community leaders	2+7	9
Total		75

Source: Fieldwork conducted by the researcher

I recruited the participants in five stages. As discussed previously, the present study used a combination of in-depth interviews, focus group discussions and observation as methods of data collection. Photographs were also taken of specific sites and situations to demonstrate the socio-economic changes experienced by the microfinance clients. The following process was undertaken for collecting data from the selected samples:

Stage 1: Women borrowers²⁴ were chosen through purposive network sampling for detailed interviewing. Purposive sample sizes are often determined on the basis of theoretical saturation (Auerbach & Silverstein, 2003, p. 102). Theoretical saturation is the point in data collection when new data no longer brings additional insights to the research questions. A total of 40 women beneficiaries were chosen by taking 24 and 16 respectively from ACD and BRAC. They were selected according to their relevant knowledge, experience and their period of involvement in the program.

In the first phase, microfinance clients were chosen for one-on-one in-depth interviews in order to examine the impact of the microfinance program. Initially they were not contacted directly. I obtained a list of a total of 80 beneficiaries from the selected NGOs. Only 40 of these were interviewed as I reached saturation point when I interviewed the fortieth client. In the first instance, I was introduced to the participants by NGO staff and I then selected the respondents for further

²⁴ Women borrower is alternatively used as microfinance client in the study

correspondence. Each and every microfinance client was invited verbally to participate in an in-depth interview session.

A total of 30 out of 40 women were interviewed separately in the place where they usually attended group meetings. On some occasions, clients were also interviewed in a group leader's house where they meet to pay their weekly or monthly instalments. The remaining 10 women were interviewed in a group leader's house. The NGO officials were not allowed to be present during the interview session. Microfinance clients were asked to answer a series of open-ended questions. The main aim of the in-depth interview was to collect qualitative data to examine the level of impact on women's empowerment of material and non-material resources provided through the program. Each interview lasted approximately an hour and a half. During these interviews some detailed client case stories were also collected.

While conducting individual in-depth interviews, participant observation method was also applied to explore and understand the behaviour and attitude of the participants. Ethnographic notes documenting the non-verbal aspects of the research participants were recorded whenever possible.

Stage 2: In the second phase, a number of focus group discussions (FGDs) were arranged with the microfinance clients. The FGDs were conducted to understand and compare the views of participants about the details of the two microfinance programs. This method was very useful for collecting more in-depth information since people in Bangladesh, especially women, prefer collective rather than individual discussions. The women from the first phase of the study were invited and subsequently agreed to participate in the second phase. Eight FGDs were conducted with 40 microfinance clients to explore and understand their views about the programs offered by the NGOs. In order to help the participants focus on the questions and lessen the temptation to engage in personal discussions with one another, only five respondents were included in each group. I met with these small groups of women to address specific general questions. I also tried to keep the discussion within the research framework.

Microfinance clients from the two NGOs met for the FGDs on different dates. The FGDs were held in an open space of the village where clients usually gather for their

group meetings, in a group leader's house, or in open places under trees beside the respondents' houses. Each FGD took 50 to 60 minutes. This method also helped me to get more in-depth and additional information regarding any life transformations experienced by the microcredit beneficiaries. Throughout the focus group discussions, I endeavoured to fulfil the role of facilitator whose key function was to encourage active discussion within the research framework. Homogeneous focus group discussions were arranged so that rural women felt comfortable in describing their life experiences and sensitive issues. Husbands were not included in the discussion as it was sensed that women may feel 'powerless' and uncomfortable expressing their viewpoints within a heterogeneous group. These methods facilitated discussion and the level of debate required for responding to research questions.

I allowed participants in focus groups to interact with each other. Participants were encouraged to discuss and debate an issue or a selection of issues related to the research questions. I created a friendly environment before commencing focus group discussion and to help ensure a positive experience for participants, gifts and toys for their children were provided, as well as refreshments at the end of the discussion. It is appreciated that rural women feel more comfortable when they consider themselves part of a group and so the FGD helped me to gain richer information because of the respondents' preference for collective participation rather than individual.

No NGO officials or family members of the women were allowed to be present during the FGD session. This helped the participants to focus more clearly and think about, discuss or debate an issue or a set of issues related to my research. I facilitated the complete session and audio recorded it with the full permission of the participants. FGD served as an aid that enabled me to cross-check my data in order to ensure validity. The participants were also allowed to discuss each other's responses. I was very careful to ensure that discussion did not digress too far from the research topic. I was also mindful of the need to follow up on any issues they raised that I may not have anticipated.

To ensure the validity of the data recorded, information was not only collected from the borrowers but also from NGO officials, borrowers' family members especially husbands and some community leaders including government officials. This

information was used to cross-check data as well as to further explore whether/how NGOs assist rural women to achieve empowerment.

Stage 3: In the third phase of the study, a total of 16 family members (mostly husbands) were selected from two villages for individual in-depth interviews in order to understand and extract information about the roles of beneficiary women both within their family and outside their home. I sought information about any changes they observed in the women's attitudes and activities after their involvement in the program. Family members were selected on the basis of their age, knowledge and involvement with the families.

Each and every family member was requested to participate in an in-depth interview session separately. At first they were contacted by local leaders on my behalf. I then recruited them at their residence. I used verbal communication to recruit the participants. This also gave me the opportunity to extract information about husbands' attitudes towards their wives' involvement in the microfinance program. Each interview session lasted approximately one hour. Refreshments were provided to all participants for all sessions as a means of encouraging them to participate in the study. This also provided me with a further opportunity to cross-check data I received from microfinance clients as well as to seek more information relating to my research questions.

Stage 4: Information relating to the operation of each organization was collected through one-on-one interviews with a total of 10 NGO officials (six from BRAC and four from ACD) working at the field level or at the headquarters of the organizations, and also by attending their weekly and monthly meetings. They were selected on the basis of their knowledge, activities, experience and engagement with the program. Information regarding various programs and activities of BRAC and ACD, their credit delivery mechanism, loan disbursement and loan recovery system was obtained by visiting the respective local branches and interviewing the staff. I also observed the behaviour and attitude of NGO field staff and women borrowers towards each other when I attended the centre meetings and took ethnographic notes wherever I could.

In the above four stages, a participant observation method was applied to explore and understand the behaviour and attitude of the participants. While conducting individual in-depth interviews and group discussions with research participants, ethnographic notes documenting their non-verbal behaviours were recorded whenever possible. When I attended the centre meetings I also observed the behaviour and attitudes between the NGO field staff and women borrowers and took ethnographic notes whenever possible.

Stage 5: In the final phase, key informants such as social/community leaders and government officials were interviewed about the operating procedure of the microfinance program, its strengths, pitfalls and its impact on women. They were chosen based on their knowledge, understanding, experience, and expertise in the related fields. Two government officials and seven community leaders were interviewed in order to gain supplementary information relating to my research. I reached saturation point when I interviewed the second and seventh government official and community leader respectively.

They were interviewed using an interview guide that incorporated a set of checklist questions. I tried to understand their perspectives relating to the NGOs' role especially regarding the microfinance program and its impact on women's empowerment, including positive and negative side-effects as well as possible opportunities and threats to the program. I offered an open and free environment so that informants could express their views and different experiences freely and this helped me to obtain reliable and valid information. In-depth interviews with the government officials and social/community leaders took around 45 to 50 minutes. The time and location of the interview was determined by me in consultation with the participant.

NGOs, government officials and social/community leaders were easily contacted as their addresses are publicly available via websites. The respective offices were known to me. They were contacted by email or telephone in the first instance, to explain the program and fix the interview date, time and place. Initial interview questions for all participants were constructed to serve as a guide in the interview process during fieldwork. Interview guides were modified on the basis of the topic

for interaction with participants while conducting each interview. The viewpoints were also useful for the purpose of data validation.

It is argued by some that too large a sample may involve huge cost, manpower, material and time while too small a sample may invalidate the result. Around 30 respondents is often considered the bare minimum for undertaking statistical data analysis. On the other hand, many researchers regard 100 cases as the necessary standard for achieving reliable results (Fisher et al., 1991 cited in Islam, M.N., 2008, p. 115). However, this research did not require a very large sample size as a case-oriented qualitative research approach was applied. The sample was selected for the purpose of the study not on the basis of a representative population. As Yin (1994) argues, the evaluation of case studies should be based on the theoretical construct, not on the size of the sample, as is done in conventional quantitative strategies. The main purpose was to have a complete in-depth understanding of the case. The following table demonstrates the total picture at a glance.

Table 4.2: Details of respondents, research tools and collected data

Categories of respondents	Number	Research tools	Collected data
Microfinance clients (women borrowers of BRAC and ACD)	Total no=40 16 from BRAC 24 from ACD	Individual in-depth interview, observation	*Whether/How MF empowers women *Whether MF creates social capital, if so how it influences women's empowerment *What are the socio-economic factors that might influence the degree of empowerment
Microfinance clients	Total 8 focus groups were arranged with 40 women borrowers	Focus Group Discussion (FGD)	To gain more in-depth and additional information to what extent and if so, how microfinance makes a difference in the transformation of power relations from household to community levels (participation in market, social affairs and local government)

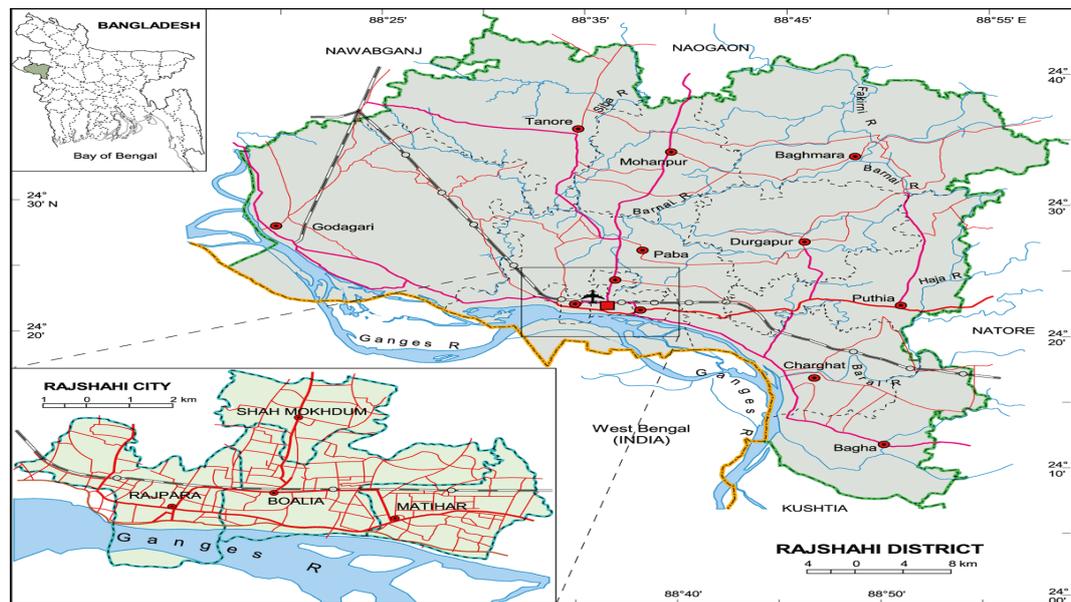
Family members (mostly husbands, few are father and son)	Total no=16 6 from BRAC 10 from ACD	Individual in-depth interview	<p>* Husbands' opinion about the roles of beneficiary women following their involvement in microfinance</p> <p>*Husbands' observations relating to changes in women's attitudes and activities following involvement in the program</p> <p>*Husbands' attitudes and actions towards their wives following their involvement in the program.</p> <p>*Whether the husband's education, training and exposure have an effect on women's empowerment</p>
NGO Officials (who are working in BRAC and ACD both at the headquarters and field level)	Total no=10 6 from BRAC 4 from ACD	Individual In-depth interview, observation	<p>* Strategies and approaches with regards to MF followed by both NGOs</p> <p>*The attitudes and behaviour of NGO field staff towards their clients</p> <p>*The similarities, differences and pitfalls of both NGOs</p>
Government officials Key informants like social and community leaders	2 government officials 7 social/comm unity leaders	Individual in-depth interview through few checklist questions	<p>*Their perspectives regarding the role of MF programs in empowering women</p> <p>*Their opinion about strengths and pitfalls of microfinance and what can be done to solve the problems relating to microfinance.</p> <p>* Their ideas and perceptions about how the women can be adequately mainstreamed in the development process.</p>

Source: Fieldwork conducted by the researcher

4.7 Profile of the study areas

This section provides the geographical details of the study area, infrastructure and social composition of the study site. As indicated earlier, the study was carried out in the Rajshahi District of Bangladesh. Rajshahi district is situated in the north-western part of Bangladesh. Originally it was a subdivision of the previous greater Rajshahi division. In 1972 the subdivision was upgraded to a district. The following map depicts the study area.

Map 4.1: Map of Bangladesh and Rajshahi District

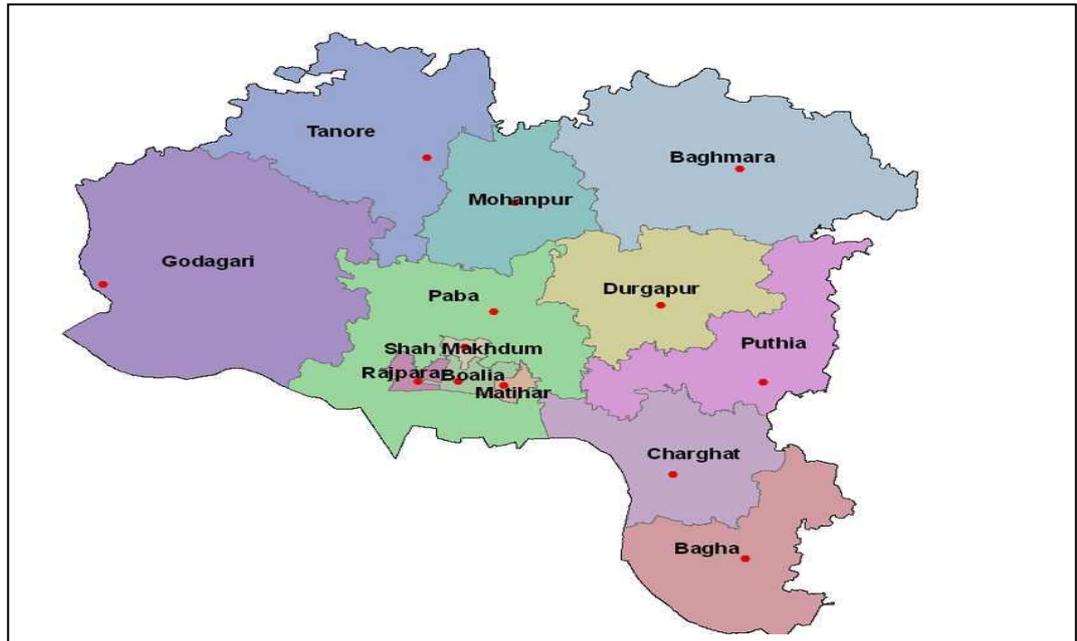


Source: <http://maps-of-bangladesh.blogspot.com/2010/09/political-map-of-rajshahi-district.html>

Separate districts namely Maldaha, Bogra, Pabna, Natore and Nawabganj were established by dividing broader Rajshahi district. Rajshahi has one city corporation, 13 *Upazilas* (four in metropolitan areas), 71 *Unions*, 14 *Pauroshavas*, 1,718 *Mousers* and 1,914 villages. Rajshahi district consists of nine *Upazillas*: Bagha, Bagmara, Charghat, Durgapur, Godagari, Mohanpur, Paba, Puthia and Tanore. The study was conducted at Paba and Charghat *Upazila* of Rajshahi District (<http://www.dcrashahi.gov.bd>).

The following map depicts the nine *Upazila parishads* of the Rajshahi district.

Map 4.2: Map of nine *Upazilas* of Rajshahi District



Source: <http://www.dcrashahi.gov.bd>

The river Padma flows through the periphery of Rajshahi city. The area of Rajshahi district is 2,407.01 square kilometres. The predominantly agriculture-based district comprises a population of 2,300,000. The percentage of male and female is 50.66% and 49.34% respectively. Muslims make up 93% of the total population with the remainder being Hindu, Christians and other religions. Agriculture is the main occupation for 38.73% of the population. 23.64% are agricultural labourers, 12.44% are involved in commerce, with the remainder engaged in other occupations. There are 559 public and 421 private educational institutions in the district (<http://www.dcrashahi.gov.bd>).

As indicated earlier two villages named Chokkashiya and Dewyanpara under the Yousufpur and Borogachi *Union* respectively were chosen for the study. A decisive factor for my selection of NGOs was their history of more than ten years actively working in the area. Their duration of operation enabled me to reach the maximum number of microfinance clients.

4.7.1 Profile of Dewyanpara village

The Dewyanpara village is situated in Borogachi *Union* under Paba *Upazila* which has a total population of 2,530. It is about five kilometres from Paba *Upazila* and 15 kilometres from Rajshahi district town. There is one primary school, one high school, one non-formal BRAC primary school, one BRAC delivery centre, one mosque (Muslims' religious centre) and a big market (see pictures). The key livelihood of the village people is based on agriculture. Muslims make up 90% of the people in the village with the remainder being Hindus. No other religion was found in the study village. The village comprised approximately 500 households and is divided into two Paras (some neighbourhood households constitute a para)—north and south.²⁵ Two village organizations (VO) of BRAC are situated in two paras. The following table shows the total area, number of households and population by sex in the selected *union*²⁶ and village.

Table 4.3: Area, household and population by sex

	Borogachi <i>Union</i>	Dewyanpara village
Area in acres	5,600	455
Household	8,500 (approximately)	500 (approximately)
Population	16,230 (Male) + 14,330 (Female) =30,560	1310 (Male) + 1,220 (Female) =2,530

Source: Union Parishad Office, Paba, Rajshahi, 2011

The village has a population of 2,530 inhabitants comprising 1310 males and 1220 females. The economy in Dewyanpara village is agriculture based and occupies 455 acres of land of which 175 acres include cultivable land.

The following map shows the geographical location of the study village.

²⁵ Information collected from Union Parishad Office, Paba, Rajshahi

²⁶Lowest tier of local government system in Bangladesh

Map 4.3: Map of Borogachi Union and Paba Upazila



Source: <http://www.dcr Rajshahi.gov.bd>

The Dewyanpara village is located in the north-eastern side of Paba *Upazila*. Some parts of the village have electricity but the electricity supply is not adequate during the summer season. The villagers face a serious water crisis when irrigation is used. Some of the villagers have their own land where they grow vegetables, paddy and sugarcane. There is also a rice processing mill in the village. Many village women work in the mill during the day time. There are a few concrete roads in the village with most of them located beside the big market (see picture 5). This village has a less developed infrastructure in comparison to other villages of the Borogachi *Union*. The *union* consists of 40 kilometres of metalled road and a total of 85 kilometres unmetalled with another eight kilometres of semi-metalled roads²⁷. The village people depend on one health clinic and BRAC Shebika (nurses) for medicine. The rural power structure is controlled by village leaders. Some of these leaders are also members of the *Union Parishad*, and hold key positions in community based organizations such as secretary of schools, chairman of the mosque committee and shalish committee²⁸ and key positions of the village court.²⁹

²⁷ Information collected from union parishad office, Paba, Rajshahi

²⁸ Salish is an alternative dispute resolution, an informal traditional system of mediation used to settle marital, land and other disputes outside court. Criminal cases, such as rape, are outside the purview of a shalish

4.7.2 Profile of Chokkapashiya village

The Chokkapashiya village is located in Yousufpur *Union* under Charghat *Upazila*. It is situated in the south-eastern part of the Rajshahi district. The village is about six kilometres from Charghat *Upazila* and 20 kilometres from Rajshahi district town. There is a primary school, a local market, two high schools, one mosque, and one madrasa³⁰ (see pictures 1, 2 and 3). The economy in Chokkapashiya is agriculture based and occupies 357 acres of land of which 145 acres include cultivable land.³¹ The following table shows the total area, number of households, population and literacy rate by sex in the selected *union*³² and village.

Table 4.4: Area, household, population and literacy by sex

	Yousufpur <i>Union</i>	Chokkapashiya village
Area in acres	4,593	357
Household	6,708	405
Population	15,228 (Male) + 14,522 (Female) = 29,750	965 (Male) + 920 (Female) = 1,885
Literacy Rate	51.57% (Male), 43.57% (Female)	28.75% (Male), 22.18% (Female)

Source: *Union Parishad* Office, Charghat, Rajshahi, 2011

The village has a population of 1,885 inhabitants comprising 965 males and 920 females. The literacy rate for male and female is 28.75% and 22.18% respectively. In Chokkapashiya village, 85% of village people are Muslims and 25% are Hindus. Although Hindus are less in number they constitute the whole of the south para.³³ A total of nine *samities*³⁴ of ACD were found in the village. The village is very close to

²⁹ Village court refers to a court constituted under the provisions of the village court ordinance, 1976 (amended in 2006). Any party in a dispute may, in the prescribed manner and after paying the prescribed fee, apply to the village court. The chairman of union parishad constitutes a village court for the trial of a case. Apart from the chairman each party nominates two members. The court has no power of imprisonment but may order the accused to compensate the aggrieved to an amount not exceeding 25,000 *Taka* (ACD Annual Report, 2010)

³⁰ Muslim religious school

³¹ Information collected from Upazilla Agricultural Office, Charghat, Rajshahi

³² Lowest tier of local government system in Bangladesh

³³ The village consists of four paras—north, south, east and west.

³⁴ Microfinance groups are known as *samity*

the river Padma. The village people have previously faced a serious crisis due to river erosion. One-third of the village was severely affected by floods because of disintegration of the embankments. Before the reconstruction of the embankment, the suffering of the villagers knew no bounds. I found good infrastructural facilities in the village including metalled roads, some well decorated houses, sanitary latrines etc. However, those houses were mainly owned by local elites who generally control the rural power structure. The roads from the highway to Baya market were generally kept in a good condition and patched with bricks inside the village. There is a moderate coverage of mobile phone networks. There is only one health clinic, which is inadequate when compared to the total population in the village. Medicine and basic family planning guidance is provided by village health workers who do not have adequate training. The standard of living of the village is moderate. It is worth displaying some of the infrastructural facilities within the study villages.

Picture 4.1: Marketplace in Chokkapashiya village



Source: Field research

Picture 4.2: Primary school in Chokkapashiya village



Source: Field research

Picture 4.3: Mosque in Chokkapashiya village



Source: Field research

Picture 4.4: Agricultural land in Dewyanpara village



Source: Field research

Picture 4.5: Local market of Dewyanpara village



Source: Field research

Picture 4.6: High school in Dewyanpara village



Source: Field research

4.8 Problems of data collection

Collecting primary data for social research from rural areas of developing countries like Bangladesh is a very critical and problematic task. In this case I had to face numerous challenges. Before leaving Australia, I made phone calls to the respective NGO offices and described to them the purpose of my contact with them. BRAC officials at branch level asked me to send a formal letter by email asking their permission to conduct research with them. I also needed permission to attend their centre meetings but the director of microfinance programs was reluctant to allow me this access. I then had to exchange further emails confirming that the information that I would gather from the field would be used for academic purposes only. He finally agreed to provide a permission letter outlining all of these requirements. On the other hand, the Executive Director of ACD was unwilling to issue me any permission for conducting research in Bangladesh unless I meet with her face to face.

As soon as I arrived in Rajshahi, I made a courtesy call to the NGO program manager of BRAC. He was very polite while talking over telephone; however when I visited the field office, the official was unco-operative until I produced the formal permission letter I had received from the head office. I also faced serious problems trying to reach microfinance clients of BRAC because of the organization's weak relationship with its clients. As BRAC follows a monthly loan collection system, its staff members were unable to help me contact their clients. I therefore had to develop a good relationship with a microfinance group leader who was then able to help me to reach other members of the group. I also persuaded them with some beautiful presents for their children. Excessive rule orientation, rigid bureaucracy and strict chains of command were found in BRAC which gave me the clear impression that the larger an organization, the more bureaucratic it becomes. Clearly there are discrepancies between what they preach and what they do in practice.

It was not very easy to reach the husbands of the rural women since they have weak ties with the program organizer of BRAC. NGO officials were unable to help me make contact with the male participants. I had to build a good relationship with a local leader who helped me in this regard. I was also faced with an additional challenge as most of them were day labourers, farmers, *rickshaw* pullers, auto drivers and petty businessmen and did not have any weekly days off. I had to meet with

them in the evening, which was not a very safe time in the context of Bangladesh. The family members of the women were very enthusiastic about providing information and I received unexpected wholehearted support from them. From their attitude, I realized they were happy to assist me as they perceived that they would somehow get benefit from my research. Some of them lost interest as I continuously reminded them that the research would be used for academic purposes only and I endeavoured to regain their interest by offering some reimbursement as an incentive.

The ACD's Executive Director was very co-operative and showed her willingness to grant authorization for me to interview NGO officials and microfinance clients. She also allowed me to participate in their centre meetings. When I went to the branch office of ACD, however, the concerned official would not talk to me and used his commitment to other appointments as an excuse for his refusal. Before visiting again, I made a phone call to the program director and requested he inform the branch office about my research purpose. This resulted in a phone call from the branch official of ACD who requested me to meet with him the next day. Thus I finally achieved their co-operation and support.

In the beginning, the NGO officials introduced me to the microfinance clients. The first few days were very frustrating for me. Whilst the NGO officials were willing to provide information, the microfinance clients did not trust me as I was from overseas. They thought I had some other motive and were reluctant to talk to me. I had not expected this situation and it proved that there is often a significant difference between assumptions and reality. As an outsider and middle class urban person, it was hard for me to instantly understand the village culture and local dynamics. I slowly tried to comprehend the village level circumstances through the transect walk within the village and I began to develop a strategy for progressing the field research. I imagined what it might be like to be a village woman and began talking with them in the local language. It didn't take too long before I was successful in building rapport with the women borrowers and other community people and the whole process became easier when I conducted a pilot study before commencing my original field work.

In the early days of my primary research, the village women assumed that I had come from the top level of NGOs. Despite introducing myself with the letter of

introduction stating my identity and purpose, some had the impression that I could do something for them. They were mostly interested in talking about their problems and their needs which were not related to the research questions. I had to constantly remind them of my reasons for talking with them and this resulted in some losing interest and quitting the interview session. In some cases, I had to face challenges when trying to collect authentic data from the women due to their illiteracy. This resulted in having to spend more time than I had anticipated.

4.9 Ethical considerations in data collection

Ethical issues are a very important consideration when undertaking human based research studies. The principles of ethical research are included in the National Statement on Ethical Conduct in Human Research. This statement contains the official guidelines for research on human subjects. At any phase of research, subjects might be exposed to physical, emotional or psychological harm that may constitute the violation of human rights. Therefore, ethical considerations in social research must be addressed in order to prevent such harms (Nachmias & Nachmias, 1996). As I was dealing with marginalized women, ethical issues had to be taken into consideration when collecting data for my study and the following discussion demonstrates how this was achieved.

4.9.1 Confidentiality and anonymity assurances

Violating respondents' privacy may create a threat to their integrity and may cause emotional and psychological anxiety and should be avoided by any means. During my stay in Bangladesh, I lived in a secured environment that ensured information I collected was stored carefully and confidentially. Participants were assured that no identifying information would be published in the thesis unless prior approval was given, their privacy would be maintained and the confidentiality of any personal information shared by them would be respected. I clearly described the purpose of my interviews, explaining that their participation would not affect them in any way and I also informed them that the information would be used for academic purpose only. I explained that I was in no way affiliated with any NGOs and reassured them that they could feel free to explain any changes to their lives brought about by their involvement in the NGO programs.

All interviews I recorded were retained by me and were not made available for any other purpose. The Letter of Introduction and Consent Forms stated the purpose of the research. As a woman of Bangladesh, I was very careful to maintain the women's security and the safety of the research data. Initially no women participants were approached directly. All interviews with the participants were audio-taped with their permission and later transcribed and then translated into English. Photographs were taken only with their full consent. Any identifying information was removed and the typed-up file stored on a password protected computer to which only I had access.

The participants were anonymous and although I endeavoured to always maintain their anonymity, due to the specific groups of women who were receiving microfinance, this was sometimes difficult to achieve during data collection. To address this issue, throughout the thesis I have used codes to describe each woman's narratives in order to ensure anonymity.

4.9.2 Burdens and risks of the research

In the following discussion, central ethical considerations regarding risk for conducting research on vulnerable groups is presented. I did identify some risks resulting from the participants' involvement. As the present study deals with sensitive issues such as domestic violence, early marriage, drug addiction, girl trafficking etc. my immediate concern was how best to deal with these and obtain reliable data without having a negative effect on the respondents. I took the following steps in order to protect respondents and prevent them from potential harm.

Privacy was essential to protect the women, so they were not asked about personal circumstances in the presence of other women. As sensitive matters such as domestic violence could lead to problems if women were overheard by others, including other women, these questions were not raised in any focus group discussions. Only two respondents felt discomfort relating to questions about sensitive issues and in these cases I immediately ceased the interview session.

As gossip could lead to negative consequences, I was very careful when managing the focus groups. I always tried to minimize risk to participants. As an academic in Bangladesh, I have had previous experience conducting research with similar

participants, and therefore had the background knowledge and familiarity to address any problems I encountered.

There was also a gender related risk. As a woman I had concerns about my possible treatment by male respondents and, as mentioned earlier, I requested local leaders to help me make contact with them. As all the males of the villages were very respectful to the local leaders, they also showed similar respect to me.

4.9.3 Threat of coercion/pressure

In the first instance I contacted women respondents through NGO officials as in reality there was no other alternative. I informed the women borrowers that participation in the research was absolutely voluntary and that they could refuse to answer any questions at any time. I also gave them full authority to withdraw from the interview at any time without effects or consequences. These steps ensured that no coercion was applied from either the NGO or from the researcher.

Moreover I was very respectful to the rural women. As previously discussed, in the first stage of the project women clients were invited to participate in an in-depth interview followed by focus group discussions in stage two. For minimizing any possible perception of pressure, the participants were not invited to participate in stage two until after they had completed stage one. This process occurred through self-selection. After the first introductory meeting, I allowed potential participants plenty of time to consider their participation in the research. My intention was to recruit only those women who were interested. Fortunately all participants of stage one were willing to participate in stage two. I also took precautions to ensure that NGO officials were unable to determine the time and place for the interview sessions and focus group discussions with their clients.

4.9.4 Informed consent

An important ethical consideration was to ensure that participants were well informed about the objectives, benefits and potential risks of their involvement in the research project. It was important to inform them about the main elements of the research project so that they could make autonomous decisions as to whether or not they wished to participate. I met with the respondents directly to gain their consent for their participation and I recorded informed consent in various ways. According to

Nachmias and Nachmias (1996), “informed consent is the procedure by which individuals choose whether to participate in an investigation after being informed of facts that are likely to affect their decisions” (p. 83).

I also informed the participants about sensitive issues, tentative times, the research process and the role they would play. During my field work I constantly reminded the respondents that their involvement in the research was voluntary and they had no compulsion to participate.

4.10 Data processing and analysis

As a first step, all respondents’ interviews were recorded. The second step involved manually transcribing, translating and organizing the information that was collected. Then the qualitative responses from the microfinance clients, NGO officials and community leaders were analysed progressively at each stage. As a means of thematic analysis, interviews were categorised into different subthemes under a main theme and were then analysed for meaning.

NVIVO was used to store and examine data. For data processing and analysing, thematic and conversational analysis were adopted following Denzin and Lincoln (2000), especially for identifying themes. Themes are abstract constructs identified by researchers before, during and after data collection. Many themes were also identified during the literature review, as well as while conducting the fieldwork and collecting the field data. Themes were constructed, following Williams et al. (1990) and Miles and Huberman (1994, cited in Denzin & Lincoln, 2000, p. 781), with general themes arising from reading the literature and subthemes arising through the progression of the study.

To determine the final results, all themes were reviewed, critically analysed and connected to the research questions (Miles & Huberman, 1994, p. 12). A codebook was produced to detail the descriptions of each code and record the inclusion and exclusion criteria and exemplars of the text for each theme. For ease of application and recall, some codes applied are words and some are numbers. While coding I was reminded of Miles’s (1979, cited in Denzin & Lincoln, 2000, p. 781) discussion about coding and code books. They reported that codebooks are simply organized lists of codes and that coding is supposed to be data reduction, not proliferation.

They also argued that codes themselves are mnemonic devices used to identify or mark the specific themes in a text. The coding process allows the identification of themes by regrouping concepts with shared meaning (Bazeley, 2007, p. 71).

To manage the qualitative data, tabulation was prepared. Every interview was analysed separately and the findings were re-checked against the views of other respondents. Data display was supported by narratives from the participants. All respondents were informed about the use and dissemination of the data. Through the interviews and data entry, a sound understanding of the research issues and problems was obtained. Qualitative information was used to interpret the findings and to illustrate and support the explanations and conclusions of the paper.

4.11 Conclusion

The purpose of this chapter was to discuss the methods that were applied to meet the purpose of the study. The primary objective of the study was to assess microfinance programs with the aim of 'proving impacts' by using households and individuals as the units of analysis. There are different methods for assessing the impact of microfinance programs, and each has strengths and weaknesses. The methodology for this study was autoethnography. It was based on the selection of two villages where the microfinance programs of two selected NGOs operated separately. Qualitative methods were used to explore the extent and nature of changes in the women's lives in the context of microfinance. The triangulation method was found to be more appropriate than any other single method and different methods of data collection were employed and found to be important for obtaining valid information for the study.

5. AN OVERVIEW OF TWO SELECTED NGOS IN THE CONTEXT OF MICROFINANCE

5.1 Introduction

This chapter outlines more broadly the microfinance programs operated by the two selected NGOs, in respect of the types of loan schemes, savings and insurance policies, branch structure, formation of groups, credit delivery mechanism, and methods of loan repayment they offer. The chapter also provides a clear understanding of how microfinance programs operate in the study locations. The chapter is divided into two sections. The first section gives a brief overview of the selected NGOs and a detailed analysis of the microfinance program operation of both NGOs, this being the foundation of the research. In the second section of the chapter, comparisons are made between the common characteristics of both NGOs within and beyond the microfinance operation. This section also highlights common pitfalls of the microfinance programs operated by both NGOs. An attempt has also been made to explore and understand the strategies and approaches used by national and local NGOs, in order to propose some alternative microfinance policies that could be implemented to ensure better outcomes for women.

5.2 Overview of the two selected NGOs

5.2.1 Genesis, evolution and growth of BRAC

BRAC is an organization that has rapidly evolved over the last three decades. It is the largest NGO in Bangladesh and was founded by Mr Fazle Hasan Abed. It commenced its activities in 1972 to assist the settlement of returning refugees in Sullah, Sylhet, under the banner Bangladesh Relief and Rehabilitation Assistance Committee (BRAC). Gradually BRAC transformed its mission, vision and goals and re-emerged as Bangladesh Rural Advancement Committee. BRAC works with people whose lives are dominated by extreme poverty, illiteracy, disease and other handicaps. BRAC is actively involved in promoting human rights, dignity and gender equity through building the social, economic, political and human capacity of disadvantaged people. Although the emphasis of BRAC's work is at the individual level, sustaining the work of the organization depends on an environment that

permits disadvantaged people to break out of the cycle of poverty and hopelessness (Nawaz, F., 2011, p. 41).

BRAC: Vision, mission and values

Vision: A world free from all forms of exploitation and discrimination where everyone has the opportunity to realize their potential

Mission: BRAC's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large scale positive changes through economic and social programs that enable women and men to realize their potential. The fulfilment of BRAC's mission requires the contribution of competent professionals committed to the goals and values of BRAC. It fosters the development of the members of the organization and those they serve.

Values: Innovation, integrity, inclusiveness, effectiveness

Source: Adapted from BRAC Annual Report, 2011, p. 1

BRAC's mission seems to have affected positive life changing impacts on the lives of people who were threatened by extreme poverty and vulnerability. Since women are, by and large, the most marginalized, disadvantaged and vulnerable group of any society, BRAC's mission is to bring positive changes in the quality of life of this group, especially the poor. Although their mission statement mentions serving men and women, in reality, their key focus is on women. BRAC's mission statement also mentions their aim to develop the members of the organization. However, it is important to understand that it is not a membership organization as such but rather all staff members of BRAC are employees. One of the hidden agendas of most NGOs, especially the larger NGOs, is to achieve institutional sustainability. Therefore, from an institutional perspective, BRAC is concerned with attaining institutional and financial sustainability. Sustainability of programs is an important factor for clients as it enables them to make their own decisions and become self-reliant. The following discussion highlights how the approaches of BRAC have changed over time.

Stage 1: Relief and rehabilitation approach:

BRAC first emerged in response to the need to provide relief to flood affected people in 1970. The people of Bangladesh were in a disastrous situation following cyclone devastation coupled with the nine-month war of liberation. Mr Fazle Hassan Abed,

who was overseas during that time, returned to the country to commence reconstruction work in the newly born, war ravaged country (Saifullah, 2001, p. 129).

Stage 2: Community development approach:

In the beginning, BRAC's approach was to carry out relief and rehabilitation work. While working with poor people using a relief approach, they realized that aid would not bring a long term solution to the poor but rather it created a dependency attitude amongst them. Gradually they switched over to a community development approach by involving the rural community. In 1973, BRAC adopted a basic rural development community strategy focusing on entire village communities. In 1975, they began their first experiment implementing activities involving women in Jamalpur, a particularly disadvantaged area. This project covering 30 villages, served as a pioneering development for activities specifically addressing the needs of women (Chowdhury, 1989, p. 98).

Stage 3: Target group approach:

Following their introduction of a community development approach, BRAC soon realized the difficulties involved in working for the community as a whole when there is an unequal distribution of money, power and resources within the community. They decided to take a target group approach and work with the unprivileged section of the community. In 1976, BRAC moved into the Manikganj area, where new approaches were introduced. The Manikganj integrated program covered 250 villages and was BRAC's key test area for investigating various kinds of development initiatives (Chowdhury, 1989, p. 108). Following that, BRAC pursued a target group approach. They selected groups of people with no land or assets, who relied on their manual labour to survive. The provision of credit was the foundation of the strategy.

BRAC first introduced programs for both men and women. However, they gradually became aware that women are, by and large, the most vulnerable group of any community. Women are responsible for all the essential work related to running the entire household, yet their work is ignored and under-valued. As far as the Bangladesh context is concerned, they are an extremely underprivileged section of the community. BRAC began listening to the women and developed an

understanding that they had the potential to bring maximum change to the community in general and to the household in particular. They could be as capable as men provided they had access to the tools necessary to prove their potential. BRAC understood that if women were given access to resources, their impact on the community would be more sustainable, so they developed a gender perspective in all their programs. Today 95% of BRAC clients are women (Saifullah, 2001, p. 134).

Stage 4: Participatory approach

A Comprehensive Rural Development program was launched in 1986. It included credit, training, savings, income generation and awareness building. In 1990, the rural credit project was introduced under the rural development program in order to promote the socio-economic development of rural women by providing them with access to credit, capacity development, insurance, training and advocacy (Rahman, 2010, p. 13). It was a well-designed strategy aimed at uplifting the economic level of disadvantaged rural communities through functional education, training, the extension of credit and new methods of income generation. Therefore, BRAC started to undertake a credit plus approach by incorporating education and training in their programs.

In the 1990s, BRAC changed their approach and switched over to a 'people centred/participatory approach'. Under this approach BRAC adopted Participatory Rural Appraisal (PRA), Participatory Poverty Appraisal (PPA) and Rapid Rural Appraisal (RRA) strategies through which clients were brought into the programs and encouraged to identify their problems and propose solutions by themselves. Under this approach, people were supported to undertake development independently, based on their needs (Saifullah, 2001, p. 136).

BRAC introduced their programs consecutively by following the different approaches they had developed over time. Following its establishment in 1972, within a short time, BRAC had pioneered a target group strategy and participatory approach through which disadvantaged people were engaged directly in programs for their self-development. However, the research reveals that out of all these approaches, microcredit programs became the cornerstone of BRAC's strategy.

BRAC’s microfinance program uses a unique ‘credit plus’ approach to address the needs of its various target populations. BRAC has disbursed over US\$ 8.6 billion to 5.2 million borrowers since 1974. Its average repayment rate is over 98%. In terms of its membership, BRAC can be considered the largest microfinance organization in Bangladesh. BRAC’s microfinance program has focused primarily on women covering all 64 districts. The success of the microfinance program has led to its replication in other less developed countries in the world (BRAC Annual Report, 2011, p. 28).

Table 5.1: 2011 Highlights of microfinance program

Total loan disbursement	Over 86.2 billion <i>Taka</i> (US\$ 1.18 billion)
Total outstanding loans	Over 52.8 billion <i>Taka</i> (US\$ 734 million)
Total member deposits	22.3 billion <i>Taka</i> (US\$ 306 million)

Source: Adapted from the BRAC Annual Report, 2011

The data gives us an idea of how the credit program of BRAC has grown since its commencement. BRAC also provides various types of loans including seasonal loans, agricultural loans and housing loans.

Although BRAC was established as a relief and rehabilitation organization in a disaster prone, newly born country, gradually it shifted its approach to target group, community development and social transformation. Although BRAC came forward to offer microcredit to the disadvantaged people, it is not an exclusively microcredit based NGO. BRAC also provides other complementary programs relating to health, education and legal support. In addition to these programs, BRAC introduced the Community Empowerment Program (CEP)³⁵ in mid 1998. Through the formation of

³⁵ CEP refers to Community Empowerment program. CEP focuses on empowerment of the rural poor as a pathway to achieve the Millennium Development Goals (MGDs) and sustainable development. With the motto ‘translating awareness into action’, CEP aims for socio-political empowerment of the rural poor, particularly women, by enabling them to build, secure and use their socio-political assets to improve their wellbeing, exercise their rights, take advantage of new opportunities and play a more active role in public life. This is achieved through a set of programmatic interventions in the areas of rural resource mobilization, community institution building, strengthening local governance, creating awareness and access to information and addressing violence particularly against women(www.brac.com)

community based organizations, this program aims to empower women at the grassroots level as well as mobilizing them to translate awareness into action. Through CEP programs women are made aware of their rights and this enables them to resist exploitation by mobilizing human, social and political assets. The Community Empowerment Program focuses on four important tools: 1) Engagement in social welfare activities, 2) Action against social injustice, 3) Local government resources mobilized for the poor, 4) Participation in the local power structure. However, microcredit remains at the centre of all programs, as they prefer their strategies to be understood as ‘credit plus’ services to the poor. Moreover, their financial sustainability lies in microfinance.

Today, the central objective of BRAC is poverty alleviation and the empowerment of the economically disadvantaged, especially women. To achieve this, BRAC has developed programs that provide access to credit and contribute to socio-economic empowerment through the provision of training and consciousness-raising amongst rural disadvantaged communities who have the least access to resources. BRAC believes that rural disadvantaged people can be economically active and can improve their economic situation if they are given access to credit and made aware of their status in society (Khandker & Khalily, 1996, pp. 9-10). They provide other supplementary services mainly to microcredit clients, their children and sometimes to non-microcredit clients. From time to time, integrating all their services has been challenging because health, education, legal support and community empowerment programs are, by and large, either voluntary or services are offered at little cost.

It can be clearly understood how BRAC has become one of the most diversified development organizations in the world. Not only have they focused on credit and credit plus approaches but they have also demonstrated a deep concern about the crucial global phenomenon of climate change by adopting a number of programs with a focus on climate change adaptation and disaster management. Apart from these core programs, BRAC also operates some commercial projects.

Large NGOs including BRAC are also concerned about institutional sustainability. The launch of commercial enterprises has assisted BRAC to achieve institutional sustainability in the long term. Saifullah (2001) argues that NGOs offer financial products to the poor as a means of increasing their purchasing power so that they can

buy the products available in the market (p. 144). NGOs are also entering into the market with their own products, and it is their clients who purchase these goods. Although BRAC promote their own products at the market level they also endeavour to balance their voluntary services and commercial activities. This helps to ensure institutional sustainability in the long term and satisfy donors to whom NGOs are accountable in one way or another.

Although BRAC is not exclusively an MFI, it is one of the world's largest microfinance providers working towards achieving more positive outcomes for the poor, especially women. It launched its microfinance operations in the mid seventies by offering very small loans. In 1979, BRAC then launched its major credit activities through the rural credit project (Rahman, 2010, p. 51). Although the Grameen Bank is the pioneer of microcredit operations, in Bangladesh BRAC is just as large and comprehensive. Today BRAC is operating not only in Bangladesh but also in Haiti, Afghanistan, South Sudan, Tanzania and Uganda. Over the past forty years, it has implemented many innovative approaches, gradually becoming the largest development organization globally. This significantly influenced my decision to use BRAC as an instrumental case study for my research.

5.2.2 Origin and growth of ACD

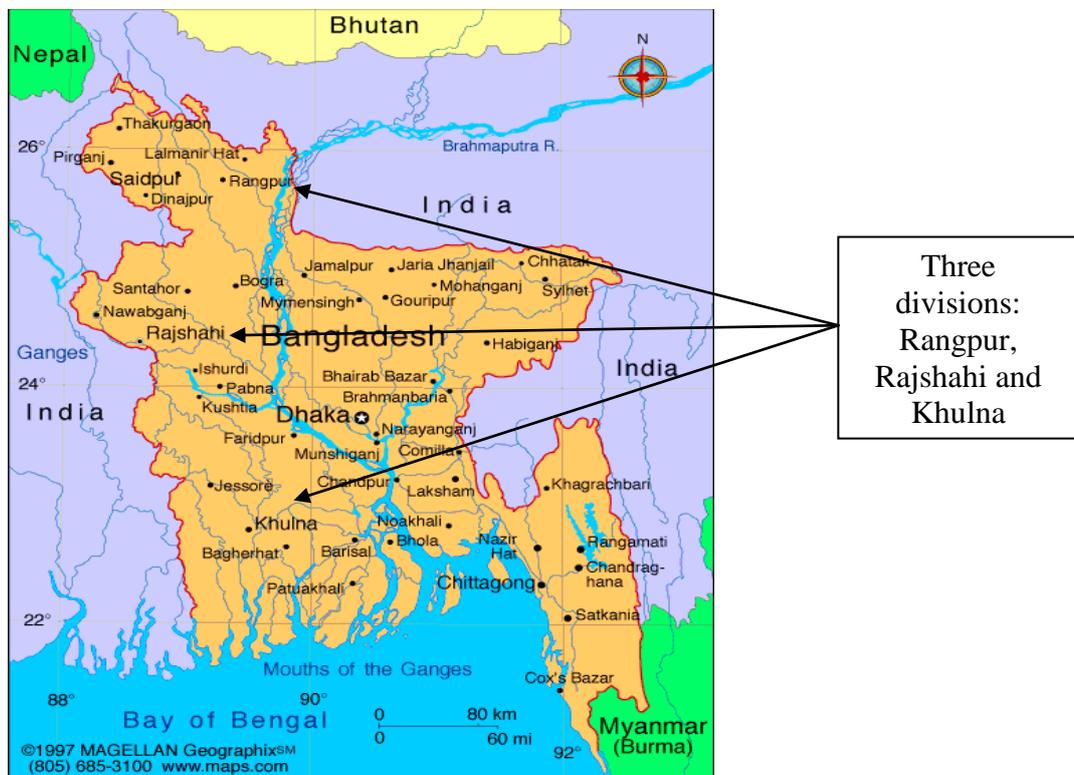
ACD is a grassroots human rights based NGO. Since 1989, it has been working with disadvantaged vulnerable groups and victims of violence, especially women and children, advocating for their human rights and social justice. It was established by Salima Sarwar who is the executive director and it is one of the most popular NGOs in the Rajshahi district of Bangladesh. It launched its activities in this region and then gradually extended its programs to other parts of the country (Annual Report, 2011, p. 7).

In past years, ACD has undertaken a number of programs and activities based on the lessons learnt through community participation at the grassroots level, particularly through experiences of success, challenges and ways to overcome those challenges. ACD has applied integrated and remedial rights based approaches in order to move forward their mission of achieving the MDGs and goals of the Poverty Reduction Strategy Paper.

They have been working for the protection of human rights and the political empowerment of women to enhance their access to justice and participation in the decision making processes that shape their lives, as well as in democracy and economic empowerment of vulnerable and disadvantaged groups of women and children in an effort to reduce poverty. Furthermore, ACD always endeavours to address the underlying causes of violence and injustice by taking developmental actions at the doorstep of vulnerable groups of people. They always try to make the process accessible and participatory in an effort to attain sustainability of the learning process.

Currently, ACD is working in three divisions: Rajshahi, Rangpur and Khulna Division. In the Rajshahi division ACD works in six districts namely Rajshahi, Naogaon, Chapai Nawabganj, Natore, Bogra, Pabna and Joypurhat. In the Rangpur division, ACD works in six districts, namely Gaibandha, Rangpur, Lalmonirhat, Panchagarh, Thakurgaon and Dinazpur. ACD also works in three districts of Khulna division, namely Jessore, Norail and Satkhira (see picture)

Map 5.1: Map showing the working areas of ACD



Source: Adapted from <http://www.infoplease.com/atlas/country/bangladesh.html>

Although ACD operates in three divisions, as far as microfinance is concerned, the most extensive operations are carried out in Rajshahi division. Since its establishment in 1989, ACD has been primarily concerned about addressing human rights issues. It gradually became aware that, in order to ensure social justice in general and gender justice in particular, there was no alternative but to empower rural women both financially and socially. Social justice can never be assured unless women are provided with equal opportunities to become involved in the development process. As a first step to achieve this aim, it is imperative that women are involved in various entrepreneurial activities to ensure economic solvency. To launch their microcredit programs, ACD applied a PRA tool to select an area of the Rajshahi district and gradually these programs were expanded to take in almost all *Upazilas* of the district. Although ACD is one of the most comprehensive local NGOs operating in the western part of Bangladesh where my study was carried out, its contribution has not been adequately recognized. This has been primarily due to the extensive number of very large national NGOs operating throughout the country.

Since ACD is the most inclusive local NGO in the Rajshahi district as far as microfinance programs are concerned, it is essential to explore the methods and techniques they have applied and to examine how the programs they run have influenced the empowerment of local rural women in the western part of Bangladesh.

ACD at a glance

Vision: An equity-based democratic and sustainable society which provides human rights, mainstreams gender equality, ensures social justice and good governance and sustainable development.

Mission: To achieve the rights of people especially the rights of victims of violence, disadvantaged and vulnerable women, adolescents and children at grassroots level through improving their socio economic, political and cultural status, ensuring social justice and good governance.

Source: ACD Annual Report, 2011, p. 1

ACD's activities are broadly based on the following three thematic areas: human rights, institutional management and capacity building, and sustainable development. The concerns of each sector need to be briefly discussed before examining the microfinance program in detail.

Thematic area 1: Human rights

ACD aims to promote human rights particularly for the advancement of women and adolescents to enable gender equality and social justice for disadvantaged, marginalized and vulnerable groups of people. ACD also works towards the promotion of rules of law, justice, democratic practices, civic rights and the political empowerment of women to make a space for their participation. It focuses on ending all forms of discrimination such as gender based violence, sexual abuse, exploitation and trafficking, and discrimination against sufferers of HIV/AIDS and STDs (Islam & Sultana, 2005, p. 26).

Thematic area 2: Institutional management and capacity building

ACD has divided its operations between various sectors to ensure the rights of the most disadvantaged and marginalized group of people are addressed and to advocate for positive change at the policy making level. ACD is trying to support community based organizations (CBOs) to develop leadership skills by raising awareness in rural areas, undertaking issue based research activities, information collection, investigating victims of violence, publishing newsletters, bulletins, posters, signage, setting up billboards and working towards strengthening the social and economic position of poor and disadvantaged groups of people. This sector operates through advocacy, lobbying and networking units, investigation units, training and cultural units, research, documentation and publication units (Annual report, 2011, p. 33).

Thematic area 3: Sustainable development

ACD has been aiming to eradicate poverty and hunger, provide primary education for all, support gender equality and the empowerment of women, reduce infant mortality, prevent HIV/AIDS, malaria and other diseases, and promote sustainable environments in its working areas. Keeping in mind the objectives of the MGDs, they hope to achieve these aims by 2015. As a human rights based organization, ACD has been working socially to establish the rights of women and empower them to participate in the development process. To ensure sustainable development and reduce poverty in its all activities/programs, ACD has formed POs³⁶ to provide

³⁶ PO refers to people's organization and it includes various stakeholders. The organization is trying its best to ensure participation of poor disadvantaged groups of people as no development initiatives will be able to see the light unless participation of the group is

microcredit and agricultural credit to women and adolescents. POs make a significant contribution in executing the activities of CRF. The coordinated efforts of POs and *Salish* (ADR) committees have played a vital role in preventing domestic violence and human trafficking, as well as promoting marriage without dowry and plantation activities (Islam & Sultana, 2005, p. 37).

Since its inception, ACD has worked to extend its areas of intervention to uphold human rights. The organization has undertaken a number of programs and activities based on the lessons learned through community participation at the grassroots level, particularly experiences of success, challenges and ways to overcome challenges faced over the years. Although in ACD's annual report their microfinance programs are included under their sustainable development thematic area, field research visits reveal that microfinance is the foundation of all three thematic areas as it works as a platform to implement other ACD programs.

Primarily ACD was established to ensure the observance of human rights and create awareness amongst women, adolescent and children. Initially it launched microfinance as a supporting program under the area of sustainable development but within a short period of time, it realized that without providing economic support to the disadvantaged, awareness raising or social mobilization would be ineffective. For this reason, ACD introduced their microfinance program as a core function of their operations and used it as a basic component for operating other programs. They provide legal support, leadership development and social awareness raising training predominantly to microfinance clients. Their target groups of adolescents are generally the offspring of microfinance clients (Annual Report, 2011, p. 29).

In Bangladesh, about 80% of people live in rural areas and half of the population are women. To build a society free from hunger, ACD's operational procedures now include women in the development process, particularly empowering them through income generation activities and employment creation. In an effort to improve the disadvantaged position of women who have less access to resources than men, ACD has made provision for them under the rural microcredit scheme (Credit Manual, 2003, p. 22).

ensured. To have a sustainable impact of works/initiatives and to increase participation of mass people, ACD has been working through POs since 2004.

ACD has been operating a credit system for women since 1990 and its aim is to support and empower the most disadvantaged groups of women and adolescents living under the poverty line to be self-reliant. ACD is implementing the program in three different ways: 1) rural microcredit to empower women, 2) Small initiatives credit, 3) Agricultural loan/credit. The credit program has been running in 451 villages of 35 Unions at eight Upazilas and one Pourashava under Rajshahi, Chapai Nawabganj districts through eight Area Offices (Annual Report, 2011, p. 31).

The following table shows the status of the rural microcredit operation of ACD in different years.

Table 5.2: Rural microcredit for women

Description	2006	2007	2008	2009	2010
Total number of women groups	810	1,028	1,028	1,130	1,206
Number of group members of women groups	20,250	25,700	25,700	28,250	28,995
Number of credit receivers	2,710	3,209	4,359	5,134	5,154
Savings (Taka)	5,701,723	6,302,158	7,966,982	9,837,021	10,750,929
Distribution of credit (Taka)	20,687,000	28,819,000	52,784,000	64,600,000	31,476,000
Credit (Taka)	10,737,959	15,536,627	29,156,376	35,962,422	33,177,960

Source: ACD Annual Report, 2011, p. 31

The table demonstrates that ACD has grown in terms of microcredit operations over the years. The data reveals that the number of women's groups, credit receivers, savings and disbursement of credit have expanded over the last five years. Although year wise statistical data is not provided in BRAC's annual report, the expansion of

its credit programs is beyond any doubt. Its credit operations are conducted throughout the entire country, with the total loan disbursements having expanded over the years since 1974.

No research appears to have been conducted on the microfinance program of ACD to reveal the untold stories surrounding the credit program and its impact on borrowers. Hence, it was logical for me to select ACD as an instrumental case study for my research. ACD commenced its credit operation sixteen years after BRAC. However, the aims of both NGOs to provide credit to the disadvantaged are more or less same.

5.2.3 Microfinance operations at branch level

BRAC

Before opening a new branch, BRAC conducts a socio-economic survey of the prospective area. The lowest administrative tier of BRAC is called the branch office through which they implement their core programs. There are 47 branch offices in the Rajshahi district and seven branches in Paba *Upazila*. In the Rajshahi district, there is also an area office to co-ordinate all the operations under the leadership of the regional office. My primary research suggests that the head of the microfinance program (*Dabi*) from branch office has to report to the head of the area office. The head of the microfinance program (*Dabi*) from the area office has to report to the head of regional office and finally the regional manager has to report to head office.

The field study revealed that the area office of Paba *Upazila* has one manager, an accountant and more than ten Program Organizers (PO) who manage the various programs: health, education, legal support, poultry farming, CEP and so on. Each program organizer is responsible for his/her program. The Program Organizer for the microfinance program visits concerned Village Organizations (VOs) for collecting loan instalments and savings. He is also responsible for processing loan applications. The manager's duty is to monitor the VOs, form new VOs, supervise the work of POs and process loan applications. BRAC has undertaken an integrated development model using a credit plus approach.

The members of microfinance programs receive health, legal and social mobilization support from BRAC and their children receive educational support. However, my

primary research revealed that all borrowers are not automatically included in health, education and legal programs. There are sometimes separate target groups for health, education and paralegal programs. Each target group is managed by separate program officers. The women chosen to fulfil this role are selected from a union by BRAC. They receive either legal aid training; health training or poultry related training that provides them with the skills to supervise these programs. Once trained, these women then provide 30 days training to each VO. They receive 10 *Taka* from each member of the VO and 10 *Taka* from BRAC.

Picture 5.1: Area office of BRAC in Paba Upazila



Source: Field research

ACD

In the case of ACD, the officials conduct a socio-economic survey of the prospective area before starting a new branch. The target groups of ACD are those who have less than five decimetres of land, earn money through labour, and are permanent residents of the selected villages. The most important step for operating a microfinance program is 'area selection'. The more senior personnel and the microfinance project officials participate in choosing the project area. The success of the microfinance program is dependent upon pragmatic area selection to ensure the provision of the right services to the right people. ACD believes that a beneficiary is unable to change their overall life circumstances without possessing the capacity to save. Therefore, it is important to encourage a savings tendency among members in addition to

providing a loan. ACD created a group called *samity* to achieve their goal on a broader scale (Credit manual, 2003, p. 6).

Picture 5.2: Area office of ACD in Charghat Upazila



Source: Field research

Before launching the area office in Charghat *Upazila*, important information needed to be obtained concerning issues such as communication, geographical position, the number of disadvantaged families in a particular village, their occupation and the diversity of activities carried out by other NGOs in the same village. In stage two, the respective officials of ACD talked with the local leaders of the village, made contact with public figures and visited the homes of disadvantaged families to determine their socio-economic circumstances. They recorded their findings on a basic information sheet. In the third stage, the respective officials of ACD made acquaintance with selected families to advise them about ACD's mission, vision, goals and ideology. ACD tried to gauge their understanding about *samity* and their willingness to participate in *samity*. In stage four, the involved officials prepared a list of interested members after discussing with them the programs of ACD, regular savings, the advantages and disadvantages of loans, weekly meetings, loan repayments, procedures for saving, withdrawals and investments. In stage five, they finalized the list of interested members and prepared a list of dates, times and locations for weekly meetings (Interview with area manager on 14 May 12).

5.2.4 Group formation

BRAC

Before constructing a group, BRAC officials continuously visit a village and discuss their goals with the prominent people of the village. They then select some women who are well-known by most of the villagers to act as leaders. An informal meeting is arranged where the credit program is discussed in detail and interested women are given the responsibility of inviting members to form groups. Thus a Village Organization (VO) is formed. Each VO consists of around 30 to 40 village women from the local community who provide credit support. These women are divided into five subgroups and each subgroup has a group leader. Each VO also has a group leader, cashier and a secretary. They are elected through open discussion with the group members. The duties of group leader are to regulate the VO. The cashier is responsible for collecting instalments for loans from the each subgroup leader and the secretary recommends loans for members of a VO and ensures regular attendance of members in weekly meetings. The group leader and secretary also submit the loan proposals to the Program Organizer. Before the disbursement of a loan to any member of the group, the VO leader, secretary and cashier have to sign the form. Their signature proves their agreement to take responsibility for the repayment of the loan in the event of default. Sometimes the secretary can regulate the VO in the absence of the VO leader. Each PO generally supervises approximately 400–450 microfinance clients in total (Interview with PO on 5 May 12).

Field investigation also revealed that to be a member of a VO, each client needs to pay a 20 *Taka* membership fee. Members are also required to attend orientation training to gain knowledge about the rules and regulations of the credit program. In every meeting members have to recite eighteen promises. All the members have to follow the savings and insurance policy rules relating to the credit program. Some proactive and interested clients are chosen for human development, leadership and production planning in BRAC's training centre. In addition to the weekly meetings, BRAC sometimes arranges training programs for VO leaders.

ACD

Each group has a group leader, cashier and general secretary who has been democratically elected by the members. The group leader manages the group and operates the credit and awareness functions in the absence of FO.³⁷ The cashier operates the financial activities of the group. She collects the loan repayment instalments from the members and then transfers the total amount received to the field organizer. The role of general secretary is to ensure the attendance of all members of a group. The loan approvals are dependent on the recommendations of those three elected persons, but this group does not bear any joint liability (Interview with FO on 2 May 12).

A *samity*³⁸ should comprise of a maximum of 30 members (not less than 20). A FO has to manage nearly 10–12 *samities* and approximately 250–300 members. This rate can vary according to the reality of the situation. The field exploration revealed that 19 villages under the Usufpur *Union Parishad* involved the work of seven field organizers. The majority of the FOs are selected from within their own villages. Each *samity* meeting lasts for at least one hour. In the first 30 minutes, the FO discusses twelve agenda items with the *samity* members. The FO has to focus on a specific agenda each month. The agendas are: dowry, divorce and early marriage (January), safe drinking water and sanitary latrine (February), proper utilization of loans (March), fish cultivation (April), food, nutrition and iodine mixed salt (May), increasing savings (June), poverty alleviation and gender equity (July), tree plantation (August), importance of education and the disadvantage caused by illiteracy (September), vegetable cultivation around homestead areas (October), rearing of livestock (November) and family planning (December). During the last 30 minutes of the meeting, the FO collects loan instalments and savings from members. My field inspection verified this information.

Field investigation also revealed that a set time needs to be organized between 8.00am to 10.00am and from 10am to 12 pm for two *samities* in a specific area. When selecting the location they endeavour to take into consideration the convenience for all members travelling from different areas. The venue can be a

³⁷ Field Organizer is a member of the NGO staff who work at field level

³⁸ The group is called a *samity*

client's home, a group leader's home, or open space that is comparatively calm and quiet. The field supervisor calls a weekly meeting after finalizing the member list. The loan supervisor or responsible officer officially recognizes all *samities* by arranging meetings. The members of a *samity* have to deposit their membership fees to the field organizer.

Thus both BRAC and ACD follow group methodology to provide loans to the clients. Although it is acknowledged that BRAC operates a subgroup system within each group, the field research revealed that these are not actually adhered to in practice. Despite the variation in the number of members within the group between the two NGOs, the method of selecting members, group leaders, cashiers and secretaries are quite similar. The strategies used for area selection, client selection, and group formation of the two NGOs are also similar.

5.2.5 Methodology for delivering loans

BRAC

In the case of BRAC, loan proposals are approved through a chain of authority. The Regional Manager is the ultimate authority for approving loan proposals at the district level. The monitoring system implemented by BRAC is very strict. The branch manager monitors the client's eligibility for the loan upon receipt of a loan application. The manager also visits the client's house in order to check her ability to repay the loan instalments. Sometimes, a higher authority also investigates the circumstances of the client before sanctioning a loan (Interview with area manager on 7 Apr 12).

ACD

Field investigation revealed that ACD follows a sound process for the provision of loans, with the Director of ACD having the ultimate authority to approve a loan proposal. The field organizer monitors the loan applicant's need for credit and determines whether the credit will be used in income-generating activities. A member can apply for a loan two months after commencing membership. The conditions for acquiring a loan depend on the member's presence in *samities*, and their relationship with other members, etc. All members have to sign a declaration when applying for a loan and this must be countersigned by the *samity* leader and

field organizer. The field organizer then prepares a loan proposal that is countersigned by all members and also includes a recommendation from the *samity* leader. The proposal is then submitted to the branch manager or respective authority. The branch manager examines the loan proposal and forwards it to the appropriate office. The field organizer examines the validity of the loan proposal again at the field level and makes a recommendation to the relevant authority for final approval.

All loans have to be collected from the office and the loan recipient must be accompanied by her husband or guardian. The members are given a deposit and loan passbook³⁹ in exchange for a specified amount of money. The field supervisor needs to collect two passport size photos before providing the recipient with a passbook. The two photos need to be fixed in the loan passbook and the loan contract respectively. ACD relies on PKSf for the procurement of the loan and this requires them to pay 4.5% interest to PKSf (interview with director of microfinance program on 4 Jun 12).

Thus, both BRAC and ACD follow a specific process for supplying loans to their clients. The process of BRAC is slightly lengthier than ACD. As long as the clients of ACD pay back their previous loan on time, they are usually able to procure a subsequent loan automatically. In the case of BRAC, the process takes almost four weeks due to the long chain of command it has to follow. This indicates one of the drawbacks of huge organizations, that is, the larger the organization, the more bureaucratic it becomes.

5.2.6 Method of repayment of loan

BRAC

At monthly meetings, BRAC follows a specific method for the collection of loan repayment instalments. The field inquiry revealed that BRAC recently adopted a new strategy, converting weekly repayment policies to a monthly repayment policy. Previously loans had to be repaid in 46 equal weekly instalments including interest and there was no scope for re-negotiating these terms. Now the borrower does not need to wait for 46 weeks and, if they prefer, can repay the total amount before this

³⁹ A special type of book where financial (loan, savings, instalment of repayment) records of member are documented by field organizer

time with the interest rate being applied up until the particular day the loan is terminated.

Field exploration also revealed that in relation to the collection of loan repayments, BRAC's terms are very inflexible. POs disclosed that they are duty-bound to meet 100% of their targets and this results in their inability to accommodate any special circumstances. When a member is unable to pay an instalment, the POs visit the member's home frequently until the outstanding monies are paid. POs also put pressure on the group leader and other peer members to collect the loan repayment as per the approved terms of the loan. Sometimes POs require the assistance of local leaders or the political leaders of the village for the collection of loan instalments.

Picture 5.3: Instalment of loan collection by BRAC's PO



Source: Field research

ACD

The field investigation found that ACD also maintains a specific process for the collection of loan repayments and before providing the loan the field organizers advise clients about the appropriate utilization of their loans. However, if any members fail to repay on the due day, the other members of the group are compelled to collectively cover the amount due. The client concerned is then required to pay back their fellow members at a later date.

A member is not permitted to take out another loan before the first loan is repaid. The FO has to follow guidelines when collecting the instalments and they are not authorized to compel the client to repay as this would be regarded as a human rights violation. During a conversation with the researcher, the director of the microfinance program argued that should clients get pressurized by ACD, they have the opportunity to change to another NGO working in the same village.

Picture 5.4: Instalment of loan collection by ACD FO



Source: Field research

5.2.7 Loan schemes

BRAC

BRAC's microfinance program provides financial services to various target populations who are mainly women. Although this study deals with micro-loans (*Dabi*), it is also necessary to discuss other types of loan products in order to gain a clear understanding of the entire loan schemes operated by BRAC. Disadvantaged women are given the chance to utilize loans in order to build a livelihood for themselves and their families. BRAC utilizes various loan products including micro-loans (*Dabi*), micro-enterprise loans (*Progoti*) and SME loans from mainstream banks. This research generally focuses on micro-loans (*Dabi*) as it concentrates

extensively on disadvantaged rural women at the grassroots level. The BRAC Annual Report (2011, p. 27) reveals the following categories of loan schemes they provide.

Micro-loans (*Dabi*): These loans range from US\$ 100 to 1,000. This type of loan is given exclusively to individual women who are being assisted by microfinance groups. The group acts as an informal guarantor by creating peer pressure to ensure timely loan repayments. Borrowers repay through weekly or monthly instalments. They also have a chance to deposit savings during the regular group meetings. These loans are generally used for small operations including both farming and non-farming activities.

Micro-enterprise loans (*Progoti*): These loans range from US\$ 1,000 to 10,000 and are given to both male and female entrepreneurs. The duration of micro-enterprise loans varies from twelve to eighteen months. The interest rate for this type of loan is 15%. While other types of loans do not require collateral, micro-enterprise loans do. The loans are repaid on a monthly basis. A *Progoti* loan is predominantly provided to small to medium entrepreneurs in order to expand their already established businesses. My research is based on the *Dabi* loan which is provided to poor women in order to help them to commence income-generating activities.

Although BRAC's report includes the provision of housing loans as a service of their loan schemes, the field study revealed that in reality this type of loan is no longer available to microcredit clients.

ACD

ACD has introduced three types of loans. These are microcredit loans ranging from 2,000 to 28,000 *Taka*, micro-enterprise loans ranging from 30,000 to 40,000 *Taka* and agricultural loans ranging from 50,000 *Taka* upwards. Whilst microcredit is provided only to women, the other two types of loans can be provided to both males and females. In addition, ACD has been providing groups of adolescents and youths with opportunities to learn life skills, leadership development and gender related training. They are also provided with credit support and income generation training by ACD, so that they gain the confidence to express their opinions and make decisions that shape their own future and contribute to the family and society at large (Annual report, 2011, p. 32).

Although ACD has fewer categories of loan schemes than BRAC, its microfinance programs have definitely developed over past few years. Despite both NGOs providing collateral free microcredit, BRAC's credit range is larger than ACD. The interest rate imposed by BRAC and ACD is 15% and 13.5% respectively. Although the Microcredit Regulatory Authority recently declared a 13% interest rate ceiling for all NGOs, this has yet to be applied by either BRAC or ACD. My field inquiry reveals that whilst ACD follows a weekly collection system for loan repayments, BRAC has recently introduced a monthly credit collection system in order to minimize their administrative costs.

5.2.8 Savings and insurance schemes

BRAC

There are three types of saving schemes provided by BRAC. These are personal savings, loan security and special savings. The three types of saving products are described as follows:

Personal savings: Personal savings refer to a fixed amount which has to be deposited at weekly meetings by the VO⁴⁰ members. The minimum amount of personal savings is 10 *Taka*. At the commencement of the loan, the VO member has to decide how much she will save per week, but for deposits made at weekly meetings, a maximum amount of 200 *Taka* only is permitted to be saved as personal savings. If she wants to save more than 200 *Taka* as personal savings, she needs to go to a branch office to make the deposit (BRAC Operational Manual, 2009, p. 46).

Compulsory savings (loan security): The BRAC Operational Manual (2009) reveals that compulsory savings refers to 5% of the total loan amount which is deducted during the disbursement. On the one hand, this amount functions as loan security for borrowers, increasing their total savings; on the other hand, it strengthens their ability to apply for larger loans in the future. The borrowers are not permitted to withdraw their savings until their entire loan repayment has been completed, unless they want to leave the NGO or they die (p. 47).

⁴⁰VO (Village Organization) refers to the informal organization of a group of microfinance clients

Special savings: To help meet the demand created by the country's large population, BRAC also provides a special savings policy in addition to personal and compulsory savings. There are three types of loan products under this scheme namely monthly deposit, fixed deposit and double deposit loans. The borrowers also receive interest on the deposited amount after a specified period of time. They are not permitted to withdraw the amount before the specific duration is completed.

Insurance policy: BRAC launched their insurance policy scheme in 1990. Every member of a VO has to pay 20 *Taka* as a membership fee each year. This amount is converted as life insurance for the member, with the loan and savings benefit for the member being adjusted in the case of their death. If the loan is greater than savings, then the outstanding balance will be written off. On the other hand, if the saving is greater than the loan, then the family members will receive 5,000 *Taka* as a death benefit (In-depth interview with PO on 5 May 12).

ACD

The ACD Credit Manual (2003) presents two types of saving policies—regular savings and personal savings (p. 20). Regular savings refer to a specific type of savings which have to be deposited in weekly meetings by the *samity* members. The amount is fixed for all members in order to enable easy calculation. Personal savings refer to an optional savings scheme whereby members can deposit extra savings if they wish to do so. Every member of *samity* has to pay 10 *Taka* as a membership fee each year. This amount is converted as life insurance for the member.

It is mentioned in the Credit Manual (2003), and also verified by field investigation, that members can withdraw regular savings according to their need (p. 21). However, the frequency and amount of withdrawals is determined following adequate discussion with group members. Their personal savings can be withdrawn in case of an emergency. In addition, according to ACD policy, the loan and saving are adjusted in the event of the death of a member. If the loan is greater than the savings, then the outstanding loan will be written off. On the contrary, if savings are greater than the loan, then the family members will receive the extra money. Family members have to apply for saving withdrawals. A portion of the savings is deposited in a bank so that clients can withdraw during emergency situations. The clients are

also permitted to use the savings for loan purposes as a ‘revolving loan fund’ and in this case they are entitled to receive 5% interest on their savings.

Thus both BRAC and ACD have their saving and insurance schemes set apart from credit disbursement. However, the degree of flexibility in withdrawal of savings varies between these two NGOs. Field investigation reveals that BRAC does not allow clients to withdraw savings unless the loan has been fully repaid or they leave the program. In the case of death benefits, both NGOs have separate policies, with ACD offering more flexible products to clients in comparison to BRAC. Although both microfinance programs share some common features, there are differences in their operating procedures. These are compared in the following table:

Table 5.3: Differences between two microfinance program operations

Program features	BRAC	ACD
Ranges of micro-loans	From 7,000 to 70,000 <i>Taka</i>	From 2,000 <i>Taka</i> to 28,000 <i>Taka</i>
Name of group	Village organization (VO)	<i>Samity</i>
Size of group	30–40 (approximately)	25–30 (approximately)
Designation of NGO official operating group	Program Organizer (PO)	Field Organizer (FO)
Ratio of borrowers to NGO field staff	Each PO has to manage at least 350 borrowers	Each FO has to manage maximum 250 to 300 borrowers
Criteria for choosing MF clients	The clients whose lives are based on manual labouring	Those who are mostly landless poor or have limited land
Interest rate	15%	13.5%
Types of saving schemes	Three: own savings, compulsory savings and special savings	Two: regular savings and own savings
Source of finance	Own fund	PKSF
Withdrawal of savings	Clients cannot withdraw until the full repayment of their loan	Clients can withdraw some savings before their full loan repayment

Source: Field research

In summary, although BRAC commenced its journey with the resettling of refugees in the post-war period, over time it redeveloped its strategies in accordance with a philosophy to alleviate poverty and increase the empowerment of disadvantaged people. Today BRAC has come a long way, providing a number of development programs under four broad categories; the economic development program, the social development program, the BRAC education program and the BRAC health program. The economic development program is also known as the microfinance program which is a longstanding program operating in 64 districts of Bangladesh. On the other hand, ACD did not emerge until almost 20 years after BRAC with a vision to ensure social justice in general and gender justice in particular. Gradually it realized that justice can only be ensured when women become financially independent. Therefore ACD introduced their microfinance programs as the cornerstone of their strategies. The microfinance program paved the way for both BRAC and ACD to act as a delivery platform for providing other services to the poor. By offering credit, both NGOs aim to enhance the living standard of marginalized women by engaging them in various income-generating activities.

It is quite clear from the discussion so far there are differences relating to the origin, nature and growth of both NGOs. BRAC is the largest NGO in the world, operating in all divisions of Bangladesh, whereas ACD is a local NGO, operating in only three divisions. However, the goals of both NGOs are quite similar since they both share a mission to reduce the vulnerability of poor people, especially women. Although both NGOs operate other programs, their microfinance programs are their common key agenda.

The community development approach used by BRAC when implementing their microcredit program was introduced very early in their relief and rehabilitation efforts. They realized that aid alone was an insufficient strategy for assisting people to become economically solvent and they recognized the need to find ways to launch income-generating activities. They gradually applied a 'credit plus' approach to help reduce the vulnerability of poor people. On the other hand, from the beginning, ACD launched their microcredit program as a supporting program, as their focus was to increase awareness amongst vulnerable people to ensure human rights and social justice. However, they gradually adopted microfinance as their core program once they realized that awareness programs would be unsuccessful unless poverty and

vulnerability were reduced. This led them to integrate their awareness raising approach with their microfinance program. It is evident that despite both NGOs not being exclusively known as MFIs, microfinance is the core program for both of them.

5.3 Critical observations

The foregoing discussion has enabled me to identify some common characteristics of both NGOs within and beyond their microfinance program.

5.3.1 A group based approach

As a foundation underpinning their methodology for providing credit, both BRAC and ACD follow a group based approach since, by and large, their organizations are both based on the traditional Grameen Model with little modification. As previously mentioned, the groups formed by BRAC are known as Village Organizations (VOs) while those of ACD are known as *samities*. When forming these groups, field staff of both NGOs play key roles identifying group leaders, cashiers and other members. The group lending mechanism followed by both BRAC and ACD are well established for loan disbursements.

The aim of group lending is to use social collateral/peer pressure as a means of ensuring repayment guarantee. The study suggests that group based peer monitoring plays a more active role than the lender's monitoring regime. This outcome is expected when each group member is jointly liable for others' repayments and any loan extensions are dependent on the repayment performance of all group members. From my understanding, NGOs form groups as a way of making their job easier. And relationships between group members enable easy screening and monitoring which minimizes administrative costs. From an institutional perspective, and to enable their sustainability in the long term, it is essential to undertake a cost benefit analysis.

Since the whole process is based on a collateral free approach, NGOs endeavour to develop social collateral amongst borrowers and this is only possible through group formation methods. In the words of Saifullah (2001): "Through group based methodology, NGOs try to establish poor people's interdependence of fate as the success of their social mobilization" (p. 156).

5.3.2 Frequency of group meetings

ACD has more frequent meetings than BRAC. Their weekly meeting rule helps the women to maintain regular and repeated contact with other group members, whereas BRAC follows a monthly meeting policy that requires paying back larger loan instalments each time. Since the women are self-employed, they mainly depend upon their income being available on a daily basis. The field study confirmed that the women prefer a weekly repayment policy rather than a monthly policy as recently introduced by BRAC. A monthly meeting policy also offers less opportunity for women to have frequent interactions. Some of the women expressed the following views:

When I first joined BRAC I found it was far easier for me to repay my loan under a weekly repayment system because the instalments were much lower. They have recently started a monthly collection system and this is becoming a problem for us as it is difficult for us to manage such a large repayment at one time and it also give us less chance to meet with our group members. Although BRAC are aware of our problem, they have no empathy and are only concerned about getting their instalment on time. (MC-35, in-depth interview 1 Jun 12)

I have been a member of BRAC for five years and since the beginning their staff encouraged us to come to the meetings regularly. However, when they recently introduced a monthly repayment system I found that they no longer show any consideration for the clients' ability to meet their loan instalments. They don't even seem to care if a person has to take a loan from another source to make their repayment. Such a practice can have dangerous consequences for women. (MC-30 in depth interview 28 May 12)

I joined ACD five years ago. From the beginning I found their staff always insist we come to weekly meetings to pay our loan instalments and make our savings deposits. In the very beginning, I found this difficult due to my other family commitments; however I soon became used to the system. Now I feel that regular attendance at meetings is beneficial as it has helped me to develop a good relationship with other group members. (MC-05, in-depth interview 1 Apr 12)

The field study revealed that the monthly collection policy that BRAC have been running for the last two years has not been embraced by their clients. It has, however, resulted in a substantial reduction in their administrative costs.

5.3.3 Institution building approach

Both NGOs acknowledge institution building as one of the key strategies leading to the empowerment of underprivileged women. The institution building approach used by ACD has been carried out by the People's Organization (PO) since 2004. At a grassroots level, this has now become the centre point of their development activities. This initiative has increased the spontaneous participation of masses of people and to a great extent, women in particular. Although the PO is composed of various stakeholders, it always tries to enable the participation of poor disadvantaged women. No development initiative will ever be truly successful unless women are provided with the opportunity to participate and have a voice. The field exploration revealed that the majority of women members of the PO were also common members of a microfinance program. PO members endeavour to seek out any potential problems in their own community and develop possible solutions by utilizing their own collective capacity and available resources. If a problem is beyond their capacity, they seek assistance from ACD officials or local government.

BRAC's approach to institution building is carried out through the women's federation (*Polli Shomaj*) following the promulgation of a law by the government of Bangladesh whereby each *Union Parishad* is divided into nine wards. The women's federation meets once every two months and has representatives from the VOs in each ward. The members of *Polli Shomaj* are encouraged to maintain funds within the federation to help vulnerable women in case of an emergency. The *Polli Shomaj* works as an advocacy body to ensure the rights and privileges of its members are upheld. As mentioned previously, it operates in four broad areas and the current research revealed that the majority of *Polli Shomaj* members were common members of a microfinance program.

It seems that both BRAC and ACD have taken an institution building approach as a key working methodology to support them to scale up. However, BRAC have always focused on their target group and used a community development approach. All the members of the women's federation are their clients and this is one reason why they have experienced massive growth as a development organization. Nevertheless, despite their institutional approach, ACD are also making small movements beyond

their target group strategy by incorporating membership of non-clients in the People's Organization.

5.3.4 Savings combined with credit

Although both NGOs initially only provided credit, they gradually introduced a savings product with a notion that introducing a savings culture could help the poor deal with any future life challenges. However, the field research revealed that BRAC has a policy that requires loan applicants to have a savings system in place, including a substantial deposit, before they are eligible to apply for a loan. The philosophy behind this policy appears to be to provide BRAC with a more risk free environment. In this context it can be argued that the NGO's motivation to help the vulnerable poor is controversial. ACD, on the other hand, have no such requirement for loan applicants. However, to some degree, both NGOs have a 'forced savings policy' which, from the clients' perspective, is an inflexible product. BRAC automatically deducts 5% of the total loan which is credited to a savings account. In my opinion, although savings are important for poor women, the collection method used is debatable.

The withdrawal process for accessing savings differs between both NGOs. In the case of ACD, borrowers can withdraw their savings if there is an emergency. If necessary, they can also access their savings to meet a loan repayment. However, BRAC has a more rigid savings policy. Their clients have to wait for five years before they can withdraw 25% of their savings. Withdrawal of their total savings is disallowed until the total loan has been repaid. BRAC discourages withdrawal of savings unless there are exceptional circumstances. In this context, the flexibility of their savings policy is questionable.

5.3.5 Insurance coupled with credit

As described previously, both NGOs offer insurance policies as part of the microfinance program. Whilst they use a group based approach in relation to responsibility for credit repayments, in the case of insurance they sell individual policies. This is unfortunate as a group insurance policy would result in lower premiums for the poor.

The annual premium is 10 *Taka* for each individual. In the case of BRAC, the borrower would get 5,000 *Taka* as a death benefit, irrespective of the balance of their savings. On the other hand, ACD calculates savings against the outstanding loan balance and only makes a refund if the savings are greater than the loan. If the loan is greater than savings, the outstanding loan is written off. However, neither NGO provides information in their annual reports to explain these terms.

5.3.6 Interest rates

NGOs often stress that one of their key motivators for providing credit to the poor is to save them from loan sharks who charge exorbitant interest rates on their loans. As previously mentioned, BRAC and ACD impose a flat rate of interest on their loan which is 15% and 13.5% respectively. Although their interest rates are lower than the money lenders or commercial banks, this is one of the main sources of revenue for the NGOs and enables them to provide the loans. High interest rates are the predominant concern as far as the critics of microfinance are concerned. The data confirms that although credit is one of the key weapons for addressing poverty, both NGOs have an obligation to be mindful of the interest rates they are charging in their microcredit programs.

5.3.7 Default loan dealing

During the field visits it was revealed that NGO officials, either at a managerial level or a field level, have no scope to be flexible about the collection of loan instalments. Strict rules for repayment are determined at the highest level of the organization with branch officers only given responsibility for making decisions relating to the process of allocating credit and receiving the repayment instalments. When front line NGO officers were questioned about the strict rules relating to loan repayments, they expressed regret for their inability to be more accommodating. However, they also emphasized that in some cases the client's improper utilization of loans led to delays in repayments. Such a situation is not within the control of the NGO staff who have no other option but to carry out the policy of their employer. The day the loan repayment is due, they visit the client at home and do not leave until they have at least some contribution towards the amount that is due. Two respondents reported the following:

I have taken out five loans so far. I always pay back my loan on time as I am aware of a member who was penalized for late payment and denied a subsequent new loan. I and my group members always try our best to repay our loans on time. It's a matter of social prestige and has become part of our local culture (MC-11, in-depth interview on 15 Apr 12).

The field staffs have to follow the procedures specified by the NGOs. We have never used our loan for non- income generating activities and always pay the instalments on time. Those who have used their loans for purchasing good food, making dowry payment or paying instalments for other loans usually fall in default. In this case they have to accept self-responsibility for not meeting the loan conditions and not blame the NGO officials who are only carrying out their duties (MC-40, 20 Apr 12).

My field research revealed that from the clients' perspective, the appropriate repayment of their loan is a matter of social prestige for them. From the lender's perspective, a high loan recovery rate is regarded as evidence of success. The officials of both NGOs argue that some clients borrow from other NGOs to repay their instalments. Some clients also misuse their credit to pay the dowry for their daughter's marriage. This leads to difficulty repaying their loans. However, my field inquiry revealed that NGOs do not have an appropriate system in place for monitoring their clients' utilization of credit. Failing to use their loan for productive work led to increased vulnerability for disadvantaged women as they still have to pay their instalments on time irrespective of whether or not they were generating an income. Therefore, the benchmark used to measure the success of NGOs is controversial. It is far more important to focus on proper loan utilization rather repayment performance.

5.4 Conclusion

This chapter provided a clear overview of two microfinance programs in terms of product design and delivery at the local level. Both NGOs offer savings and insurance products in addition to credit. It is assumed that the saving schemes allow women to reduce life risks and enable them to apply for larger loans in the future. Similarly, the insurance schemes offered should help them to have more confidence for their future. It is important to note that both NGOs implement the Grameen traditional model and there are no major differences between the programs that might influence the outcomes for the borrowers. However, as the field research identified

some common pitfalls with regard to product design and delivery, in the last chapter of the thesis I propose and discuss some policy guidelines relating to the design of the microfinance programs which could improve their sustainability and lead to more beneficial outcomes for the women. The following chapter seeks to explore the impact of microfinance on women's economic empowerment in the household and community arenas.

6. MICROFINANCE AND WOMEN'S EMPOWERMENT: ECONOMIC DIMENSION

6.1 Introduction

This chapter evaluates the impact of microfinance on women's economic empowerment in rural Bangladesh. In this thesis, women's empowerment is conceptualized as power to, power with, power within and power over relationships that represent the economic, socio-cultural, psychological/self and political empowerment of women respectively. The indicators of economic empowerment as identified in the theoretical framework chapter will now be applied to the field data. For the purpose of analysing the data, microfinance intervention is evaluated by considering the women's circumstances before and after joining microfinance groups. In each case the woman's state of empowerment in terms of transformation of gender power relations during her group membership in microfinance programs is observed.

The chapter is divided into three sections. The chapter begins with the data relating to the personal profiles of the respondents. The second section explores the socio-economic condition of the respondents before and after joining a microfinance program. The demographic data presented in the chapter highlights additional socio-economic factors which could also influence the women's life transformation. In the third section, the chapter seeks to explore the impact of microfinance on women's economic empowerment. By comparing particular issues and actions before and after joining the microfinance programs, the chapter highlights the critical role of microfinance on women's economic empowerment in the household and community arenas.

6.2 Respondents' demographic data: Personal profiles

This section considers the demographic data of the respondents selected for the study. The discussion is devoted to examining selected personal profiles of the respondents including age, education, marital status and length of membership of the respondents.

6.2.1 Age structure of the respondents

Table 6.1: Respondents by age

Age	No of respondents	Percentage
20-25	6	15%
25-30	5	12.5%
30-35	20	50%
35-40	9	22.5%
Total	40	100.00

Source: Field research

The above table illustrates the distribution pattern of the selected microfinance borrowers according to their age group. The age of the respondents ranged from 20 to 40 in both villages. The highest numbers of respondents were within the age group of 30-35 years (20 = 50%). A fewer number were either above 35 years (9 = 22.5%) or below 25 years (6 = 15%). From the age ranges it can be seen that although the society comprises women from all age groups, the majority, being under 35, are relatively young. The data shows that NGOs prefer young women perhaps because the young women are more confident, committed and productive in utilizing and repaying the credit money.

6.2.2 Educational status of the respondents

Education is a very important factor. It enables individuals to have access to the better-quality alternatives that are available in rural areas and ensures their borrowed funds are invested profitably and efficiently. Kabeer (1999) argues that education is an important tool that allows women to make strategic life choices. Bourdieu (1977) identifies education as cultural capital and reasons that if people have more cultural capital they are in a better position to utilize resources and social networks (p. 177). The educational status of the respondents is shown in the table below.

Table 6.2: Level of education of the beneficiary women

Level of education	No of respondents	Percentage
Fully illiterate	1	2.5%
Can sign only	23	57.5%
Primary level	11	27.5%
Up to class eight	3	7.5%
SSC (Secondary school certificate)	1	2.5%
HSC(Higher secondary certificate)	1	2.5%
Total	40	100.00

Source: Field research

The findings reveal that 11 (27.5%) of the respondents received education up to class five. Two of them had 10 and 12 years of education respectively. 23 (57.5%) respondents could only sign their names while 3 (7.5%) were educated up to class three with one of these being unable to sign her name. So, the majority of the women respondents in the village who were surveyed were only able to provide a signature.

6.2.3 Marital status of the respondents

The marital status of the selected borrowers is shown in the following table

Table 6.3: Marital status of the beneficiary women

Marital status	No of respondents	Percentage
Married	30	75%
Unmarried	2	5%
Widow	5	12.5%
Separated from husband	1	2.5%
Divorced	2	5%
Total	40	100.00

Source: Field research

The data show that 30 (75%) of microfinance clients in both villages were married. The number of widows was the second highest category on the list (5 = 12.5%). The rest of the borrowers were either unmarried or separated from their husbands and

divorced. Women’s marital status perhaps works as an important factor to utilize resources and social networks. From the field survey it is apparent that the NGOs rarely consider unmarried or single women as borrowers.

6.2.4 Length of membership

The length of membership of the borrowers in microfinance program is shown below.

Table 6.4: Length of membership of the respondents

Length of membership	No of respondents	Percentage
5 years or above	14	35%
4 Years	22	55%
3 years	4	10%
Total	40	100.00

Source: Field research

The data show that 14 (35%), 22 (55%) and 4 (10%) of the total respondents used the loan for the period of five years or above, four years and three years respectively. Length of membership is important since it is assumed that the longer the women receive credit money, the more likely they are to receive benefits from loan initiated income generating activities. It is also assumed that the longer the women spend in the microfinance program, the more NGO inputs they would possibly receive.

6.3 Respondents’ socio-economic condition before and after joining in MF

Data covering household income, family savings, types of houses, family assets, and sanitation systems of the respondents before and after joining in microfinance was collected during the field investigation. These are presented in the following section.

6.3.1 Household income

Income is one of the important components for improving the standard of living. The annual gross income of the respondents’ households before and after their joining the microfinance program is shown in the following table.

Table 6.5: Household income of the borrowers

Monthly household income (<i>Taka</i>)	Before their involvement in MF (number and percentage)	After their involvement in MF (number and percentage)
Less than 3,000	24 (60%)	04 (10%)
3,000–4,000	13 (32.5%)	20 (50%)
4,000–5,000	03 (7.5%)	12 (30%)
Above 5,000	0 (0%)	04 (10%)
Total	40 (100.00)	40 (100.00)

Source: Field research

The data indicate some positive changes with respect to the monthly income of borrowers. 10% of households have an income of less than 3,000 *Taka* while 50%, 30% and 10% belong to the income groups of 3,000–4,000 *Taka*, 4,000–5,000 *Taka* and above 5,000 *Taka* respectively after their involvement in microfinance. Before enrolment in the microfinance program, the respective numbers of respondents represented in these income groups was 24 (60%), 13 (32.5%), 3 (7.5%) and 0 (0%). From the above table, it can be seen that household income of the borrowers improved after enrolment in the microfinance program.

6.3.2 Household savings

The amount of the savings of the borrowers' households is shown in the following table.

Table 6.6: Amount of monthly savings of the borrowers' households

Amount of family savings (in <i>Taka</i>)	Before their involvement in MF (Number and Percentage)	After their involvement in MF (Number and Percentage)
00–00	25 (62.5%)	0 (0%)
00–500	10 (25%)	15 (37.5%)
500–2,000	05 (12.5%)	20 (50%)
2,000–5000	0 (0%)	05 (12.5%)
Total	40 (100.00)	40 (100.00)

Source: Field research

The data indicate some positive changes with respect to the savings of the respondents' households. Zero percent of the borrowers' households have no savings while 37.5%, 50% and 12.5% belong to the saving groups of TK 00-500, 500-2000 and 2000-5000 respectively after their involvement in microfinance. Before enrolment in the microfinance, the respective numbers of respondents represented in these savings groups was 25(62.5%), 10 (25%), 05(12.5%) and 0 (0%). From the above table, it is seen that savings of the borrowers' households improved after enrolment in the microfinance.

6.3.3 Household investment

Amount of annual investment of the borrowers' households in both farming and non farming activities is shown in the following table.

Table 6.7: Amount of investment of the borrowers' households

Amount of family investment (in Taka)	Before their involvement in MF (number and percentage)	After their involvement in MF (number and percentage)
No investment	20 (50%)	0 (0%)
Up to 4,000	18 (45%)	20 (50%)
4,000–6,000	02 (5%)	10 (2.5%)
6,000–8,000	0 (0%)	05 (12.5%)
More than 8,000	0 (0%)	05 (12.5%)
Total	40 (100.00)	40 (100.00)

Source: Field research

The data indicate some positive changes with respect to the investment in both farming and non farming activities of the respondents' households. Zero percent of the borrowers' households have no investment while 50%, 2.5%, 12.5% and 12.5% belong to the investment groups of up to 4,000 Taka, 4,000–6,000 Taka, 6,000–8,000 Taka and more than 8,000 Taka respectively after their involvement in microfinance. Before enrolment in the microfinance program, the respective numbers of respondents represented in these investment groups was 20 (50%), 18 (45%), 02 (5%), 0 (0%) and 0 (0%). From the above table, it can be seen that annual investment of the borrowers' households improved after enrolment in the microfinance program.

6.3.4 House type

The following table compares the housing conditions of the respondents before and after joining the microfinance program. Most of the participants utilized some of their borrowed microcredit to renovate their houses.

Table 6.8: House type of the respondents

Types of houses	Before involvement in MF (number and percentage)	After involvement in MF (number and percentage)
No house	04 (10%)	02 (5%)
Building (<i>Paka</i>)	01 (2.5%)	04 (10%)
Tin shed house (<i>adha-paka</i>)	15 (37.5%)	25 (62.5%)
<i>Kaccha</i> (Tin-roofed)	03 (7.5%)	07 (17.5%)
<i>Kaccha</i> (built in mud and thatched)	17 (42.5%)	02 (5%)
Total	40 (100.00)	40 (100.00)

Source: Field research

The data reveal that at the time of the field investigation only 2 (5%) of the borrowers did not own their dwelling houses, 4 (10%), 25 (62.5%), 7 (17.5%) and 2 (5%) respondents have a building, tin-shed house, tin roofed and *kaccha* houses respectively after involvement in microfinance. Before enrolment in the microfinance program the respondents living in these types of houses were 4 (10%), 1 (2.5%), 15 (37.5%), 3 (7.5%) and 17 (42.5%) respectively. The borrowers may have utilized some of their loan to renovate their houses instead of investing the total loan in income generating activities. Therefore, from the field data it can be seen that the condition of the houses of the borrowers improved after enrolment in the microfinance programs.

6.3.5 Land ownership

The following table compares the land ownership pattern of the respondents' households before and after joining the microfinance program.

Table 6.9: Land ownership pattern of the respondents' households

Type of land owned by borrowers' households	Before their involvement in MF (number and percentage)	After their involvement in MF (number and percentage)
Homestead area	20 (50%)	30 (85%)
Both homestead and cultivable land	02 (5%)	09 (12.5%)
No land	18 (45%)	1 (2.5%)
Total	40 (100.00)	40 (100.00)

Source: Field research

The data reveal that at the time of the field research only 1 (2.5%) had no land, 30 (85%) and 9 (12.5%) have homestead area⁴¹ and both homestead and cultivable land respectively after involvement in microfinance. Before enrolment in the microfinance program, the respondents' ownership of these types of land were 18 (45%), 20 (50%) and 2 (5%) respectively. The data indicates some positive changes with respect to land ownership of the respondents' households.

Another example of improvements facilitated by the microfinance program was revealed in responses to questions relating to the ownership of sanitary latrines. Before joining, 20% of the total borrowers had no latrine, 70% had unhygienic and environmental polluting open latrines, while only 10% had a sanitary latrine. In comparison, following their uptake of a loan, all borrowers who previously had no latrine were able to install a sanitation system. The field enquiry revealed that 30 (75%) of women borrower's households now use a sanitary latrine whereas only 10 (25%) are using a ring toilet. Most of the respondents had unhygienic open latrines before their involvement in microfinance and this adversely impacted on their health and the environment. A significant increase in sanitation systems has resulted from the uptake of loans from NGOs.

The field survey also revealed that only 24% of the total respondents had their own tube well prior to their involvement in the microfinance program, while 60% of the total number of loan recipients met their drinking water needs from tube wells of

⁴¹ The land where they have dwellings

other neighbourhoods and nearby villages. The remaining 16% of borrowers relied wells or ponds to meet their water needs. Nevertheless after joining in microfinance, the situation changed rapidly with no respondents relying on ponds for their drinking water and only 2% of the total respondents meeting their drinking water needs from open wells. The collected data revealed that 66% of the total borrowers possessed their own tube wells after joining the microfinance program. The remaining 32% met their water needs from the tube wells of nearby villages. The field investigation also revealed that the quantity of furniture and household articles owned by the borrower households also increased significantly.

In summary, the chapter commenced with a brief description of the demographic and socio-economic factors since these factors could influence the women's loan utilization and their empowerment at various levels. The effect of these factors on women's empowerment will be discussed as a separate chapter. The field exploration identified a positive impact on women's family income, savings, investment, sanitation, housing and access to tube well water following their involvement in the microfinance programs. All these aspects led to a reduction of the poverty level amongst the respondents' households which further assisted women by enabling them to meet their basic needs. Nonetheless, the empowerment of women is only possible when they are able to meet their strategic needs, so it is essential to explore how and to what extent microfinance enabled the advancement of women in this area.

Although the previously reported data demonstrated a benefit to respondents' households following the women's involvement in microfinance, it is also necessary to explore whether institutional support addressed the inequalities in the relationship between men and women both within and beyond households. Since the study is deeply rooted in gender roles and relationships, this issue was addressed by asking some key questions. For example: Who does what? Who has what? Who decides? How? Who gains? Who loses? Which men? Which women? The whole analysis of this thesis is deeply rooted in the transformation of gender power relations at various levels. This chapter will address the economic dimension of women's empowerment by asking some key questions: who has access to what type of employment (home or market based)? Who has access to and control over resources (loan, income and

expenditure)? Who has access to and control over consumption and asset accumulation?

6.4 Impact of microfinance on women's economic empowerment

To evaluate the impact of microfinance on women's economic empowerment in the study villages, some indicators were selected on the basis of various literature and field visits, as previously discussed in the theory chapter. Indicators of women's economic empowerment at the household level include women's participation in income generating activities, access to and control over resources, an increase in income, access to and control over loan utilization, income, expenditure and savings, access to and control over consumption and asset accumulation. The key indicators of women's economic empowerment in the community arena include access to local market and involvement in local trade associations. To evaluate the impact of microfinance on women's economic empowerment, it was necessary to compare rural women's economic situation across institutions such as household, community (including market) pre- and post-involvement in a microfinance program. For assessing the impact of microfinance, the duration of women's involvement in the program is an important factor to consider.

6.4.1 Microfinance and women's participation in income generating activities

Who has access to employment/entrepreneurial activities? How?

When considering women's involvement in income generating activities, it is important to determine whether women have access to resources and whether they have participated in entrepreneurial activities. It is also worthwhile to consider any changes that microfinance has brought about in gendered allocation and utilization of resources which, in a patriarchal society like Bangladesh, is generally under the male's favour and control. To explore the impact of microfinance on gendered distribution and utilization of resources, two questions were important to consider: who has access to what type of employment (home or local market based)? How? The study suggests that microfinance provides the opportunity for women to have access to and make use of resources.

For assessing the impact of microfinance in facilitating women’s involvement in income generating activities (IGA), it is important to know how many women were involved in income generating activities before and after joining the microfinance groups.

Table 6.10: Respondent’s opinions about their involvement in microfinance

Respondent’s opinion regarding their involvement in MF	Number and percentage
Involvement in IGA before being involved in MF	01 (2.5%)
Involvement in IGA after being involved in MF	37 (92.5%)
No involvement in IGA	02 (5%)
Total	40 (100.00)

Source: Field research

Primary data reveals that only one (2.5%) woman from the selected respondents was involved in income generating activities before her enrolment in the program while 37 (92.5%) stated that they had an association in IGA after their involvement in microfinance. Two (5%) indicated no involvement in IGA. Therefore, the majority of respondents indicated either a direct or indirect involvement in IGA after joining and receiving microcredit from NGOs.

The study shows a positive relationship between training and independent non-farm income generating activities at local market. The women who did not receive training were unable to launch businesses at market level on their own, due to a lack of courage, confidence, accounting knowledge and business operating skills, while those who had received long-term skills-based training and financial literacy, launched independent businesses. Some of them assisted their husbands in business by providing information they had gained from training, while others worked as co-workers in their husbands’ businesses.

The following table shows the occupation category of the respondents which guided the entire analysis of the remainder of the thesis. The following typologies of women entrepreneurs assisted the exploration and understanding of the degree of women’s empowerment from low to high levels.

Table 6.11: Category of women beneficiaries by their roles⁴²

Category of women loan borrowers	Women's roles and involvement in Income Generating Activities (IGA)	No of respondents	Percentage
Group-1	Women as off-the-homestead entrepreneurs	8	20%
Group-2	Women as co-entrepreneurs	6	15%
Group-3	Women as husbands' entrepreneurship supporters	5	12.5%
Group-4	Women as on-the-homestead entrepreneurs	19	47.5%
Group-5	Women as credit liaison and only housewives	2	5%
Total		40	100.00

Source: Field research

The data demonstrates that eight (20%) women respondents of group 1 are involved in independent business oriented income generating activities (petty business, tailoring, poultry farm, grocery shop keeping, dairy farm) with credit money; six (15%) women borrowers invested the money with their husbands in jointly run petty business, and have full involvement in operating the businesses. These women's credit money worked as seed money in most of the jointly operated petty businesses. Five (12.5%) women borrowers worked as assistants in their husbands' businesses having little or limited involvement in the business operation, while 19 women (47.5%) borrowers invested the loan in on-the-homestead income generating activities separate from the husband's economic activity (which may also have had partial support from the wife's microcredit loan). These income generating activities may include cattle rearing, poultry farming, sewing, dairy farming, cow dung processing and *katha* (hand-stitched quilt) making. The study indicates that the women choose on-the-homestead entrepreneurial activities because they have to look after their families. So, women's domestic and family responsibility does not allow

⁴² These categories of women, their number and percentage will be used for discussion in the following chapters.

them to choose to work far away from their home. Two (5%) women borrowers are housewives who completely channel their loans to their husbands.

From in-depth interviews and focus group discussions, it was revealed that the majority of the women would not have started any income generating activities unless they had received training from the NGOs. Following the skill-based training and financial literacy offered under the microfinance program, the women engaged in income generating activities related to their skills. The interviews with the women highlighted the outcome that their family income was increased to some extent after they became involved in microfinance program.

The field investigation reveals that time spent in a microfinance program plays a vital role in women's proactive involvement in income generating activities. Those who are involved in the microfinance program for a comparatively longer time confirm that they are engaged in independent market oriented income generating activities at the community level and consequently make a good economic contribution to their families. They also state that the training offered by NGOs was very useful for the utilization of loans and making profits. One of the respondents reported:

Case story: Let there be light

I have been receiving a loan from BRAC for many years. My husband was the only earning member of the family. He was a small businessman but he had to face lots of challenges in operating his business. Very soon we had to face serious economic hardship. Then I got involved in microfinance program of BRAC and started to take a loan from them. My husband changed his mind not to continue his business any more. We jointly leased land with that loan and started to grow crops. I did mainly the post-harvest processing of crops and my husband used to market them. I attended training on vegetable growing according to seasonal variation and utilized the training knowledge in practice. We both worked together and utilized the loan. Our family income has increased. We had to live hand to mouth before joining the microfinance program. Now our monthly income is about 4,000–6,000 Taka and we are leading a happy life. I think I have not only benefitted economically but also socially. Now people give attention to my words and my social status has increased (MC-08, In-depth interview on 7 Jun 12).

Picture 6.1: Vegetable gardening



Source: Field research

The woman (MC-08) in the picture described how farming training had helped to transform her life. Without attending the training, she would not have had the knowledge to grow the right crops at right time. Participation in the microfinance program not only helped participants to lease land but also trained them to use the land productively. She grows seasonal crops and sells them in local market.

The research indicates most of the women beneficiaries are involved in traditional home oriented income generating activities such as livestock rearing, *katha* sewing, paddy husking, poultry and post harvesting activities. Some who are long term borrowers, and who received skill based training, are now involved in small trading and marketing goods. But not all women had the opportunity to be trained, ultimately leading them to choose some easy home-based income generating activities. From the above discussion it can be seen that women's involvement in microfinance promotes their income generating activities either at the household or the community level. In terms of the women's ability to meet their strategic needs, this finding allowed me to present a continuum of cases from the least empowered women through to the most empowered. However, although microfinance enabled women to have improved access to resources, it is crucial to look at whether the women actually had control over those resources.

6.4.2 Microfinance and women's control over credit money utilization

Who controls the loan? How?

The study suggested that microfinance programs offer the opportunity for women to make use of resources since most of the women respondents were engaged in loan initiated income generating activities after joining such programs. This finding made it essential to look at the extent of the women's power when deciding how to use their loans. The results suggest that, although the majority of the women respondents had access to loans, not all of them had control over them. The following discussion examines who had control over loan utilization and how.

The field investigation revealed that the women beneficiaries in groups 3, 4 and 5 usually channelled either the full amount or a portion of the credit money to the male members of the family, usually their husbands but sometimes their fathers. Women in these groups actually had limited or no control over loan utilization. The field research also revealed some important reasons for this, such as their limited knowledge, information, experience and confidence in dealing with credit money. This situation automatically limited their control over the loan. One of the respondents explained:

Case story: No control over loan utilization

I am a regular loan recipient of BRAC and prior to our involvement in their programs we lived a very difficult life. I took a loan six times in total. With my first loan I purchased a cow. My husband and I used to take care of that cow jointly. Gradually we developed a small dairy farm with the help of my second, third, fourth and fifth loans. From the beginning I used to hand over my loan to my husband. My husband usually kept hishab (accounts) of our business. My husband took the loan, bought food for the cows and arranged repayment money for the loan. No matter whether I handled the money or not, I had to work with my husband (MC-25 interview taken on 11 May 12).

Picture 6.2: Operating dairy farm with credit money



Source: Field research

The woman (MC-25) in the picture operated a dairy farm with her husband as a result of her ability to access credit money. She took care of the cows, feeding them when needed. She also milked the cows every morning. However, she had no involvement in monetary matters and her husband kept all the accounts of their business. Although she provided milk to her customers, they paid their money to her husband. As a result she had no idea how much profit they were making from their business.

Similarly, other respondents in the same groups 3, 4, and 5 reported the following:

I don't think there is any harm if I hand over my loan to my husband. He keeps hishab (accounting) better than me. He also can't trust me to deal with larger loans due to my limited knowledge of accounting. I always help him when he needs my help but when financial issues arise I prefer to rely on him. (MC-10, FGD on 10 Mar 12)

I am an old member of BRAC. I have taken loans from BRAC for more than three years. My husband is a small farmer. I handed over my loan four times to my husband. He cultivated rice on his land and earned money. But I neither have the power to use that money nor am I able to take part in the decision making process relating to the income and expenditure. Although I have received loans, I have not experienced any change in my life (MC-16, in depth interview on 20 Mar 12)

I have been involved in ACD for four years. I purchased a duck and a cow with my first loan. I handed over the other five loans to my

husband. He started a small business with the loans in the village market. I had to do all ghorer kaj (household chores) along with taking care of the cow and the duck. I felt overloaded with my household duties. Although I have a tiny income, I think business outside the home is more profitable than home based business. (MC--32, FGD on 22 Apr 12)

In-depth interviews and focus group discussions revealed that the majority of the male partners of these particular women (groups 3, 4, 5) were involved in different income generating activities such as *rickshaw* pulling, petty business, fishing, van driving, etc. The women had very limited capacity in these sectors due to their lack of financial literacy, knowledge and confidence on the one hand and the burden of household chores on the other. The women were only able to participate in small home-based farming activities such as livestock rearing, rice husking, and *katha* sewing which are not as profitable as non-farming activities. Moreover, as rural women are mostly illiterate and have limited accounting knowledge, they are only able to manage funds that are small in size; otherwise they willingly channel their loan to their husbands or other male members in the family to manage. Field data indicates that although a few women in groups 4 and 5 were willing to utilize the loan jointly, in the majority of cases their male partners did not want to involve them in monetary matters. Some of the women expressed their grievances relating to their inability to have control over resources while others perceived themselves to be inferior in monetary management matters. Therefore, not only does society treat women as inferior, many women also perceive themselves as being inferior to their partners.

On the other hand, women in groups 1 and 2 were more economically empowered in terms of having control over resources. These women not only had control over loan utilization but also had access to market outlets and some local trade associations. In group 1, women were mostly involved in independent market and business oriented income generating activities such as petty business, tailoring, poultry farming, dairy farming and grocery shop keeping. Many of these women had good control over their loan utilization. They borrowed the money from NGOs and either made their own decisions on its utilization or sometimes discussed it with their husbands. Case stories provide a clear understanding of the women's control over their loan.

Case story: Woman exercising power on loan utilization

I have been a member of ACD for four years and prior to enrolling in a microfinance program I led a very miserable life. Once, my family had to struggle with poverty. We could not eat three times a day. Sometimes my next door neighbour gave us a plate of rice. I had to feed my husband and my son. I had to starve all day long and sleep with hunger. My husband had a serious loss in his business and stopped working. At that time I came to know about MF program of ACD from my friend who was an active member of a microfinance group. At first I took a 4,000 Taka loan and started a small business beside a village school. When I first launched my business, I could not make much profit due to my limited knowledge of business. After a few days, I followed a good strategy of making friendship with school children who are my key customers. Now I am selling ice-cream, nuts and puffed rice to the school children and earning 300–400 Taka daily. I make a small profit by buying dry foods from the local market and selling them to school children. Moreover I am saving 200 Taka on a weekly basis. I have taken three further loans and have also utilized them in my business. My husband and son also operate a similar business in another area. Now I have a very happy family. I was able to keep my family from experiencing the curse of poverty (MC-12, in depth interview on 10 May 12).

Picture 6.3: Operating dry food business with credit money



Source: Field research

The woman from group 1 (MC-12) in the picture not only had access to a loan but also had control over it. She had the power to decide how to use the loan and also had access to markets. Thus she was more economically empowered than the women (groups 3, 4, 5) who either had limited or no control over loan utilization. Another case story from group 1 is presented below:

Case story: Having good control over loan use

I have received six loans from BRAC. Six years ago I had to pass my first loan to my husband and he just wasted the money. The next month he died due to a serious heart attack. I then took my second loan and bought some hens and a cow. I took more loans and attended poultry training from NGOs and today I own a big poultry farm. I achieved this through the proper utilization of the credit money and training. I received financial literacy based training from BRAC. I buy chicken feed from a local trade association and sell chickens and eggs to the local market. I have full control over my loan utilization, income and expenditure of the family. My elder son actually wants me to hand over my business authority to him. Although he sometimes wants to interfere in my business, I never allow him to interfere in my dream work. It is I who decide everything related to my business. I have learned everything from my life experience. If I have success in my business I would have mental satisfaction. Fortunately, I have never faced loss in my business which gives me a different type of self-strength. Now, I have a very happy family with three children (MC-38, in depth interview on 01 Jun 12).

Picture 6.4: Operating a poultry farm with credit money



Source: Field research

The woman (MC-38) in the picture operated her own poultry farm. I discovered how beautifully she managed her business. She not only utilized the credit money by herself but also maintained some business networks with local trade associations to buy chicks and chicken food. She also had good connections with a local market where she sold her chickens and eggs. She is, therefore, an example of an empowered woman. Although in the beginning her involvement in business was an option-less choice for her due to the death of her husband, she conquered a number of challenges to both begin and continue her business. Initially she had to work just to survive but eventually she had the option of not having to continue. However she made the strategic choice of continuing by herself as she didn't allow her son to intervene. She valued her decision to operate her business independently.

Further, the women in group 2 worked as co-workers in their husbands' businesses that had been established using credit money. These women had a good connection with their husband's business, having either full or some control over it. The business generally included a jointly operated petty business or working in agriculture by leasing land with credit money. These women also had full or some power to decide how the loan is used. The following case story illustrates the economic empowerment of women who are jointly contributing to their family business.

Case story: access to and control over resources

Before enrolling in microfinance I had to face serious economic hardship. We could not manage to provide meals three times a day. I came to know about ACD. I became a member and started taking a loan. I took loans six times and bought cows, goats, hens and ducks with my first three loans. By selling those I made a profit. Then I and my husband set up a business producing and selling dried cakes. I prepared the cakes at home and my husband had to go to markets for selling. We both maintained networks with the buyers group at the market. Very soon we became financially well-off. After a few days many village women became involved in our business and were able to change their financial circumstances. We always jointly discussed how we would utilize the credit money. From the beginning we discussed with each other how the loan would be used and my husband never made any decisions without asking me (MC-16, in depth interview on 16 Mar 12).

Picture 6.5: Making *Shingara* (Bangladeshi fast food)



Source: Field research

The woman (MC-16) in the picture from group 2 had both access and control over loan utilization. Although she operated the business with her male counterpart, she had full involvement in managing the business. From the beginning they both discussed with each other how the loan would be used. Therefore, comparatively a good level of empowerment was observed among women in groups 1 and 2.

In summary, the data confirms that 65% of women borrowers pass either the full amount or a portion of their loan to their husbands. In spite of having access to resources, these women have limited or no control over their loan utilization. Nevertheless, 35% of women respondents are involved in some non-farming income generating activities either separately or jointly with their husbands. These women not only have access to their loan but also have either partial or full control over its utilization. Therefore, the women in groups 1 and 2 are more economically empowered than those of groups 3, 4 and 5. Thus, the study confirmed that although all women respondents have access to their loan, not all of them have full control over it.

6.4.3 Microfinance and women's control over income and expenditure

Who has power in earning and spending? How?

The study also explored whether microfinance played a role in bringing about changes to the traditional family income and expenditure pattern. The following discussion examines how and to what extent microfinance has promoted the power of women to enable them to gain some control over family income and expenditure.

The field investigation revealed that the husbands of some women respondents performed all outside work and were used to being the principal earning members of their families. The male members of these families usually handled the loans and dealt with all income generating activities. Consequently they also played the major role in controlling the family income and expenditure. This situation is generally accepted by some rural women. The study suggests that some women respondents were quite happy to hand over their loans to their husbands, preferring to depend on them to utilize the loan. Alternatively other women showed a negative attitude to their husband's desire to control the family income. Some respondents stated that although their family income had increased, they almost never had any direct control over handling the income. Their husbands expected them to hand over the full amount of the loan and didn't allow them to interfere in the utilization of it. Consequently these women were used to having limited or no control over any income that was generated from loan initiated income generating activities.

In-depth interviews revealed that women who worked as assistants in their husbands' businesses (group 3) had limited control over the family income because any accumulated business income was generally handled by their husbands. The women in group 5 were housewives who had no assurance of accessing income and therefore in most cases they had no control over family income. This group constituted only 5% of the total respondents. The following case story demonstrates how the involvement of women who worked as assistants to their husband in a family business did not result in their control over financial matters.

Case story: No control over income and expenditure

We operate a dry food business in a local market with our credit money. I make dry foods (biscuits, shingara and shamucha) at my home and my husband goes to local market to sell the foods. As my husband is the one responsible for selling the products, he retains the income even though I have contributed to the operation of the business. This leaves me with no control over our finances (MC-20 in depth interview on 06 May 12).

Picture 6.6: Cooking dry food to sell



Source: Field research

The woman (MC-20) in the picture from group 3 had no control over income and expenditure as she worked as an assistant for her husband who allowed her very little control over her working life. Although she prepared all the dry foods at home, her husband took the products to market for selling and he controlled any income or profit that was generated. This left her without earnings or the power to decide how the income would-be used. A similar finding was reported by another woman respondent from group 3, MC-15:

Case Story: Having no control in earning and spending

We operate a food (rice, fish, meat) hotel at the local market. The business was established with credit money. I assist him by supplying cooked rice, fish, and vegetables from home and as I am only responsible for the labour involved, my husband controls the income and any profit derived from the business. As I have no control over finances I have to ask my husband when I need money to spend (MC-15, in-depth interview on 26 Mar 12).

Picture 6.7: Cooking food for their hotel



Source: Field research

The above examples from group 3 illustrate the point that microfinance is unable to bring about changes in the conventional income and expenditure pattern of all families in the same way. Although women help their husbands to operate their business, all the monetary matters are supervised mainly by their husbands. Therefore despite the women's contribution of physical labour to the business, this group has no say in the utilization of family income and expenditure. Nevertheless, the field investigation revealed that 47.5% women respondents (group 4) are involved in home-based farming activities and have their own separate income. Although the amount is little, they do have some control over their own income, but the final financial decisions of those families are generally made by their husbands.

On the other hand, the study confirmed that women who are fully involved in non-farming or other business either independently or jointly with their husbands as business partners, (group 1 and group 2) exercise either full or some control over the family income and expenditure with final financial decisions being made in most cases after joint discussion by both the husband and wife. In addition, they either have independent or joint collaboration with local markets or local trade associations. The following case story from group 1 illustrates women's improved control over income and expenditure after becoming involved in microfinance.

Case Story: Control over income and expenditure

I lost my husband four years ago. I felt really helpless when I lost him even though I stayed with my in-laws. My husband was a rickshaw puller and had to maintain a large family including his parents and our son. My father-in-law was unable to work due to sickness. After my husband's death we had to lead a very frugal life. Once I came to know about ACD from one of the village girls, I decided to apply for a loan from them. The loan enabled me to commence vegetable gardening in my backyard and I was assisted by my son. Last year my brother-in-law wanted me to hand over my business to him but I refused. I now buy seeds from a local trade group and sell the vegetables with another trade association at the local market. I manage and handle the loan and any profit I make and I am very independent in utilizing my income. I can now meet the demands of my family members and can successfully meet the deadline for loan repayment instalments (MC-24, in depth interview on 01 Apr 12).

Picture 6.8: Vegetable gardening



Source: Field research

The woman (MC-24) in the picture from group 1 operated an autonomous vegetable business. She successfully bought seeds from a trade group and grew seasonal produce. She then sold the crop to a specific trade group at the local market. She had full control over her family income and expenditure. Although her husband was not alive, her father or brother-in-law could have interfered in the utilization of family income and expenditure but she did not allow anybody else to exert such control. She maintained full authority to decide how to earn money and how to spend it. As her husband was not alive, in the beginning she felt she had no choice but to engage in a

vegetable business, but later she did have the option to hand over her work to others. However, she chose to continue the work by herself. A further case story from group 2 shows another woman respondent enjoying full control over income and expenditure:

Case story: Having power to decide how the income will be spent

I have been an active member of BRAC for more than three years. I took loans on six separate occasions from the first day of my membership. I like to attend all meetings and training programs arranged by BRAC and I can still remember when I took my first loan from them. I was little bit concerned about repayments when I first came in contact with the loan procedures. Gradually I started to feel more confident that I could utilize the loan properly. My husband was completely jobless (Kaj) when I took my first loan so I handed the money to him so that he could start a business. My husband opened a grocery shop at the local market and soon began to make a profit from his business. We both worked together and with the profit of the shop I purchased two cows and four hens. I love to take good care of these domestic animals and my husband helps me to market milk and eggs at the local market. Now we earn a profit from both of our shops and our domestic business. This has enabled me to meet the needs of our daughter and I am now able to send her to school (MC-12, in depth interview on 16 Jun12).

Picture 6.9: Operating shops in local market



Source: Field research

The woman (MC-12) in the picture from group 2 had full involvement and control in a business she shared with her husband. She handled all money matters with her partner jointly. She not only made use of a resource but she also had the power to

decide how the resource was to be used. She exercised full power to earn and spend money from her business.

The field data suggests that the women of groups 1 and 2 had more access and control over income and expenditure following their involvement in microfinance, with their husbands now preferring to discuss the utilization of the loan with them. They jointly made decisions concerning both using the loan and arrangements for repayment. These women cover 35% of the total respondents. This positive finding about women's control over income and expenditure was verified by their husbands. Males also acknowledged that their partners had acquired improved skills in accurately managing their income. From the previous discussion it can therefore be concluded that the women in groups 3 and 4 had limited or no control over income and expenditure following their enrolment in microfinance programs. The women in group 5, being simply housewives, had no control at all and had no involvement in income generating activities. On the other hand, the women in groups 1 and 2 were in a better position than the women in the other groups with respect to controlling loan utilization, income and expenditure. These women, therefore, were comparatively more economically empowered than those of the other groups. Accordingly it can be said that in some cases microfinance driven income generating activities have brought about some positive changes for women with respect to their ability to exercise control over household income and expenditure.

6.4.4 Access to and control over consumption and asset accumulation

Does MF transform women's food and health seeking behaviour?

In rural Bangladesh women usually have very limited access to household resources and assets. However, the field study revealed that rural women's access to household resources increased to some extent after joining a microfinance program, with the majority of these women becoming involved in income generating activities to some degree. In some cases, after joining a microfinance program, women were able to take responsibility for household earnings and they also had a voice in decisions relating to household expenses.

With regards to the fulfilment of women's practical gender needs, they were asked about their daily food intake, food quality, access to health care facilities and most

importantly their husbands' attitude towards these issues. The field study results showed that in most instances the women's daily food intake, nutrition and food quality improved after being involved in microfinance. Access to finance enabled them to fulfil their practical needs relating to their standard of living. The following table illustrates the impact of microfinance on women's practical gender needs in terms of food intake, quality and nutrition.

Table 6.12: Standard of living after being involved in MF

Views on the change with regards to standard of living after being involved in MF	No of respondents	Percentage
Improved	36	90%
Deteriorated	04	10%
No change	0	0%
Total	40	100%

Source: Field research

The data confirm that 36 (90%) of women respondents experienced an improved standard of living following their involvement in a microfinance program. On the other hand, the standard of living for four (10%) respondents worsened. There were no respondents whose standard of living didn't change. Respondents made the following statements:

Before joining in a microfinance program, I only ate eggs once a week. Now we eat eggs almost every day. I only cooked fish or meat once a month. Now I can cook either fish or meat once a week, so my food intake and quality has improved. (MC-19, FGD on 25 Apr12)

I would never think of drinking milk or eating food made from milk. Now I have a dairy farm that I began with our loan taken from an NGO. Our whole family is now able to drink not only milk every day but also eat many foods made from milk. I have also gained knowledge about nutrition and hygiene practices that I learnt from NGO apa (sister). I now try to cook healthy food which was beyond my imagination before being involved in microfinance. (MC-30, interview on 01 May 12)

Moreover, the field study revealed that women's access to health care services improved to some extent after their involvement with an NGO. A small number of microfinance clients also received nursing training from BRAC. The nurses went from door to door supplying medicine to women in the village and in exchange they

made a small profit. Other microfinance clients reported they could more easily access medicine from the nurses of the village. Regarding childbirth, pregnant women were able to attend the BRAC delivery centre where free delivery support was available. Most of the microfinance beneficiaries were made aware of the BRAC delivery centre when they attended centre meetings for their regular loan repayments. Their involvement in microfinance has made it easier for them to obtain health care services.

Picture 6.10: A credit borrower supplies medicine to the village people



Source: Field research

Picture 6.11: The BRAC delivery centre



Source: Field research

Picture 6.10 shows a credit borrower receiving her nursing qualification following her training from BRAC. Now she supplies medicine to the village people including other credit borrowers. Picture 6.11 depicts the BRAC delivery centre where women can get free child birth service. Respondents were asked about their access to health care facilities before and after joining in microfinance. Two of the respondents narrated in the following ways:

Before joining in a microfinance group we had limited knowledge about health care. During my first pregnancy I suffered a very difficult delivery as the midwife my husband had called was illiterate. By the grace of Allah I recovered and now I know about the BRAC delivery centre. I am pregnant again and this time I will go immediately to the delivery centre for my child's birth. (MC-34, interview on 2 Jun 12)

Before my enrolment in a microfinance group, I had very little awareness about my own or my family's health. I used to go to a fake physician (hature dactar) for treatment. I have now received fifteen days nursing training from BRAC and I realize the mistake I made going to them. I now do home visits and supply medicine to rural people. Village people also come to my house to buy medicine. When I need to see a doctor, I go to a medical centre for me and my children. As a trained nurse, I also suggest to others that they don't go to a fake physician. (MC-39, interview on 15 May 12)

Thus women's access to health care and health awareness has increased since their involvement with NGOs. Once women had access to finance, they were able to buy nutritious food and obtain more effective medical treatment not only for themselves but also for their children. Thus the women's empowerment has also resulted in benefits for other family members. As a consequence, the husbands' attitudes towards the health of their wives has also changed. This change has arisen not so much because of their increased awareness about the health needs of their wives, but rather because they no longer have to spend as much money for their wives' treatment, especially with respect to their domestic and family health needs. According to a husband of one of the respondents:

We had our first baby before my wife's enrolment in a microfinance group. I thought if I took her to a public hospital, I would have to spend money for the delivery of her child, so I called a midwife to my home. Unfortunately my wife suffered a lot due to the midwife's lack of experience. I took her to the BRAC delivery centre at the time of my second baby's birth. I am very happy now as they provided us a free service otherwise I would have called that midwife again. (Husband of MC-35, in-depth interview on 05 May12)

So not only did women benefit from free health care support from NGOs, but they also enjoyed a change in their husband's attitude towards their health needs. The husbands now prefer to take their wives to a BRAC delivery centre for child birth and this has ensured that women have access to better quality health care. This is a clear improvement in the attitude of the husbands towards the wellbeing of the women borrowers and is a direct result of their involvement in NGO programs. Besides access to health care services, it is also essential to determine whether an association with microfinance programs has improved women's access to assets.

Does MF assist women to accumulate assets?

In a patriarchal society like Bangladesh women generally only enjoy ownership of land through inheritance. *Shariah* law is applied for family law and this prohibits women from having equal access to land. The government of Bangladesh has recently introduced a policy to provide equal access to land for both men and women, but the policy is yet to be enacted. Therefore, there is still a large number of women respondents who have limited or no access to land. Since the respondents of the present study are poor, they have neither adequate money to purchase land nor access to land through inheritance. Therefore they are doubly disadvantaged with respect to their ability to achieve land ownership. However, a few have accessed land ownership through the housing loan facility offered by BRAC. One of the respondents narrated in the following way:

I have been taking a loan from BRAC for more than three years. We had a small piece of land in my husband's name and had to live in a "kaccha house" (house made of mud) built on that land. Our house was damaged due to a flood and we had to be very cautious during the rainy season. When I became aware that BRAC offered housing loans, I discussed this with my husband. We decided to take the housing loan in order to build a "pacca house" (house made of bricks). As a compulsory condition of the loan it was necessary for my husband to transfer the title of land into my name instead of his. I now I possess the land in my name. (MC-34, FGD on 25 Jun 12)

The field data reveal that only ten (25%) women respondents were able to access land ownership through this process, leaving the majority of women with no access to land. However, due to the initiatives taken by the NGOs, the process of land ownership has been transformed.

Culturally, the most common type of asset owned by women in Bangladesh is jewellery. The women can attain this asset either through purchase or inheritance. The most common type of jewellery preferred by the women is gold or silver. From the field study, I determined that only 2% of women respondents owned gold through inheritance; however, following their involvement in microfinance, 20% of women respondents bought jewellery as a result of their improved economic position. The income of this particular group was comparatively high when compared with the remaining women beneficiaries. One of them reported that:

Before enrolling in a microfinance group I had very little money. With the loan I was given, I now operate a goat breeding business and I can make a profit of 4,000–7,000 Taka by selling each goat. I meet not only my family's needs but also I have made a gold chain for my daughter. It was beyond my imagination to buy gold before my involvement in the group. (MC-32, in-depth interview on 4 May 12)

Picture 6.12: Goats breeding business



Source: Field research

Thus, although only a minority of women respondents has land ownership and access to household assets, the process of transformation has begun with access to microfinance, and this has resulted to some extent in positive changes for these women. In the case of meeting women's practical gender needs, almost all respondents had improved food intake, nutrition and access to health care after joining the microfinance program. However, fulfilment of women's practical gender needs still fails to challenge the prevailing gender power imbalance and traditional gender division of labour within the household. The field investigation revealed that

women in all groups still have responsibility for undertaking all household tasks even after their involvement in income generating work. All of them still undertake all household duties, including cooking, washing, cleaning, nursing, building and maintaining shelter for their family members. The husbands by and large do not share any of these household duties, and the women's domestic and family work did not reduce despite the women's engagement in income generating activities. Two of the respondents from groups 4 and 5 said:

We don't expect our husbands to do our household chores. This work must be done by a female. My husband is my Lord (provu). Because my husband takes care of me, I always support his decisions whether they are right or wrong. (MC-2 interview, 22 Jun 12)

As a female I have to stay at home and do our household chores. I have taken a loan according to my husband's demand and have given it to him. I never ask questions about the expenditure of loan. I stay at home and do the household chores and my husband does all the outside work. I would never expect my husband to help me doing household tasks. (MC-21, interview, 27 Jun 12)

Comparing their husbands with *provu* (Lord) is a very strong statement that clearly demonstrates both the women's acceptance of the subordinate position they hold in their families and also the women's compliance with the *doxa* that males have the right to make all family decisions.

In-depth interviews and FGD revealed that almost all women borrowers have to do all the household chores without help. Their new income earning role cannot reduce their traditional domestic and family role. The study suggests that even the women in groups 1 and 2 have to also do their traditional domestic and family work in addition to their income generating work, with a few having the support of other female hands (daughter, sister, sister-in-law) to share this responsibility when they are carrying out their business work. Sometimes they have to do the household chores after returning to their home. As far as the findings of the study are concerned, domestic and family work is always the women's responsibility, no matter how much women are financially contributing to their families. So, women's household work is not reduced nor negotiated with their male partners even after they have made an economic contribution to their families. Women's paid work through self employment cannot challenge their conventional domestic duties.

6.5 Why do most of the women choose home based income generating activities?

The study revealed that most of the respondents chose home oriented income generating activities. One of the reasons is that women's domestic and family responsibility does not allow them to work far away from their home. Furthermore, lack of financial literacy and skill-based training are other factors which confine them to their home oriented income generating activities. So Bourdieu's (2001) concept of *doxa* divides men's and women's work into productive work versus domestic and family work respectively where the latter is less recognized and unpaid. Although the women of groups 1 and 2 were found to enjoy a more favourable family outcome, they were still not relieved from their household chores. They had to fulfil their entire domestic and family role following their return from work and they were expected to do their household work as perfectly as they did prior to their new working role, irrespective of the amount of money they were contributing to their families. Despite their domestic and family responsibilities and limited access to the public sphere, the women of groups 1 and 2 still chose to do income generating work outside their home which seemed to be their way of transforming old conventions and taking a stand against the restrictive structure of *doxa*.

This chapter presented a continuum of cases from the least empowered to the most empowered women in terms of their ability to control loan utilization, income and expenditure. The categories of women entrepreneurs identified in the second section of the chapter revealed that the women in groups 1 and 2 are in a better position not only to access resources but also to have greater control over them. These women had more control over their household income and expenditure. They also had access to markets and were involved in local trade associations. They were more economically empowered than the women in the other groups because they had a greater say and control over resources. The construction of a continuum of cases from the least empowered to the most empowered women, supports Rocha's (1977) construction of five rungs of empowerment-atomistic individual, embedded individual, mediated, socio political and political. The effort to construct a continuum of the 'least' to the 'most' empowered women reflects awareness about not making generalizations for an entire set of actors. This also demonstrates the fact that not all women have attained similar levels of empowerment.

6.6 Conclusion

As microfinance was provided to all groups of women in this study, it was necessary to investigate why groups 1 and 2 were more economically empowered and to consider what factors enabled them to outperform the other groups. These factors will be discussed in a separate chapter. The findings and discussion of this chapter demonstrate that although microfinance brings some positive changes by enabling women to become involved in entrepreneurial activities, it is unable to challenge the traditional domestic and family role of women. While many women respondents were able to meet their basic needs, not all of them were able to improve their strategic needs. However, microfinance did result in some changes in the traditional gender division of labour by engaging women in income generating roles which could be considered the first step towards their empowerment. The next chapter will explore whether microfinance has had an effect on women's socio-cultural and political empowerment at both household and community levels.

7. MICROFINANCE AND WOMEN'S SOCIO-CULTURAL AND POLITICAL EMPOWERMENT

7.1 Introduction

While the previous chapter highlighted women's economic empowerment, this chapter sheds light on women's socio-cultural and political empowerment at both household and community levels, with a view to exploring whether women's empowerment at the household level is a prerequisite to empowerment at the community level. It is also important to identify whether women's economic empowerment has led to improvement at the social and political level. Women can only be empowered at the community level if their strategic gender needs are met.

The chapter is divided into two sections. The whole discussion will be supported in the light of the typology of women entrepreneurs mentioned in the previous chapter. The first section of the chapter explores how and to what extent microfinance promotes women's socio-cultural empowerment in the family and community arenas. The second section of the chapter will examine whether/how microfinance has advanced women's empowerment at the local government level. This is the highest level of empowerment that these women could be expected to attain.

7.2 Microfinance and women's empowerment: The socio-cultural dimension

To evaluate the impact of microfinance on women's social empowerment in the study villages, indicators were selected based on various literature sources as well as the field study already discussed in Chapter 2. The indicators evaluated as evidence of women's socio-cultural empowerment included women's increased opportunities for decision making, a decrease in male violence at the household level, women's freedom of movement, and participation in both the public domain and extra-familial networks at the community level. This chapter highlights both the household and community level indicators relating to the social empowerment of women. The following discussion provides a range of cases from the least empowered, in terms of women's ability to meet their strategic needs, to the most empowered. Women's participation in decision making and their stand against domestic violence are two

key indicators of their ability to improve the existing imbalance of power between men and women.

7.2.1 Microfinance and women's agency/*habitus*

Who decides what? How?

Bangladesh is a classic patriarchal country where the majority of the decisions within and beyond family are mostly made by male members of the family. Females are usually comfortable with the decisions made by their partners. This has become an accepted part of the Bangladeshi culture and social norms. However, the study suggests that once women began to participate in a microfinance program and became involved in various income-generating activities (no matter how small) that brought an income into the family, they began to perceive their roles and responsibilities differently. Consequently, their power to make various household decisions increased. This argument is supported by empirical data from the field.

The overall decision making process within and beyond households was explored by studying the decision making process used in individual situations (not viewing them collectively in terms of a single indicator). The changes in the overall decision making pattern across a range of different situations and their possible relationships to borrowing money from the NGOs were explored. One interesting finding was that the women's degree of involvement in decision making depended on the categories of decisions to be made both within and beyond the family. For example, in most of the cases, major decisions regarding large consumer purchases, house repairs, leasing of land (for share cropping), purchase of major assets, children's education, health or marriage, market transactions, family planning, etc. were made either jointly or by the male members of the family, usually the husbands. Women respondents were the key decision makers in minor matters of the households such as small consumer purchases (food, clothes), choosing and purchasing livestock for rearing, simple health care matters for themselves and their children, household and other family matters, etc. It was verified by the husband if the wife's ability to make minor household decisions increased due to the involvement in the microfinance programs.

For each area of decision making, women respondents were asked who decided on the particular issues in the recent past and whether they had experienced any

difference in participation in decision making since their involvement in microfinance. The following table records the results relating to the impact of microfinance with regard to the women's participation in decision making with respect to a range of different categories.

Table 7.1: Impact of MF on women's participation in decision making

Women's participation in decision making following MF	Before their involvement in MF (number and percentage)	After their involvement in MF (number and percentage)
Participation in making both minor and major decisions (groups 1 and 2)	0 (0%)	14 (35%)
Participation in making minor decisions only (groups 3 and 4)	10 (25%)	24 (60%)
No participation in decision making (group 5)	30 (75%)	02 (5%)
Total	40 (100.00)	40 (100.00)

Source: Field research

The above table demonstrates that only 14 (35%) respondents participated in making both minor and major decisions, 24 (60%) respondents participated in making only minor decisions, and the remaining 02 (5%) respondents did not participate in any types of decision making following their involvement in microfinance. Before enrolment in microfinance, the respective numbers of respondents represented in decision making categories was 0 (0%), 10 (25%) and 30 (75%). The data indicate some positive changes with respect to women's participation in decision making. The study suggests that all the women who participated in both minor and major decision making were from groups 1 and 2.

Most of the women acknowledged that their participation in minor decision making improved after their involvement in microfinance. According to the field data, minor decisions made without first seeking the husband's approval included food purchases, simple health care matters for themselves and their children and household purchases. However, the impact of microfinance on decision making

patterns regarding major issues is insignificant since many of these areas are still traditionally under the male decision making domain. The only change of any significance was the shift in husbands' preference for making joint decisions regarding major issues which was rare before the women's involvement in microfinance. These arguments are elaborated in the following discussion.

When asked why they thought that microfinance had a positive impact on their decision making capacity, most women responded by first explaining that prior to joining in microfinance, they had less self confidence as they had no money earning capacity and had to depend on their husbands for every single matter. This situation changed once they became involved in loan-initiated income-generating activities. One respondent said:

In the past I felt afraid to make decisions, whether they are simple or crucial, as I thought my husband would be unhappy if I didn't consult with him. But now I don't seek permission for simple family decisions because I have my own income. If he questions me, I tell him I have spent my money.

The study also revealed that except for group 5 (see the typology of women in Chapter 6) all of the other women (groups 1, 2, 3 and 4) were able to make simple family decisions more independently and confidently since their involvement in microfinance.

It is evident that though the responsibility for making major decisions remained with the male member of the family, women in groups 1 and 2 had improved participation in making decisions regarding major issues, regardless of the level of complexity of the issue. A shift had occurred from the women's minimal involvement in decision making towards a more shared role in making both minor and major decisions. The following case stories help to illustrate the changes in decision making roles that have taken place for women in groups 1 and 2 following their involvement in microfinance.

Case story: Participation in decision making

I took four loans from ACD and launched a food hotel with those loans. We (wife and husband) started to serve simple Bengali food (rice, egg, vegetable and meat) to our customers. We usually prepared the food in our home and then supplied the meals to the hotel. We both shared the work load together and preferred to discuss with each other when we take any decision. Sometimes my husband went to the market and purchased rice, vegetables, eggs, etc. and during that time I would have to run the hotel alone. We managed the hotel by discussing business issues with each other. Now we earn approximately 5,000 Taka per month. Before joining in the microfinance program, my husband did not consult with me regarding any matters, yet now he is happy to discuss all matters with me. He shows respect to my decisions and we both prefer joint decision making. Since I have taken out a loan to invest in our business, he has developed a more considerate attitude towards me (MC-15, In-depth interview on 27 May 12)

Picture 7.1: Operating a food hotel



Source: Field research

The woman (MC-15) from group 2 in the picture is an example of a person who has made strategic life choices. Her story illustrates a transformation from her minimal role to a shared role with respect to decision making for major issues. The following narrative shared by another woman illustrates the transformation in her household decision making role since her involvement in microfinance.

Case Story: Woman's decision making agency

Once, we had to face serious economic hardship due to my husband's business loss. Then I borrowed money from BRAC and took the initiative to make shopping bags at home. Initially my husband was too shy to sell them and refused to take them to the local markets. I then decided to manage independently and made the decision to go alone to the local market (bazaar) to sell the bags. In the beginning my husband did not want to allow me. Because he thought that if I go to market, I would have to stay outside for a long time. Moreover I would have to deal with too many outside people. But the income I made contributed to the family and this pleased my husband. He has now started selling the bags at the market and helps me to operate the business. I am now respected not only by my husband but also by other village people. A large number of the village women come to me to be taught how to make bags and also to seek my advice. I did not have this type of respect from people previously. My husband's attitude towards me has also been transformed. Before I started the work, I was entirely excluded from decision making. My husband used to make decisions without any discussion with me. As soon as I began contributing financially to my family, I found a dramatic change in my husband's behaviour. He now values my input when making decisions. Whatever we do we now discuss with each other no matter whether the problem is simple or complex (MC-24, in-depth interview on 12 Jun 12).

Picture 7.2: Operating handicraft business



Source: Field research

The woman (MC-24) from group 1 in the picture shared her life experiences during our interview, and her story illustrates the shift away from male dominated decision

making to that of a more shared style of decision making. In the beginning her husband did not want her to go to the local market to sell bags, but she was determined to do the business. Her husband was gradually convinced when she began contributing to the family income. He not only converted his attitude but also began supporting her to continue the business. This example demonstrates that microfinance not only benefits the women directly but also indirectly as it transforms men's traditional attitudes towards women, leading to the establishment of better gender relationships.

It is essential to note that comparatively fewer women respondents, 14 (35%), declared that their participation in decision making increased in relation to major matters such as money transactions, children's marriage, leasing land, house repairs, purchase of assets, etc. Respondents who experienced greater power in relation to decisions about credit utilization, money transactions and vital issues in their families, were either heads of the families or widows, made a greater financial contribution to their family from their independent business, worked as co-workers in their husband's business or had undertaken financial and social training offered by the NGOs. All these women were in groups 1 and 2 as mentioned in the earlier section of the chapter.

The interview data also revealed that divorced women or widows were able to gain more benefit from microfinance than married women as they could exercise more control over their loan utilization and savings. More specifically, among the total women respondents, 5 (12.5%) were widows, 2 (5%) and 1 (2.5%) respectively are divorced and separated from their husbands, and all enjoyed more autonomy and freedom to make major decisions in their family and community. They were able to benefit more from microfinance as they were no longer affected by male pressure. They had more independence to make both major and minor decisions and could more easily meet their children's needs.

Case story: Decision making within and beyond household matters

I was the first member of a BRAC microfinance program and I took out a number of loans. When I took out my first and second loans, I had to hand the money over to my husband and I had no say about the utilization of the loans. My husband took full authority for controlling the loan and any household decisions. This situation changed when

the time came for repayment of the loan and my husband tried to make me responsible for the total amount owing. This had a negative effect on our marriage and we lost our respect for each other. He also engaged in an extra marital affair and I could not accept it. Finally he divorced me and with the training I have received from BRAC, I am now able to manage my loan independently. I buy clothes from the local market and sew dresses. I then sell these at the market and also to the village girls. By operating my own independent tailoring business I can easily manage my loan repayments. Now I am able to make my own decisions. I have also recruited some of my group friends to work in my tailoring business (MC-20, in-depth interview 1 May 12).

Picture 7.3: Operating tailoring business



Source: Field research

The story narrated by the woman (MC-20) on the right hand side in the picture revealed how women work not only as beneficiaries of microfinance but also as agents of change. Although one may argue that she did not have to undergo a bargaining process following her separation from her husband, she still had to face many challenges from within her own family following her divorce. Nobody in her family wanted her to work in a tailoring business in the local market. She had to struggle to maintain her relationship with her own family until she finally convinced her parents to support her business. Today, she is not only engaged in self-employment but has also opened up job opportunities for other women in the community.

Whilst the data suggest that 35 % of women respondents (group 1 and group 2) enjoy more autonomy and power in making both simple and major critical decisions within and beyond the household, only 15% of these women enjoy privileges as a result of their marital status. Those who participated in making major vital decisions either by themselves or jointly with their husbands had made a greater financial contribution to their families. These results suggest that the extent of economic contribution to the family influences women's participation in major decision making. In contrast, in-depth interviews and FGD revealed that the women in groups 3 and 4 were unable to participate in major decision making. In those families the decisions were made either by the men or appeared to be made jointly to maintain the guise of male co-operation. Although husbands in those families discussed complex issues with their wives, they made their decision independently. The following case stories provide some examples of this.

Case story: Joint discussion about decision making as a guise to hide male dominance

We have a dairy farm that we established by using my credit money. I took several loans and invested them in our business. I take care of the cows, feed them, milk them and provide milk to the customers. We both take care of our farm and my husband deals with all the financial matters relating to our business. Before we started our family business, my husband made all major decisions by himself and I used to comply with him without any argument. I have now seen some changes in my husbands' attitude and I notice that he prefers to ask me whenever he wants to do something, however in the end he still does what he feels is right (MC-25 from group 3 interview taken on 11 May 12).

Picture 7.4: Operating a dairy farm



Source: Field research

Case story: Little power in making major decisions

I bought two goats with my first loan. I cared for them and made a little profit selling goat's milk to some village people. My husband bought an auto rickshaw with my second and third loans. His income is four times more than mine and although he discusses crucial family decisions with me, in the end he still makes the final decisions regarding my kids' health and education and does what he thinks is right, irrespective of my views (MC-9 from group 4 interview taken on 8 May 12).

Picture 7.5: Rearing of goats



Source: Field research

In the families of groups 3 and 4, major decisions are mostly taken either by the husband or jointly but as a disguise of male dominance. Irrespective of the extent to which a husband heeds the wife's opinion, a culture of discussion has developed between the partners in the microloan receiving households.

Two (5%) respondents from group 5 denied any change in the traditional decision making pattern following their involvement in microfinance. They neither earned money nor were able to participate in decision making. While answering the question relating to taking responsibility for making minor or major decisions, these women responded that they hadn't experienced any change in this area and accepted their lack of decision making authority just as they always had done in the past. One of these women answered in the following way:

Case story: No change in traditional decision making pattern

I took a loan six times from ACD and handed all the money to my husband because I didn't have the accounting knowledge necessary to handle the loan. Moreover my husband also requested that I give the money to him. He and my two sons started a fish cultivation business with the loan and the profits maintained our four member family. My husband used to discuss all matters relating to the loan and household expenditure with my sons. I was unable to participate in decision making as I had no ownership of my family income. My sons always consulted their father if they had any demands. Microfinance has not brought any positive changes to my life. Nobody in my family values my views or allows me to make decisions. (MC-11, in depth interview on 20 Jun 12)

Picture 7.6: Rug sewing for family use



Source: Field research

Irrespective of the poor outcome experienced by the two respondents from group 5, the study does indicate that although there are areas relating to decision making that remain firmly in the male domain, many men are now showing a preference for consulting with their female partners prior to making decisions.

The study suggests that when poor women contribute financially to the family, the male members of the family pay more attention to the women's choices about family necessities. Following program intervention and women's involvement in income-generating activities, a large number of respondents said that they experienced a greater role in deciding family matters. In the case of participatory decision making, women often demonstrated the ability to make sounder and more acceptable

decisions than their partners. The microfinance program has motivated women to play a role in family decision making. So women's economic empowerment has directly contributed to their involvement in decision making.

In summary, microfinance has involved many women in activities at both the household and market levels. Women's money earning capacity has increased their decision making activities and this has further enhanced their bargaining power in personal, household and community affairs. Women loan recipients who are fully involved in an independent business-oriented income-generating activity, or who work jointly in their husband's business at the community/market level, have more decision making power than women involved in farming or who work as assistants to their husbands. The women's decision making capacity is, therefore, largely dependent on their money earning capacity or the degree of economic contribution they make to their families. For this reason, the women in groups 1 and 2 are in a better position to make both minor and major decisions because of their greater economic contribution to their families. In the families of groups 1 and 2, a significant shift from the margins towards a shared role in decision making was found. Sadly, in contrast, the women in group 5 experienced no change in their capacity to make decisions. In those families the male dominated decision making pattern persisted. However, this result must be kept in context as it represents only 5% of the total respondents. Although there was improved discussion between husbands and their wives around decisions for the families of groups 3 and 4, these husbands were still more likely to apply their own decisions in the end rather than jointly with their wives. This is a reflection of prevailing male dominance. Despite this, discussion between partners about crucial household decisions improved considerably for women in these groups. Moreover, women in all groups except group 5 tended to show discontent about the inequality between male and female in taking household decisions.

The research shows that changes are occurring. Nonetheless, radical changes from male dominated decision making to gender equal decision making will not happen overnight. There has been a process of shifting from the wife being marginalized with the husband exerting dominance, towards a more actively shared role by both in household decision making. This shift was found particularly in the case of groups 1

and 2 where women took part in the decision making process in order to establish their rights. This situation will be described more elaborately in the following chapter.

7.2.2 Microfinance and spousal violence against women

What changes have occurred in women's attitude and action towards violence? How?

Gender based violence is not uncommon in a patriarchal country like Bangladesh. Various forms of violence experienced during a woman's lifetime start at birth and continue until her death. Violence against women is an important indicator of women's overall subordination in rural Bangladesh. From childhood, women are raised with an understanding that they are worthless in comparison to men and that they have to depend on males for every single matter. Some situations and incidents of domestic violence demonstrate the male's assertion of superiority and dominance in the household. It is difficult to assess spousal violence against women at home as it is a confidential issue for them. However, an interesting finding from the in-depth interviews revealed that many respondents showed less hesitation in discussing violence issues, due to their acceptance of the researcher as their trustworthy friend. An open and secure environment was offered to each and every participant, ensuring that each interviewee had no fear of their discussion being overheard by her husband, NGO officials or other women from within the group or the community.

Despite this careful planning, 10% of respondents were still not very comfortable sharing their own stories, but they still articulated their grievances against men's bad attitudes towards women. Whilst participating in a series of individual in-depth interviews, the respondents reported that the majority of village women who were involved in credit programs had a changed attitude and perception towards their husbands. They identified credit as an important factor that contributed to an increase in their status within the family as well as to their husbands' behavioural change towards them. Most of the women also identified many direct and indirect benefits of their involvement in microcredit. For example, they reported the benefit of being less economically dependent on their husbands as well as being economically solvent to some extent. Consequently they received more respect and care from their husbands. Moreover, the husbands' attitudes towards their wives were indirectly influenced by

the NGO policy of providing credit money to females only. This argument is supported by the following direct quotes from the women borrowers.

I took loans four times from an NGO. I gave the first loan to my husband for his business and bought chickens for myself with the remaining three loans. Now I manage a small poultry business. Before joining in microfinance my husband used to quarrel with me over minor silly matters. I thought it was my bad luck (vaggo kharap) and I had no other option but to accept his ill behaviour. But now that I am supporting my family economically, his behaviour has improved towards me and he is much calmer. I think the NGO's policy of never giving credit money to men is another reason for my husband's changed attitude towards me. (MC-02 in depth interview on 22 Apr 12)

Before joining in microfinance my husband always rebuked me and I had to accept his ill behaviour as I was totally reliant on him for money. Now I have four cows which I bought with credit money and I sell cows' milk to people in my village. Most of my customers are my microfinance group members. I am now earning money and contributing to my family and my husband no longer rebukes me. (MC-10, in-depth interview on 27 May 12)

I am a five year member of a microfinance program. I can remember my husband's attitude five years back. He used to abuse me verbally (gala gali) and sometimes hit me physically. But when we came to know about microcredit, he realized the NGOs would not sanction a loan without my approval. So my husband started to behave politely as he needed credit money for our family business. (MC-28, in depth interview on 6 Jun 12)

I was unable to uncover further evidence about domestic violence through the focus group discussions as participants did not want to disclose information about such a sensitive issue in front of others. The information I gathered regarding male violence came from individual in-depth interviews only. The study revealed that before joining a credit program women were afraid of their husbands and some were beaten by their husbands. The interviews also revealed that the women who contributed more to the family economy tended to experience less spousal physical violence towards them. A reduced incidence of domestic violence was certainly reported by women who had been provided with a loan through membership of a microcredit program.

7.2.2.1 The effect of poverty and women's lack of economic contribution to their families

The primary data suggests that 70% of women respondents identified poverty as the root cause of domestic violence. Before their involvement in microfinance, these women had a high dependence on their husbands, especially economically. Many had desired to contribute to their family income prior to joining a credit program but had no capital to do so. This situation changed when they joined a credit program and received the capital to launch income-generating activities.

Consequently they started contributing to the household income and were no longer economically dependent on their husbands. To a great extent, violence against women correlates with their husband's inability to provide for the needs of his family. Women's self-employment mitigated the violence by enabling them to share responsibilities and no longer be dependent on their husband's income. The majority of the respondents identified firstly, their capacity to contribute to household income and secondly, their husband's changed attitudes, as the major positive outcomes of their involvement in microfinance. This finding was also verified by their husbands.

We have five members in our family including my parents. Before my wife's involvement in microfinance, I was the only income earner for my family. I really had to struggle a lot to maintain the family. Sometimes I failed to meet the needs of my children. I could not tolerate my incapability and quarreled with my wife very often. Once, my wife took out loans from an NGO, our poverty decreased. This relieved the tension and anxiety and consequently I no longer behaved so disrespectfully towards her. (Husband of MC -12, in depth interview on 1 Jun 12)

I admit that I was disrespectful to my wife when our family suffered from extreme poverty. When family demands take over, love flies out through the window. I rebuked my wife very frequently and used to tell her that she was worthless. Now she is contributing to the household expenditure with the profits earned by her tailoring business which she established with the credit money. (Husband of MC-22, in-depth interview on 5 May 12)

The above examples demonstrate that microfinance has helped to mitigate spousal violence by reducing poverty. In poor families the woman's economic contribution is vital and it strengthens her bargaining position within the household. Therefore it can

be reasoned that microfinance has contributed to the transformation of the spousal power relationship within the household.

The study results suggest that following their involvement in a microfinance program, women have a greater ability to protest against inappropriate behaviour and are more conscious of their rights and responsibilities. Accordingly males have also changed their attitude and behaviour towards their female partners. The following discussion details how gender power relations have been transformed within some households.

7.2.2.2 Effect of early marriage

My field study revealed that the majority of women respondents had a high level of awareness regarding domestic violence. They stated that domestic violence is now becoming less common. During our interviews many women unanimously agreed that although they had witnessed their mothers being beaten by their fathers, they themselves are facing less domestic violence by their partners. They expressed the view that male domestic violence is unacceptable and stated their opinion that partners must have respect for each other. The study revealed that women's participation in microfinance had a positive impact on the incidence of domestic violence.

Women respondents admitted that their participation in loan-initiated income-generating activities and socio-economic training received from NGOs assisted them to change their attitude towards male violence and masculine domination at home. Yet, in my primary research, early marriage was also identified as a significant cause of domestic violence, as is illustrated in the following quotes from some women respondents.

I got married when I was fifteen. I was far too young and I didn't know how to perform household chores properly. My husband's family treated me very poorly and criticized my ability to be a good wife. Now that I am twenty five and have more experience, knowledge and understanding I have been able stand up for my rights and prevent further violence. My participation in a microfinance program has increased my knowledge about what is right and what is wrong. Before joining the program, I was too young and inexperienced and had insufficient knowledge about my rights. (MC-12, in-depth interview on 22 Apr 12)

I was only seventeen when I got married. Tradition did not allow me to choose when to be married. Because I was so young, I lacked knowledge and didn't have the confidence to protest against violence. My husband and his family members did not show me respect. They made me feel that I was not perfect enough to take care of household duties. Because of the knowledge I have gained from my life experience, I would never allow my daughter to be married at an early age. Moreover the training I received from the NGO has helped me to think differently. Now I am more aware that male violence is not acceptable. (MC-36, in-depth interview on 23 May12)

I got married eight years back. My husband used to be verbally abusive. Now I am contributing to my family by operating a grocery shop business that I launched with credit money. I am now able to explain to my husband that his verbal abuse towards me is unacceptable. He now speaks more politely to me and shows me respect. (MC-26, in-depth interview on 25 Jun 12)

From the above quotes it can be clearly seen that since joining microfinance programs, the women have become more aware of their rights and have gained the ability to distinguish between justice and injustice. The women in one group were very open and disclosed their own experiences of domestic violence, while those in another group preferred to remain silent about their own experience but still showed an interest in talking about other women's experiences.

In both cases, however, the women expressed strong views against domestic violence. They identified early marriage and dowries as two important factors that contributed to an increased vulnerability to physical violence. I found it interesting that many women were happy to talk freely about their high level of awareness on the issue of violence. They emphasized their participation in microfinance groups as an important factor for giving them the confidence to speak out against violence. They stated that their ability to contribute financially to the family through participation in income-generating activities had helped them gain extra care and respect from their husbands instead of negligence and disrespect. These factors enhanced their status in the family and society. Also, the training provided by NGOs and the knowledge they gained from their fellow members assisted them to think about and react differently towards any kind of violence including verbal abuse.

However, there still remained a small number of women respondents (5%) from group 5 who acknowledged that they did not dare protest against violence and still abided by the prevailing social norms and practices.

I have been married for ten years and have two daughters in my family. My husband sometimes rebukes me in front of my daughters. Sometimes my husband's attitude hurts me but I know some women in the village whose husbands beat them quite often. I am happy that at least my husband does not beat me. I can't complain that he scolds me as he provides us with food. (MC-25, in depth interview on 25 Apr 12)

My husband is my guardian. He provides for my children and meets their needs. Although he sometimes hits me with a stick, he also goes to doctor to get medicine for me when I need it. Since he is taking care of me I have to obey him. I won't complain that he beats me because he is an 'umbrella for my life'. Who will give us food if he is not there? (MC-02, in depth interview on 10 Apr 12)

The data confirm that a small number of women respondents still acknowledge their husbands as their guardians and accept their husband's perceived right to inflict physical violence if they make mistakes. Such attitudes and beliefs are shaped by a gender biased social structure that does not allow women to think differently. Findings of the field investigation reveal that the majority of the respondents are very determined to challenge such social norms by protesting against masculine domination and domestic violence. I found most of the women to be very conscious of their rights and to have strong opinions against domestic violence.

The women challenged masculine domination and supremacy in families where males make all the decisions and women have no rights. Their protests against male domination challenged the social norm. The microfinance program influenced the women's changed practices in a number of ways. Women's economic contribution through involvement in income-generating activities using credit money enhanced their confidence to protest against male domination. Moreover, the group network strengthened their capacity to challenge social norms. The study confirms that the women in groups 1 and 2 made a stronger stand against domestic violence by using their group network to take action to save other women from domestic violence. The next chapter will explore this issue in more detail. However, I still came across a few cases where microfinance did not help to reduce domestic violence at home. These will be discussed in the following section.

7.2.2.3 Is microfinance always effective for reducing spousal violence against women?

The study demonstrated a few cases where microfinance did not work well to reduce domestic violence. In these cases economic contribution by the women appeared to

create new areas of conflict rather than reduce domestic violence or promote more positive gender relations. Five (12.5 %) women respondents from groups 4 and 5 shared their distressing stories of gender violence at home. Sometimes the violence occurred when women refused to transfer the loan to their husbands or when women wanted to invest the money in a sector that did not have their husband's approval. Three respondents also identified loan repayment decisions as the causal factor of a clash with their partner. They shared the following information with me:

There are three members in my family and we have no cultivable land. I took a loan three times from BRAC but was unable to utilize the loans effectively. I had to use the first loan for paying back a previous loan that I had received from a different NGO. The remaining two loans I had to use to pay for my daughter's medical treatment. My husband is a day laborer and he earns on average less than one thousand Taka (\$12 AUD) per month which is insufficient for our family. Moreover, since my husband is alcoholic he misuses our family income. My husband also misused a portion of my first and second loans as he is drug addicted. I refused to transfer the third loan to him. He started beating me and forced me to transfer the loan. It's his nature to rebuke me and my children for simple matters. I now have some savings with NGOs and have not shared the information with my husband. (MC-03, in-depth interview on 22 Jun 12)

There are four members in my family. My husband is a rickshaw puller and I bought a rickshaw for him with the first loan. He is an alcoholic. I have some savings with NGOs and have requested them not to share this information with my husband because he is not good at handling money. He prefers to waste (noshto) money. Sometimes he quarrels with me if I want to use the credit money in a productive way rather than transferring it to him. He always pressures me to transfer the loan to him so that he can buy alcohol (mod). When I refused to transfer the loan to him, he became verbally abusive (galagali korto). Moreover he has a conservative attitude. When I first wanted to join in microfinance I faced objection from him. Because he thought that if I join in NGO I would have to stay outside for a long time. I would have to deal with too many outside people. So I concealed my membership in NGOs for a couple of months. When he came to know about it he started beating me. This was not first time; it's his character to beat me absolutely for no reason. (MC-23, in depth interview on 1 Jun 12).

There are five members in my family including my elderly mother-in-law. I have taken five loans from BRAC. I was unable to utilize the first three loans to generate an income. I had to spend my first loan for my daughter's marriage, the second loan to buy some tins for renovating my house and the third loan for medical expenses for my mother-in-law. My mother-in-law was suffering from diphtheria and we had to spend a substantial amount of money for her treatment. My husband was a day laborer and had no regular income. Moreover, he was a regular alcohol user and wasted his income. When I took my fourth loan I wanted to purchase a cow but my husband wanted me to hand the money to him. When I refused to transfer the loan he started beating me. He always wants to make all the decisions and if I want to do something differently he rebukes me (galagali kore)" (MC-33, in depth interview on 2 Jun 12).

Apart from the above three cases, the study suggests that participation in microfinance has had a positive impact and has helped to reduce women's economic dependency on their husbands. This in turn has led to a reduction of domestic violence, especially physical violence. Whilst there were a few cases where microfinance didn't result in a reduction of violence, whether microfinance itself was responsible for creating household tension and violence in the first place was an important question to consider. The data confirms that in three of the five cases, the violent behaviour of the husbands was pre-existing and prior to their wives' involvement in microfinance. So the violent behaviour of the husbands in these cases was not created by microfinance. All three husbands were alcoholic and misused the loan money. It was in their nature to violently react when their wives refused to transfer the loan to them or wanted to use the loan for income-generating activities.

My field investigation also revealed that husbands' conservative attitudes can also work as a contributing factor to generate violence. The husbands of three women respondents were opposed to their wives joining the program. Some interesting answers were given by the husbands when asked the reasons for not allowing their wives to be enrolled. They perceived that household tasks would be ignored if their wives were involved in other activities outside home. Moreover they did not want their wives to liaise with male NGO staff members. The three women involved are relatively new members of microfinance. So another important factor which could affect a male's attitude and behaviour might be the hours that their partners (who are new members of microfinance) need to spend away from home to attend group meetings, etc. Eventually, these men learnt to adjust to their partners' increased self-

esteem and corresponding increase in family decision making and community involvement.

On the other hand the loan repayment burden was revealed as a causal factor for domestic violence in two cases from groups 4 and 5. In one of these cases, the client had multiple loans from various sources. When I asked the reason for this, she described her life experience as follows:

Case Story 1: Over indebtedness leads to violence

We have four members in our family. We have neither cultivable land nor enough money to lease others' land. I took a loan from ACD four times. I used the first two loans for food consumption and renovating the house. The third loan was used for my husband's medical treatment. My husband had to be admitted to a private hospital for three days following a serious road accident. With the fourth loan I bought a cow but the cow died after one month. My husband is a carpenter and has no regular income. I had to manage the loan repayments for my first loan by seeking help from my relatives and friends. For the second loan I had to go to money lenders to arrange my repayments. We used all the loans jointly but when repayment time came, my husband wanted me to take all the responsibility for paying the money. When repaying the third loan, I asked him "why should I always be responsible for the repayments?" Then he started shouting loudly and when I protested, he physically assaulted me. (MC-11, in depth interview on 27 Apr 12)

Case Story 2: Multiple borrowing caused negative impact on gender relations

I took five loans in total from BRAC and spent my first loan on my daughter's marriage ceremony and dowry. I had to use a local money lender to arrange repayments for that loan. I didn't want to give a dowry for my daughter's wedding but my husband forced me to use the loan money. My husband is a Mason (Rajmistri) but he never wanted to share the repayment burden with me. I really did not want to go to a money lender since they charge huge interest rates but I had no other alternative. I then took another loan from BRAC to pay back the money to the local money lender. I took a third loan and used the loan for medical treatment for my husband, so as you can see, I have been unable to use any of the loans productively. Having to take out a further loan to pay back my previous loan was a disaster and every time the repayments were due my husband and I quarreled with each other. Sometimes he beat me when I told him it was his responsibility to arrange repayments. (MC-28, in depth interview on 28 May 12)

The above two case stories demonstrate how the burden of debt and the struggle of repayment leads to household tension and domestic violence. Although not the only examples of multiple loans, these two cases highlight how debt has a negative effect on gender relations. Interestingly however, domestic violence did not appear to constitute sufficient cause for women to leave their husbands.

One major drawback of microfinance is the requirement that loan repayment instalments commence immediately after the clients receive their money. They are unable to wait for the first return of their loan initiated income-generating activities and either have to utilize their loan money or seek alternative income to make their first repayment. In extreme cases some clients have to take out a loan from a different NGO or from loan sharks in order to pay back their first loan repayment instalment. This situation highlights how microfinance can sometimes have negative effects on extremely poor women. Whether or not they have control of the money from the loan, they are the ones ultimately responsible for the repayments. This reinforces the point that microfinance works best for those who have some assets or have another source of income.

Women face serious difficulty when they fail to utilize the loan in a productive way. This is particularly so when the loan is used for buying food for the family, paying for medical treatment, arrangement of marriage ceremonies, dowry payment or for the repayment of a previous loan. Fortunately, the study findings revealed very few cases where women endured negative experiences due to having no other alternative source of income. In most cases where women experienced difficulty, their husbands were found to be alcoholic and wasted their family income. These women maintained that the first instalment for repayment of the loan should not start until after they get a return from their loan-initiated activity. Another major drawback uncovered by the study is that NGOs do not keep an appropriate information recording system relating to either consumers' previous loans or the appropriate utilization of credit money. Lack of appropriate records and monitoring systems sometimes lead to multiple loans and over-indebtedness. In such cases, women borrowers face great difficulty in repaying their loans and in certain circumstances, this result has a negative impact on these women.

Irrespective of some of the pitfalls of microfinance that may sometimes lead to a negative impact on gender relations, the study demonstrated that, except in a few exceptional cases related to husbands' alcoholic inclination, microfinance reduced the incidence of violence. The study suggests that participation in self-employment makes women less vulnerable to spousal violence at home especially where violence is related to poverty. Women's participation in credit-initiated income-generating activities makes them less economically dependent on their partners. Women's access to credit enables them to contribute economically to their families and this leads to less spousal violence as their status in the family is elevated. The women's economic contribution to the family therefore has a positive effect that leads to better and improved gender relations. Almost all respondents in the study showed their clear stand regarding anti-violence. This could be a major step towards women's agency against oppression and subordination. The study suggested that economic empowerment led to social empowerment because the women respondents who were more economically empowered were also skilled at exercising agency, negotiating gender relations and protesting against domestic violence.

7.2.3 Microfinance and women's increased freedom of movement

Does MF bring any changes in women's ability to participate in the public domain?
If so how?

The limited freedom of movement of rural women is rooted in a patriarchal society like Bangladesh. Rural women are confined within the four walls of their home to do all household chores. However, the field investigation revealed significant changes in the women's ability to be more active in the public domain. The microfinance program has brought positive changes in women's mobility, at least to some extent. In-depth interviews and focus group discussions revealed that most of the women respondents were unable to leave their homes before joining a microfinance program. It was not accepted by their male partners who simply did not allow their wives to go out of their homes or neighbourhoods. This situation changed for women after they joined a microfinance program as they were required to leave their homes regularly to make their loan repayments at centre meetings. Sometimes women also had to attend different training programs on health and social issues arranged by NGOs and these were held outside the village.

The study results demonstrate that women respondents now have more confidence when communicating with men because most of the field level NGO staff members whom they meet with quite frequently are males. Before their involvement in microfinance groups, many of these women used to stay behind their veil (*borkha*) when talking with males and most of them were unable to freely express themselves when they interacted with men. Now, they have gained more self-esteem and are more at ease when communicating with the opposite sex. Women's participation in groups and their increased economic contribution to the family has increased their ability to challenge the status quo. The women also reported that their husbands are more accepting of their increased freedom of movement. This freedom of movement has now become more accepted in rural communities.

Before joining the program my life was miserable. I used to stay at home under my veil and my husband and other family members did not allow me to go outside. When I became a member of a microfinance program of ACD, primarily I had to avoid all of my family members even my husband to attend the meetings. Gradually their attitude towards my time away from home has changed. Now I feel I have more freedom to be independent. (MC-12, FGD on 16 May 12)

I was unable to leave my home before being member of a microfinance group as my husband and his family would not allow it. Now I have the freedom to go out with my group members to different places such as local hospitals and relatives' homes in the village. My husband and family members began to accept my independence. Last year I sang a song in a local cultural program. This freedom was beyond my imagination before being involved in the microfinance group (MC-35, in depth interview on 4 Jun 12)

The following case story describes a woman's empowerment in the context of her ability to move more freely in the public domain and participate in community activities:

Case story: No more confined at home

As I was a proactive member of ACD, the ACD officials always invited me to attend training in the local and national offices. I participated in different agricultural, pottery and poultry based training courses. Currently I am operating a pottery business at the local market. I was also invited to participate in social awareness related training such as dowry, early marriage and domestic violence. Prior to my enrolment in microfinance I was treated as a religious outcast by village members. The males, especially old people, and even some females, were prejudiced against me and spread unkind

comments about me. But I remained very confident in my beliefs and my work and trusted that eventually people in the village would change their attitudes and respect me. It was a struggle to gain acceptance. I invited some of the people to training sessions arranged by NGOs and they soon began to understand a different point of view. I have initiated some major changes in my village in last eight years. Women are now coming out from their homes and have become involved in various income-generating activities. Most of the boys and girls are now attending school. These changes would never have been possible before I joined the microfinance program and the various training opportunities offered by ACD (MC-06, in depth interview on 1 Jun 12).

Picture 7.7: Operating pottery business



Source: Field research

The woman (MC-06) in the picture is a true example of woman's empowerment in terms of her active life in the public domain. By operating her own pottery business and also becoming an active member of NGO, she was able to bring positive changes not only to her own life but also to her community.

However, this increased capacity for involvement at a community level has not transferred to all activities. One of the noteworthy findings of the study revealed that women are still restricted from taking part in activities such as visiting the cinema, city markets or a relative's place outside the village. They can, however, now visit their children's schools or a medical clinic for treatment.

The following case stories from some of the women in my study illustrate the extent of women's independence in rural areas of Bangladesh.

I am a long standing member of BRAC. Before my involvement in the microfinance program I was unable to leave my home. Now, I am able to travel to the NGO office to attend meetings, workshops and training arranged by BRAC. I can also visit the health care centre if necessary. But I am still not permitted to go to the city market outside the village. It is not acceptable for women to visit these places as these are regarded as the male's domain. (MC-30, in depth interview on 11 May 12)

I have been involved in ACD for four years. I can still remember my life before I joined an NGO. I felt ashamed to communicate with anybody except my family members and I had to stay at home and do household chores. As soon as I joined an NGO, I had contact with many people, even male NGO officials. After attending a number of group meetings, gradually my freedom to travel away from my home increased. Now I not only go to centre meetings to make my loan repayments but I also travel to other places such as my kids' schools. Sometimes the school requests that at least one parent attends school programs. In last three years I have attended but prior to that my husband used to do it and had to sacrifice his other important work. Now I always attend my kid's school program, and my husband prefers this and is now confident that I can do the work as perfectly he does. (MC-10, in-depth interview on 15 Jun 12)

Focus Group Discussions confirm that since their involvement in microfinance groups, around 38 (95%) women respondents are now free to visit different places within the village. This demonstrates how women's involvement in microfinance has facilitated their ability to move more freely in their neighbourhood. Critics may argue that women's improved mobility outside their homes is merely representative of a generational or social change. However, my research suggests that the women's participation in microfinance is a catalyst that has sped up social change within society in general and particularly within the lives of women. Women respondents commented that their mothers' life styles were more confined than theirs. They also confirmed that their own lives were comparatively more confined prior to their participation in microfinance groups.

The field study revealed that women's participation in group meetings in particular improved their ability to move more freely outside their homes into their immediate neighbourhood. This freedom eventually led to their ability to visit other neighbourhoods, the village markets or the hospital if necessary. Thirty five percent

of the women respondents reported visiting different places out of their village to attend economic, social and legal training offered by NGOs. This initial independence gradually increased their self confidence and gave them the courage to visit other public places. Their movement in the public domain is now increasingly being accepted by their family members and society in general.

Although most rural women are still restricted from visiting city areas, microfinance has brought about positive changes with respect to their ability to independently visit public places such as their children's schools or the village health complex in case of an emergency. The study suggests that the women of groups 1 and 2 travel more freely to public places than those of the other groups. These particular women also have a good relationship with people at the village market due to their business achievements and enjoy more privileges such as attending various training programs in city areas that are offered by NGOs. Even with this improved freedom, women in all groups including groups 1 and 2, still have to ask permission from their husbands when they wish to leave their home to visit public places. Whilst microfinance has brought about some positive changes, most of the women are still mainly confined within their villages.

7.3 Microfinance and women's empowerment in local government

How and to what extent has microfinance empowered women in terms of improving their knowledge about political issues and their voice in local government?

While the previous discussion has highlighted the impact of microfinance on the transformation of power relationships at the household and community (including market) levels, this section will examine how and to what extent power relations are challenged at a political level. Specifically, whether and how women's empowerment at the household and market levels has expanded into local government will be explored. Involvement with local government is the highest level of women's empowerment in the region of Bangladesh under study.

Under-representation of women in the political sphere is very common in developing countries including Bangladesh. Local government representation is considered an essential platform for empowerment of the politically marginalized, including

women (Goetz, 2004). Although both the Prime Minister and the opposition leader of Bangladesh are women, the representation of women in both the cabinet and parliament is no more than 10%.

However, the introduction of a quota system is a significant first step towards bringing women into the mainstream political arena. In 1983, some reforms have been brought regarding the structure of Union Parishad (lowest tier of the local government system of Bangladesh). The quota for women members was set at three, with one from each ward but the provision of direct election for the post of chair and nine members remained the same. In, 1993, the Local Government (Union Parishad) Amendment Act was passed in Parliament to ensure the minimum representation of women. The Act provided for the division of each union parishad into nine wards. In addition, a quota of three seats for women was introduced but women had to be elected by the votes of the elected chair and members of the union parishad (Ahmed: 2001: 3 cited in Panday, 2008, p.494). Finally, The Local Government (Union Parishad) Second Amendment Act (1997) introduced direct elections in the reserved seats for women, these being one-third of the general seats (Panday, 2008, p.494).

When undertaking gender analysis, there is a tendency to overlook women's participation in local politics. As political equality is the highest level that should be aspired to for women's empowerment, it is essential to determine the level of women's involvement in local elections and at the agenda setting table. This study explores the direct or indirect impact that socio-economic empowerment has had on women's political empowerment. The field inquiry focuses on both the knowledge and engagement of women in politics. The women were asked what knowledge they have about the political system, their means of access to it and their voting rights. They were also asked whether they were involved in local politics, whether they were represented in local government bodies or if they campaigned for specific candidates in elections. The women were also asked whether microfinance had any direct or indirect influence on their knowledge and engagement in political affairs.

Table 7.2: Knowledge and engagement in politics of respondents

Questions	Yes (N=40)	%	No (N=40)	%
About knowledge				
Do you know about your voting rights?	35	87.50%	5	12.50%
Have you voted in last election?	34	85%	6	15%
Do you support any political party?	39	97.50%	1	2.50%
About engagement				
Are you a member of any political party?	4	10%	36	90%
Have you contested in local election?	4	10%	36	90%
Did you campaign for specific candidate?	6	15%	34	85%

Source: Field research

The field data revealed that respondents have a very good level of knowledge about political parties, election and voting rights. As the table shows, 35 (87.50%) women respondents had knowledge about their voting rights while only five (12.50%) did not know their voting rights. Thirty four (85%) of them voted in the last election whereas only six (15%) did not vote in the last election. Almost all supported a political party. Nevertheless the findings relating to personal engagement in politics shows a poor result when compared to the knowledge level. The findings reveal that only four (10%) were members of a political party and contested in local elections, while, in contrast, a significant number, 36 (96%) of women respondents were not actively involved in politics. When asked whether they had ever campaigned in support of a specific candidate, 34 (85%) instantly replied ‘no’ while, in contrast, only six (15%) had worked actively for their chosen candidate.

The field investigation revealed that although not actively involved in local politics, most women respondents had a good knowledge about the *Union Parishad* , whereas very few were found to be actively involved in local politics. A small number of women did campaign for their preferred candidates. The graph shows a significant gap between

knowledge and engagement in local politics. Although the women have a basic understanding of voting, candidates and local elections, they are not actively involved in them. Questions relating to their level of understanding about voting issues elicited mixed responses.

I am very aware about my voting rights. I vote for my choice of candidate and do not follow other voters' suggestions. To be very honest five years ago I did not vote at all. When I became a member of the microfinance group, an NGO brother explained my citizen rights to me and encouraged me to vote. I have voted ever since. NGO brothers always tell us not to be influenced by others when casting votes. (MC-40, in-depth interview on 1 Jun 12)

I like to cast my vote every time there is an election. Both our leaders are women so even though I support a specific party I am happy with whoever wins. I learnt about the process and importance of voting from television advertisements and talk shows that focused on voting rights. (MC-11, in depth interview on 20.04.2012)

I was not aware of voting issues before joining microfinance groups. Since I joined, friends encouraged me to vote for one of my fellow members who was contesting a position for Union Parishad. I not only cast my vote but also campaigned for her and was very proud when she won a seat in the local election. (MC-24, in depth interview on 26 May 12)

Although women respondents provided mixed answers about their knowledge of voting issues, almost all of them stated that they had exercised their own personal preference when voting because NGO staff had advised them not to be influenced by others. More importantly, many of the respondents admitted that before their involvement in microfinance groups, they were more easily swayed by local leaders who tried to influence their voting choice. In contrast, after involvement in the microfinance program, they had the confidence to remain silent when local elites tried to influence their voting choice. The data suggest that the respondents were more informed about voting, their political rights and local politics following their involvement in the microfinance program.

In contrast, when questioned about their engagement in political activities only four (10%) of the women respondents reported that they were actively engaged in local politics. All four women were found to be from groups 1 and 2 (see the typology of women entrepreneurs in previous chapter). When asked whether they were involved in politics before contesting a seat in local government elections, all of them replied that they had no involvement in politics before contesting a seat in an election.

Further questioning revealed that the political involvement of all the women was indirectly influenced by their involvement in microfinance and they considered their membership as a platform for sharing knowledge and ideas with the other group members. They also said that group meetings provided a place for discussing daily life issues and that group members could raise important issues and concerns with them when attending group meetings to make their repayments. They acknowledged that some of their group friends had also campaigned for them. Three of the women perceived that microfinance had significantly influenced their political life since their NGO apa (sister) and their fellow microfinance group members had encouraged them to take part in local government elections. Only one was inspired by her husband to participate in local elections. Though they were encouraged by NGO officials to contest an election, the reality of being a candidate resulted in many challenges. The following case stories represent the challenges that women members had to face while taking part in a local election.

1. Case story: empowerment in local government or status quo?

I passed my Secondary School Certificate a few years ago. My husband was a local government member and he wanted me to become involved in local politics. Women had to be nominated by the Chairman as there was no quota system, so I was unable to participate. Once a quota system was introduced both my husband and NGO sister (apa) encouraged me to contest a seat at the local election. I was unable to freely campaign at night and I had to depend on my husband for campaigning in distant places due to my lack of adequate transport. My microfinance group friends also campaigned for me but I found it difficult to make my own decisions as my husband financed my campaign. Even after I won a seat in the election, my husband made all decisions on my behalf. I had to follow his advice as I had little knowledge about my duties. I was also unable to help my group friends when they came to me with their problems. As I have to follow my husband's wishes, I am now unsure whether I will be taking part in the next election. (MC-12, In-depth interview on 22 May 12)

2. Case story: Dependency on male UP members

I never thought of participating in politics because I had the perception that it was a male's domain and politics was generally controlled by the power of money. However, once the quota system was introduced to direct elections, I was encouraged by my family and my MF group friends to contest a seat. When I began my work as a UP member, I found I was unable to be involved in decision making

and at times I was not even invited to meetings. I was unaware of my responsibilities and when I sought help from others, they were also unable to assist me as there were no SOP's (Standard operating procedures) for female members of UP. I also did not receive any training to perform my duties. I had no other alternative but to depend the male UP members. (MC-32, in depth interview on 12 Jun 12)

3. Case story: Dependency on husbands and exclusion from important committees

My husband is involved in politics. When he lost his party nomination in the last election, he urged me to take part. I had to depend on my husband to campaign on my behalf and to cover my costs, so I was unable to make decisions independently. Before the introduction of direct elections, it was up to the Chairman to nominate candidates. Direct election in reserved seats really motivated women to become involved in politics. This provided women with the opportunity to make a contribution to policy development. However, it was my experience when I was a party member that women were excluded from important committees and their decisions were not properly valued. (MC-21, in-depth interview on 20 Jun 12)

The study results reveal that when women contested a seat in local politics, problems arose from the very beginning of their journey, especially with respect to their ability to campaign successfully. Although they received support and help from their group friends, their limited knowledge and the necessity to campaign at night meant they had to rely mainly on their husbands and male family members to campaign for them. This placed the males in a position to not only influence decisions but to take a leading role in the campaign. Transport was another issue for the women. Many women revealed that they had to rely on a *rickshaw* which is generally used for shorter distances and they raised this as one of the major problems they experienced when campaigning. All of them avoided campaigning too far away from their home due to transport problems and they had to rely on their husbands to act on their behalf.

Another important aspect of the practicalities of campaigning related to the women's ability to finance their campaign. When I questioned the four respondents who had reported being election candidates, two of them stated that their husbands had provided the finance while the remaining two revealed they had used their savings with NGOs to finance their campaign. Contesting an election is very expensive in Bangladesh and interviews with women respondents revealed that on average, they

had to spend 50,000 *Taka* to 100,000 *Taka* (1AUD = 80 BDT) which is very high. This cost deters other potential female electoral contestants.

Moreover, after being elected as members of local government, three respondents out of the four declared that they were excluded from important committees such as finance and audit, and their roles and responsibilities were not adequately defined. They had to depend on the male UP members to propose or initiate any action. There was no appropriate training or charter for females in reserved seats. In my research study I found only one woman who was empowered at all levels from household to the state level (local government). She is an active member in local government and the following story reveals her level of empowerment.

Case story: Woman's political empowerment

At school I passed class five. For the past five years I have been working as a group leader for a microfinance group. I also undertook BRAC's nursing training and I am currently working as a nurse in my village. I had a very good relationship with an NGO sister (apa) who inspired me to contest a seat in the local elections. I knew that my group members and the people of the village respected me for my behaviour and position, so I learnt about various election aspects from the NGO sister and contested the election with money I had saved with BRAC. I won a seat and since then I have always tried to improve conditions for my group members as well as other village women as they are the most vulnerable citizens. Before joining UP, I found that village women were scared to go to the UP Chairman to discuss their problems, but now they can easily come to me to ask for help. Sometimes microfinance group members also discuss their problems at the group meeting. I always listen to the concerns of my group friends and other community people and raise their needs to the UP Chairman. I always try my best to help my community (MC-30 from group 1, in-depth interview on 25 Jun 12).

Picture 7.8: The woman standing is an active member of UP



Source: Field research

While this example demonstrates true empowerment for this particular woman from group 1, this is an exceptional case in Bangladesh. The study suggests that very few women actually take part in elections and those who do take part face many challenges. Most women struggle to have a voice in local government, because they don't have access to the committees that are responsible for making the major funding decisions. Their resources do not match the size of their electorates because they are subject to patriarchal family structures and are dependent on the power and money of their husbands if seeking to be elected.

Although the provision of a quota of seats in a direct election provides an opportunity for women to participate in political affairs, women's participation is still very limited due to a range of factors. The respondents claimed that they were not properly informed about their roles and responsibilities as the political charter does not provide for this. It only includes the responsibilities of the Chairman and the members of general seats. The women also declared that they were excluded from important committees. Although the field investigation does not reveal a clear relationship between microfinance and women's political participation, there is an indirect nexus between the two as the women were inspired and supported to take part in local elections by microfinance group members and NGO officials. However, the local government election process does not provide equal access and participation for women.

On the positive side, the findings suggest that by and large, microfinance respondents acknowledged a positive influence of microfinance on their political life with some respondents affirming that their knowledge about voting rights, local politics and political parties had increased since their participation in microfinance. Some respondents also acknowledged that the media had an impact on their understanding about politics. But all of them reported that their involvement in microfinance had enabled them to exercise their voting rights independently in contrast to their previous position where their voting decisions were negatively influenced by local elites and their husbands. The study revealed that prior to their involvement in microfinance, the women were exploited by local leaders, politicians and village elites and they were unable to exercise their social rights independently due to their poverty and lack of proper guidance and knowledge.

While the level of participation of women in local politics remains unsatisfactory, the few women respondents who were involved politically acknowledged the positive influence of being a member of the microfinance program. All of them declared that they were highly motivated to take part in elections by NGO leaders and their group members. They stated that group meetings worked as a platform for sharing knowledge, making informed decisions and receiving encouragement. This finding is supported by Kabeer (2011) who argues that the BRAC approach and its activism have prepared women to take on local politics. She draws attention to ‘decentralization of government to the local level’ and new provisions since 1997 which allow women to be directly elected to reserved seats at the local level (in place of the previous practice of nomination) and suggests that years of activism have made NGO group members credible candidates in these elections (p. 518). Nonetheless, the discussion in this chapter demonstrates current challenges that still remain and restrict women’s proper political participation in Bangladesh. Women’s empowerment at a household, market and the village level still doesn’t carry over to the state or local government level concurrently and, as the field investigation demonstrates, the socio-economic empowerment of women does not translate simultaneously to political empowerment.

However, the findings of the study reveal that the effect of microfinance on women’s empowerment is beyond doubt. The discussion carried out so far is primarily based

on the material (credit) aspects of microfinance. It is essential to also look at whether the non-material aspect of microfinance has had any impact on the overall empowerment of women. The next chapter will explore this intangible aspect of microfinance.

7.4 Conclusion

In summary this chapter examined the extent to which and the ways in which microfinance transforms gender power relationships at various levels across different sectors such as family, community and state (local government). Women's empowerment is deeply rooted within existing historical gender relationships that have influenced wealth and power distribution. Who has what? (How the resources are distributed); who does what? (Division of labour); who decides what? Who influences the decisions? Gender analysis is, by and large, embedded within the answers to these questions, some of which have been considered in this chapter.

By investigating the socio-political involvement of women, this chapter has focused on the question of how and to what extent women's empowerment at the household level has spread to the community level. The study findings indicate that although many women respondents are empowered at the household level, not all of them are empowered at the community level. The data confirm that the women in groups 1 and 2 are in a better position to exercise power both within and beyond the household as a result of using microfinance. It is important to explore why the women of the other groups did not experience the same outcome even though they were members of the same program. The study results revealed that there are socio-economic factors that may have influenced the overall process of transforming gender power relationships. The accumulation of social capital generated from microfinance groups is one of the important factors that have contributed to women's empowerment. The following chapter will explore whether/how new stocks of social capital has been created through microfinance programs and the effect this may have had on women's overall empowerment at all levels.

8. MICROFINANCE, SOCIAL CAPITAL AND WOMEN'S EMPOWERMENT

8.1 Introduction

While the previous two chapters highlighted how and to what extent financial capital affected women's empowerment, this chapter examines whether and how microfinance creates new stocks of social capital through networking and whether this has an impact, either positive or negative, on women's empowerment. Discussion about the connection between microfinance and the growth of social capital is not new in the literature. However, the existing debate and discourse relates more to whether social capital can be a useful tool for the success or failure of microfinance. There has been limited discussion with regard to whether new stocks of social capital can be created through microfinance and there has been very limited debate about how this might affect women's empowerment.

The chapter is divided into three broad sections. The first section explores the extent to which and the ways in which a woman's newly acquired stock of social capital is created through microfinance. It also seeks to evaluate the effectiveness of the social capital generated from microfinance with regard to improving women's socio-economic empowerment. The second section of the chapter focuses on the extent to which and the ways in which social capital affects women's individual and collective empowerment. In other words how women have been able to carry out both individual and collective actions at the community level by using the new platform provided by their fellow microfinance members. The third section of the chapter focuses on other critical factors that influence the women's empowerment.

8.2 Creation of new stocks of social capital through microfinance

Women who are members of microfinance groups are required to attend group meetings on a regular basis. This study revealed that the opportunity to participate in a group has helped women to develop new networks in many ways. Through group based interaction women have formed new relationships and networks as well as a measure of comradeship with one another. The women respondents reported that,

due to these connections, they no longer feel isolated from society. One of the respondents explained this change as follows:

Before joining in microfinance groups, I had to stay at home and do all the household chores. I was not permitted to leave the village even in emergency situations. I even had to get permission from my husband to visit my parents. One day my next door neighbor wanted me to go with her to her daughter's school which was not close to our house, but I had to decline her invitation as I had to cook a meal for my husband. Now group members often call one another for help in an emergency such as children's sickness or borrowing money and other household items such as rice, potatoes etc. Now we are always available to support each other in case of an emergency. We have a feeling of camaraderie (bondhutto) and have developed a sound level of trust between ourselves and always support each other. These are feelings we didn't have for each other before joining in the program. (MC-18, in depth interview on 25 Jun 12)

8.2.1 Group association and 'we' feelings

Through group based microfinance programs, women are required to engage in economic transactions and this provides opportunities for frequent interactions with other group members. The data confirms that the commitment involved in membership of microfinance programs in some way also helps to develop social relationships amongst group members. Before their involvement, the women did not have this kind of relationship or feelings for one another even though they lived in the same locality or community. Regular face-to-face interaction has strengthened mutual understanding amongst the women. Some respondents explained this in the following way:

I have been living in this village for ten years. In first five years I had no interactions with my village neighbors. I always kept to myself in my home. But after being involved in groups, I started visiting my group friends' homes quite frequently. We all have a very good relationship with each other and like to participate in social events together. (MC-08, in depth interview on 7 Jun 12)

Before joining a group we never considered each other's problems. Now we always look out for each other and if any of us experiences any kind of problem, we always like to help in any way we can. Every group member likes to be aware of each other's troubles but prior to our involvement in groups we never interfered with another's personal difficulties. (MC-12, in depth interview on 10 May 12)

Whilst historically women were restricted in their ability to be involved with their community, involvement in microfinance groups has changed that and they are now able to offer support to each other if the need arises. The study suggests that the women's involvement in microfinance groups has brought about positive changes to their relationships at the community level. Whereas the pre-existing family, relative and neighbourhood ties did not provide them with the platform, commitment or motivation to either talk to or support other community members, the introduction of microfinance has changed this situation. Women now have a sense of responsibility towards the other group members and have the courage to talk about their work with each other and provide support to each other when necessary. This outcome is illustrated in the following report by women borrowers:

Before joining a microfinance group we neither had feelings of companionship (bondhutto) for one another nor any platform to work with each other. Some of us wanted to provide support to women in the village when they faced problems but as females we had no group power. Now we have a place to sit down, talk and discuss how to resolve particular issues/problems that might exist at either a personal or community level. (MC-38, in depth interview on 1 Jun12)

I had to get married at a very early age. After my marriage I became a victim of domestic violence and my husband beat me regularly. He was also drug addicted and wasted all our savings. This left him unable to contribute adequately to household expenses or to provide and care for our only child. Once I bought and reared seven goats but he sold all of them in my absence and didn't use any of the money for the family. When I questioned him about his actions he started beating me with a stick. My neighbours came to see what was happening but did not stand up for me against him. When my husband left they tried to make me understand that "as a female, we cannot complain and we have to tolerate the abuse because males are providing us with food." Nobody protested against this view. Since then with the help of an NGO sister (apa), three of our group members complained in the BRAC legal aid section and BRAC assisted them to file a case. My husband is now afraid and has had to improve his behaviour towards me. I am sure I would not have had to suffer like this if the group had existed when I was first married.

She went on to say that:

One of the other group members had to suffer abuse in her in-laws' house. They forced and tortured her to bring more dowry money. One day, some of our group friends went to her home when her husband was beating her. Our group members frightened him by threatening to seek the help of an NGO sister to file a case against him. Since then

her husband has stopped beating her and is showing her more respect. (MC-21, in depth interview on 01.07.2012)

NGOs place a significant emphasis on the importance of attending regular loan repayment meetings and this has gradually led to the development of group solidarity amongst women attendees. Women, who may not have known each other prior to joining these groups, have now developed new relationships with each other. They no longer see themselves as only having relationships confined to family and kinship, but also as now having the ability to choose and build on relationships of their own preference. So my primary research has demonstrated a clear nexus between membership of a microfinance program and relationship building. However, the question remains as to whether all women respondents can utilize new stocks of social capital to increase their level of empowerment.

8.2.2 Bonding social capital and low levels of empowerment

Whether/how pre existing social capital empowers women?

The field examination suggests that prior to their involvement in microfinance, the majority of the respondents had no networks other than their family and kinship groups. The study also suggests that women's participation in microfinance groups has provided them with both material and non-material benefits. The material benefits relate to women's access to credit money through NGO membership, whilst non-material benefits focus on the creation and cultivation of new stocks of social capital through group participation and networking. The question remains, can and do all women respondents utilize their new stocks of social capital to achieve greater empowerment?

The research study revealed that the women in groups 1 and 2 (see the typology of women entrepreneurs in Chapter 6) only benefited from new stocks of social capital generated from microfinance at the bridging level. This group of women created and used new networks to manage their economic and social activities. This was not the case, however, for women in some of the remaining groups who were unable to use new stocks of social capital in the same way, and this left them less empowered. These women did, however, enjoy a small increase in their empowerment at the household level. They were the women who fell into categories 3 and 4 and who

mainly had limited or no control over loan utilization and family income and expenditure. The study results also show that these women were either comparatively new members of the groups or were irregular attendees at group meetings. Other factors that limited their empowerment and hindered their ability to benefit from group networks included lack of education, training and family support, in addition to the burden of household chores, child care responsibilities and limited time spent at centre meetings.

Case story: Inability to use new stocks of social capital at the bridging level

I have been involved in BRAC for a few years. I have taken out five loans in total. I handed over all loan money to my husband for his pottery business. I also help my husband voluntarily in this business. I never interfere in monetary decisions relating to his business. Last time I bought a cow with part of my loan. I took care of the cow and milked it by myself. I asked my husband to take the milk to one of village leader's (morol) homes for me and he always handed over to me the payment he received from selling the milk. Despite this small income, I still have to depend on my husband for the major family expenditure and I also have to depend on him for making key family decisions. Some of my group friends increased the number of cows and have now converted their business to a dairy farm. They started off their business like me and then as they increased the number of cows they owned and their business expanded, they also employed group friends to help them. I am unable to do this as I have four kids, with the youngest being only one year old and I have nobody to take care of them. This means I am also unable to spend much time in group meetings. I just go and return quickly. Some of my relatives are advising me to expand my business but I do not dare because I have nobody to support me (MC-30, in depth interview on 11 May 12).

Picture 8.1: Rearing of cow



Source: Field research

Case story: Dependency on the existing bonding social capital

I took out loans from ACD four times. My mother-in-law was the actual member and then when she died, I continued her membership in my name. My husband is a rickshaw (local vehicle) puller. With the first two loans, I renovated my house. I gave the third loan to my husband to buy a rickshaw and I bought four goats with the last loan. I cared for the goats and sold two of them and made a profit. I also sell goat milk to one of my neighbours. I have to depend on my husband's income for my family expenditure and I do not dare make any crucial family decision without asking him. I know one of my group friends has expanded her business and it has now developed into a big goat breeding business. I am sure she was motivated by our group friends, some of whom have clients from the adjacent villages. Unfortunately my husband does not like me spending too much time in group meetings. I dream of expanding my business but I have nobody to help me. If I was able to spend more time with my group friends, I know I would be able to establish a goat breeding business one day (MC-34, FGD on 25 Jun 12).

Picture 8.2: Rearing of goats



Source: Field research

Small scale income-generating activities are generally confined to the home. The data confirms that one of the reasons for the low empowerment experienced by these women is their confinement to home which results in the inability to utilize their microfinance group networks to expand their existing home-based income-generating activities. These women volunteer more and spend more time on household chores just for the purpose of meeting their basic needs. This limits their world view and has contributed to their lack of power to meet their strategic needs. Although some of them have some existing bonding social capital at the kinship and neighbourhood level, their *habitus* is still primarily shaped by the limitations that result from their dependency on their husbands for making major decisions within and beyond family matters.

The research suggests that at the bonding level, microfinance tends to increase or decrease the existing social capital. Two cases were identified in Chapter 7 where microfinance led to domestic violence against women. The examples given illustrated a reduction of the existing stock of bonding social capital at the kinship level. Unlike the women in groups 1 and 2, women in the other groups depended on the existing bonding social capital which was limited by their kinship and neighbourhood ties. They failed to utilize their MF group networks to access new sources of social capital that they could have used to expand their work from home to

the community level. Some of the women participated in collective social welfare activities, but none of them participated in challenging key community issues either individually or collectively. Their individual empowerment was also still low although they did show some improvement at the collective level. These findings will be discussed more thoroughly in the second section of this chapter.

8.2.3 Bridging social capital and improved empowerment for women

How and to what extent have new stocks of social capital generated from MF empowered women?

This section seeks to explore the extent to which and the ways in which new stocks of social capital have been generated from the effect of microfinance on women's empowerment at the bridging level. The theory of network highlights the point that networking plays an important role in building social capital and demonstrates an understanding of how impoverished and disempowered women can use networks to transform power relationships and bring about the changes they desire (Lin, 1999, p. 34). The field investigation revealed that prior to their involvement in microfinance; the majority of women surveyed had no social networks apart from their relatives and next door neighbours. The groups created and sustained through microfinance programs provided a new networking facility for women respondents, yet not all of them were equally empowered to utilize their new stocks of social capital to their advantage.

The study results suggest that the women in groups 1 and 2 were more empowered than others as they were able to utilize their kinship and microfinance group networks to expand their community wide social networks. As shown in Chapter 6, not only did they have control over their income and expenditure but they also had access to markets and were involved in local trade associations. They were in a far better position than women in the other groups to fulfil their strategic needs. They enjoyed greater empowerment at both the household and the community level due to their ability to expand their networks. They also possessed good bargaining and decision making skills when participating in household and community affairs, although very few of them were also involved in local politics.

In almost all cases, I found the 14 women in groups 1 and 2 utilized their group networks to their advantage, expanding their loan-initiated income-generating

activities and their involvement in other community activities. When exploring why these two groups appeared to be more empowered than the women in the other groups, I discovered some factors that appeared to foster their empowerment. One of the most important of these factors was their ability to utilize new stocks of bridging social capital that was not previously possible. These women not only utilized their financial capital but also their social capital at the bridging level to empower themselves and place themselves in a better position to use both capitals more productively than the other groups of women. The following three case stories provide examples of this.

Case story: Assistance from group networks

I am a five year member of ACD and I have taken out five loans during my membership. I used my first two loans for renovating my house and then I decided to start a business. I now have a grocery shop at the local market that I set up with credit money. Before joining the microfinance group I had neither money nor any business experience or knowledge. Fellow group members gave me advice and now that I am in business they are my main customers. My group members also encouraged other people in the village to buy produce from me. Before I launched my business I struggled with poverty and I always worried that I might lose my business. But my group members reassured me that they would support me by always purchasing my produce on a regular basis. Now I am making a profit from my business. I know some other women like me who are also managing poultry farms, dairy farms or other small shops. They are also encouraged by the support of their MF group members. In the beginning their group friends encouraged them to launch their business. In my case, group members advertised my business to others in the community and encouraged them to buy products from me. Now I have very good relationships with different groups of people in the community. Females of the village come to me to buy eggs, biscuits, cakes, puffed rice etc., and males come to me to buy cigarettes. In the afternoon, the older people of the village come to my shop to have tea and biscuits. Sometimes local leaders (morol) discuss community issues with me while they enjoy a cup of tea in my shop. Sometimes they invite me to the village shalish and I have a very good relationship with everyone. The people of the village prefer me to take a leadership role in community welfare activities and women sometimes come to me for advice. I am also thinking of taking part in the next local government election as I have the support of the local people and think I have a good chance of winning a seat. Not only am I financially well off but I also have a good reputation in my community. (MC-04, in depth interview on 22 Apr 12)

Picture 8.3: The woman operating grocery shop in the village market



Source: Field research

Case Story 2: Using bridging social capital

I make clothes by hand stitching cloth and I sell them at the local market. I started this business with a loan from an NGO and I have been involved in BRAC for four and half years. In the beginning I wasn't sure what business I wanted to be involved in, until one day one of my MF group friends encouraged me to start a tailoring business. I didn't know anything about tailoring, so she invited me to her house and taught me how to sew with a sewing machine. I wanted to pay her for that informal training but she refused to take money. I bought my own sewing machine with my credit money. In the beginning I relied on my kinship (barir) members to help me with my business. Then I decided to expand and I employed some of my group members. They order clothes from me and some of them help me to market them. Not only do my group members work in my business but they also advertise my products for me as well as delivering them to the customers. My business is profitable because of the help and support of my group friends. I have now expanded my business and recently employed some non-members and young girls of the village. All my group and non-group employees are very happy as they now earn some money and have something to do. I was lucky that I was able to get help from both my family and group members to expand my business and also be in a position to employ some non-member community girls. I have now developed networks with some boutique shops in urban areas outside my village and they also buy my products. Not only have I benefitted economically but I have also developed new social relationships. Everybody in the village knows my name and often come to me for advice. (MC-18, in depth interview on 25 Jun 12)

Picture 8.4: The woman operates a tailoring business in the local market



Source: Field research

This woman has been able to expand her network through her membership of the microfinance group. Access to a regular supply of credit has allowed her to take advantage of both her credit and her husband's existing family network. This has enabled her to invest in new network building opportunities outside the family unit (bridging social capital). She combined her kinship and credit group networks to create a new network and with this network she now conducts her tailoring business at the local market. This has enabled her to earn a profit as well as enjoy the resulting social benefits her work has provided.

Case story 3: Use of intra and extra community linkages

I have been involved with an NGO for nearly five years and with my first two loans I bought goats, ducks, hens and four cows. By selling the cows, I was able to buy a weaving machine and now I make seven or eight towels per day that I sell at a wholesale rate. I also have a list of specific buyers who purchase my cows and I communicate with them by phone. I have also leased out an orchard of mangos for three years and this provides a yearly income. I learnt how to weave towels from another group member and I go to the market to buy the thread. I have now employed some of my group members to help me with my business and I have also employed some housewives of the village. As a result of my business enterprise, I have now developed some very good relationships with other community members in addition to my family and neighbours. Some of my customers are also my group members and they have helped advertise my business to people from neighbouring villages. I now have a wide circle of customers outside my village as well as a network of customers at the local markets. My

business is very successful and this has brought me respect in my family. My three sons always seek my advice before doing anything. (MC-28, in depth interview on 01 Jul 12)

Picture 8.5: This woman operates her towel weaving business



Source: Field research

She also purchased a mobile phone with the credit she received and uses this for operating her business. The phone has helped her to strengthen her social networks. Many of her customers are microfinance group members but she also takes orders for her towels from other village people and contacts her customers by phone to organize a delivery time. She also makes a small profit by allowing other people in the village to use her phone for a small fee.

The study confirms that these three women, along with all the other women from groups 1 and 2 who were more empowered at both household and community levels, utilized their microfinance group networks to expand their businesses. The women from within these networks were their main customers and they all advertised their business on each other's behalf. When expanding their business, some women also employed other group members. Thus the women in groups 1 and 2 utilized new stocks of social capital originating from microfinance groups to expand their income-generating activities and they used this new platform to become involved in various collective actions to tackle key social issues in their community (as elaborated in the second section of the chapter). As described in the previous chapter, these two groups of women also showed their changed *habitus* towards domestic violence, and

their social mobility, in addition to using their networks to transform gender power relations at various levels. Therefore, at the bridging level, microfinance created new stocks of social capital and modified the existing stocks because the women of groups 1 and 2 used their credit and kinship/neighbourhood networks to expand their economic and social activities at the community level.

New stocks of bridging social capital that were available for the women of groups 1 and 2 also gave them opportunities to expand their entrepreneurial activities at the community level. These findings support Jetti's (2006) conclusions regarding bridging networks. She argues that impoverished women initially depended on their families for accessing credit but as their business expanded they acquired the necessary skills and resources to participate in extensive networks that assisted them to enter into the mainstream economy (p. 64).

The research suggests that the women in groups 1 and 2 were able to utilize all the positive advantages of belonging to microfinance groups. Their continuous economic attachment with the groups motivated them to remain as members of the group and this generated additional networks. In those households, power was jointly or fully exercised by the women. Furthermore, as shown in the previous chapter, these women enjoyed more freedom to move around their community and were also able to take a role in decision making and had greater social mobility. This argument also fits very well with Bourdieu's (1977) theory where he states that power follows on from the ability to mobilize capital. A continuous supply of credit combined with the opportunity to save money motivates women's regular participation in groups. This continuous economic interaction facilitates reciprocity and cooperation amongst them. This research demonstrates that not only does microfinance provide credit support but also facilitates women's continuous interaction through group participation and networking, further promoting their socio-economic empowerment.

8.3 Dynamics of microfinance groups, social capital and women's empowerment

Whether/how social capital empowers women at both the individual and collective levels?

I conceptualize social capital as women's ability and tendency to engage in personal and community actions through utilizing the support available through their networks. My primary research explored how and to what extent women's empowerment was affected by the new stocks of social capital that were generated by their membership of microfinance groups.

This section shows the extent to which microfinance creates new networks that motivate women to get involved, either individually or collectively, in community actions. As far as my study is concerned, collective action is defined as the joint effort undertaken by a microfinance group or groups. An appropriate level of empowerment for women can only be achieved if their household level of empowerment spreads to the community level. To become involved in community actions, women have to be empowered not only socio-economically but also psychologically. Psychological empowerment is related to the level of a woman's self-esteem and awareness as well as her knowledge and opinions regarding various social issues such as dowry, early marriage, girl trafficking, domestic violence and drug addiction. This raises questions such as: Do women have knowledge about these issues and have they taken actions against these issues either individually or collectively? Did microfinance impact on their level of awareness and engagement? Did social capital generated from microfinance impact on their actions? If so, how? Women's psychological wellbeing is as important as their economic wellbeing and this section of the chapter seeks to explore the answers to these questions.

Almost all women respondents acknowledged that their awareness level had increased since their participation in microfinance programs. When I asked the question 'How?', most women mentioned various social training programs and the knowledge exchange that occurred within microfinance group meetings as factors that had influenced their transformed attitudes and behaviour towards various social issues. However, not all of them agreed that their engagement in the community had increased following their involvement in the program.

8.3.1 Awareness and action

Women's psychological empowerment includes the 'power within' which is primarily rooted in the level of a woman's self-esteem, self-efficacy and psychological wellbeing. The field investigation demonstrated that women preferred to attend meetings regularly. In responding to the question 'Why?' most of them identified their high desire to hear their names spoken by the NGO official as it gave them a sense of self-identity. The women also valued the experience of being shown respect by the officer and being treated as an educated person. In addition to this, they also appreciated being given the opportunity to become a group leader, treasurer or secretary of the MF group and this created a sense of leadership and self-worth amongst them. The women were also pleased to be given the chance of saving their own money with NGOs. Some respondents expressed their feelings as follows:

Nobody knew our own names before being involved in the microfinance program. People used to use possessive terms representing their relationship to their family's male members; for example, they were someone's daughter, wife or mother. We did not have our own identity. Now NGO officials call us by our own name. We feel honored (shommanito) as this shows the respect they have for us. Now people in the village also address us by our own names. (MC-13 in depth interview on 30 May 12)

I have some savings with BRAC and I receive 10% interest on that account. This is my money and nobody can withdraw any of it. Anybody can do anything against me but they will not be able take out my money. It's my asset and nobody else has a share in it. (MC-15 in depth interview on 12 Apr 12)

These examples demonstrate a direct relationship between women's participation in microfinance and their level of self-esteem and confidence. The study revealed that before joining a microfinance group, they used to be recognized either by their husband's or their father's name, but now they have their own identity. Belonging to a group creates a sense of self-identity and power and for those women who have taken on leadership roles in a microfinance group; this has led to special social recognition for them. One of the respondents said:

After our involvement in the groups, people know my name very well whereas previously they only knew me by my husband's name. After becoming a group leader, my group friends started to call me by my name. Soon my name also became known throughout the village. I also took a leadership role in revoking underage marriage (batil) in my neighbourhood. Now I am recognized and people know my name

wherever I go. This was beyond my imagination prior to being involved in microfinance groups. (MC-24, in depth interview on 1 Apr 12)

In the socio-cultural context of rural Bangladesh, women are deprived of social acknowledgment. Consequently, social recognition for their activities is an important achievement for them. Lin (1999) suggests that members of social groups with similar interests and resources derive their identity from their membership (p. 31). Lin's opinion fits in very well with my data given that women respondents reported gaining social prestige and recognition as a result of their membership in groups.

The following discussion reveals how the women expressed their awareness of various social issues within and beyond household matters. However, when questioned about their efforts to take action against prevailing social norms and power structures, comparatively fewer women responded. The findings of the study suggest that in the majority of cases, the women in groups 1 and 2 either individually or collectively, were engaged in challenging key social issues that affected the community. Therefore, they are comparatively more empowered both at household and community levels. This will be discussed in the collective action section.

The following discussion reveals that most of the women respondents are aware of a variety of social issues but only few engaged in challenging actions motivated by their awareness.

8.3.1.1 Awareness with regard to children's education and health

The data confirm that prior to their involvement in microfinance groups, the majority of respondents had little or no knowledge about domestic and family health, child health, nutrition and social issues. Following their involvement in microfinance groups, they were able to share and exchange their knowledge with each other when they attended group meetings. They sometimes sought advice from their fellow members and due to their exposure to new places, ideas and people, they have gained more confidence. The study suggests that after their involvement in microfinance groups, most of the women respondents (85%) expressed awareness with regard to children's education and health.

Case story: Knowledge about children's education from group members

Before being a member of microfinance program I had to do all the household activities and my services were unpaid. I was not given any choice and I had to beg every single penny (Paisa) from my husband. Now I am very happy as I am earning my own income. I bought a hand machine with an NGO loan and I am sewing and doing embroidery to earn an income. Now I can visit a doctor when I feel sick. I am able to send my two kids to school and I have a greater awareness about their health and education needs. Before joining the program I had neither the knowledge nor the money to take my children to better hospitals when they were sick. I was also unaware of the importance of girls' education. My participation in MF groups has provided me with a lot of knowledge about the necessity of education. This has all been made possible due to my participation in microfinance groups. (MC-18, in depth interview on 25 Jun 12)

8.3.1.2 Awareness regarding various laws

The study suggests that MF group meetings and group based training enhanced women's knowledge about various laws relating to divorce, the marriage portion⁴³, inheritance law, land ownership law, acid throwing laws, rape laws, religious law (Hindu and Muslim law), various social and family laws, civil and criminal laws and how to access legal institutions to get legal support. Sometimes members also asked each other for information and advice. One of them said:

After joining microfinance programs we became aware of many laws that were previously unknown to us. Sometimes NGO brother (vai) informed us about important laws. I particularly remember one law relating to verbal divorce (Moukhik talak). One day a new member came to our group meeting with a gloomy face. When we asked the reason she started crying and explained that her husband had advised her verbally that he had divorced her. We explained the legal divorce laws to her and advised her to inform her husband. The next day she returned with a smile on her face and said her husband had complied and repented his behavior. (MC-22, in depth interview on 1 Jul 12)

8.3.1.3 Awareness regarding dowry and early marriage

The data also confirm that most of the women respondents (80%) were aware of the rules relating to dowry and early marriage. They identified dowry and early marriage as two significant catalysts for males' violent behaviour. This supports the findings of Rocca et al (2009) who found that over half of the respondents in their study

⁴³ Dower that a husband has to allot for his wife at wedding

reported having experienced domestic violence at least once in their lifetime and a quarter of them reported they had experienced violence in the past six months, with the women whose families were asked for additional dowry being more likely to report domestic violence (p. 577).

I am attending legal literacy classes (ayinshikkhar class) to learn about the law. My husband verbally divorced me (moukhiktalak) five months ago. At that time I was not aware of the law but I am aware now and I know my rights and realize this was not legal. I will now work according to the law and suggest others to follow the right law. (MC-12, in depth interview on 10 May 12)

I got married when I was 16 and became pregnant at the age of 18. I had a difficult pregnancy because I was immature and didn't know how to take care of myself. Early marriage made my life very difficult in every way but I have learnt from my experiences. I also attended awareness raising drama and theatre classes arranged by NGOs and these made me realize how early marriage can have a negative effect on physical and mental health. We discussed the consequences of early marriage with one another during group meetings. I don't want my daughter to go through what I have done. (MC-08, in-depth interview on 7 Jun 12)

My father-in-law wanted dowry when we married. He demanded 50,000 Taka (\$700) but my father was a rickshaw puller and couldn't manage the whole amount and only paid half. Sometimes, my father-in-law rebuked me, and my husband physically abused me when pressured by his father to do so. Our NGO sister (apa) and our group leaders have talked with us and we now realize that dowry is not right. I will encourage my daughter to be educated and earn an income so that she can say to her in-laws that 'I am a dowry for you'. (MC-06, in depth interview on 20 Mar 12)

The data confirm that the majority of respondents do not agree with the practices of early marriage and dowry that are rooted in the society and they admitted that they did not think like this before joining microfinance groups.

8.3.1.4 Attitude and perception towards son preference

The field study revealed that 75% women respondents showed less preference for producing a son. The study suggests that a strong preference for producing a son was sometimes linked with the dowry issue. Before their involvement in microfinance, many women perceived that only sons were able to earn and take care of their elderly parents and be the backbone of the family. It was their understanding that daughters would have to disregard their parents' needs once they were married and

furthermore, that dowry was required when they married. It was their membership of a microfinance program that provided women with a new way of thinking and also the realization that their daughter would be in a position to help them and dowry would be unnecessary providing she received an education and gained employment.

Besides taking two loans I attended the NGO's social training. This training enabled me to think differently about the role of women and girls. I used to think boys were more important because it was their role to care for their parents and when I gave birth to my daughter I was upset. Now I realize that girls are also important and can have a close relationship with their parents. What is important for any child, whether a boy or a girl, is to be well educated so that they can get employment. At our group meetings we always discuss issues like this with each other and I know many of us now think differently about our daughters. (MC-16 depth interview on 16 Mar 12)

I have two daughters. People in the village including my in-laws kept warning me that I would face problems when the time came for me to arrange dowry for them both. This made me upset until I received advice from an NGO sister (apa) that garment workers don't have to pay dowry. So I am not worried so much about dowry now, as I realize it will not be required when my daughter marries provided she has employment and her own income. I also discuss this with other group members so that they change their views about their daughters. MC-24, in depth interview on 1 Apr 12)

The above discussion demonstrates that women's awareness regarding crucial social issues has increased since their participation in microfinance. However, it also revealed that 20% of the women respondents still consider that dowry is a necessary component of a girl's marriage and that without it their daughter will be unable to marry. One woman made the following interesting observation: (MC-11) “*When rich (boroloke) people give cash/kind when their daughter is married it is called a 'gift' but the word 'gift' turns to dowry for the poor (gorib)*” Another respondent (MC-39) stated:

If we don't give money to the boy's family, the boy's parents will choose another girl whose family is willing to pay dowry. So, we have no alternative but to give dowry. Even though I attended an anti-dowry based training program last year, the reality is different.

In relation to the women's views regarding early marriage, 20% of the respondents expressed societal pressure as one of the reasons their daughters married at early age. One of them (MC-09) said “Even if we don't want our daughter to be married early, rural society expectations binds us to conform. Rural people will keep saying—your

daughter is growing older, how will you be able to sell (bikri kora) her?” I was shocked by this response as it made me realize that such degrading attitudes about females still existed. Even following training from NGO’s, there are women who are still not aware of the issues relating to dowry and early marriage.

Likewise, despite women respondents having attended training programs, there remained a further 25% whose way of thinking regarding the role of a son has not changed. One of them (MC-33) said:

Although some of my group friends always say that daughters and sons should share the same status within the family, can daughters look after their parents like sons? I think, for the first born child everybody prefers a son rather than a daughter.

The above discussion demonstrates that although 20-25% of women respondents are still unaware about some crucial social issues, the majority did have an awareness. This latter group identified training, group participation and interaction as the factors that enabled them to perceive these issues differently.

However, awareness of various social issues does not automatically lead to empowerment unless it can be translated into action. One may have knowledge and awareness but may still feel helpless or unable to act according to knowledge. Therefore, it is essential to investigate whether the women’s new awareness has motivated or enabled them to take actions and make changes that affect themselves or others. The following discussion and empirical examples reveal the state of women’s empowerment at the community level.

8.3.1.5 Actions undertaken by microfinance members using new platform

The field investigation revealed that apart from kinship ties, the majority of respondents had no networks prior to their involvement in microfinance groups. As members of microfinance groups, women borrowers experienced significant changes in their life through social mobilizations. Some became involved in social welfare activities such as promoting community resources that mobilized the poor (discussed below in Section A); some took actions that involved challenging patriarchal norms and social injustice (discussed below in Section B); and some took actions that

influenced not only their group members but also non-group village women, resulting in effects that spilled over into the community.

A. Collective social welfare activities

The study results revealed that 70% of the women respondents from all groups of both villages participated to some degree in collective social welfare activities. It was noted that those collective actions were taken under the leadership of the members of group 1 and group 2. Moreover the collective actions that challenged patriarchal norms (discussed below in section B) were also mostly taken by members of groups 1 and 2 from both villages. A very interesting research finding was that such collective actions were undertaken by a specific group of women respondents from both villages. The following discussion looks into examples where women have taken the initiative to act collectively to improve the social welfare of the community.

Mobilizing to solve community problems: One year prior to data collection, many houses in Chokkapashiya village were destroyed due to river erosion and many of the houses that were made of mud went under water. Some of the people from the village went to the home of a Yousufpur *Union Parishad* member to request help and support, but their request was ignored by the political leaders of the village. A number of women from microfinance groups took the initiative to raise the issue at the UP office. The group leader reported the following:

Last year river erosion took away our happiness. Many people lost their homes and the suffering of our village people knew no bounds (Durvogor shima chilo na). Some village people went to the UP Chairman's office to seek support but nobody cared for those vulnerable people. Then five of us from two microfinance groups decided to take our own action and eventually we were joined by the majority of the microfinance members from the other groups. We called a meeting in front of the primary school and proposed that we forward a formal request letter to the UP chairman and obtain signatures from as many villagers as we could. We then invited other village people to support us by collecting signatures. We also invited the men of the village to support our letter as evidence of our power of collectiveness. We went to Union Parishad office directly. The women respondents used their platform to get the support of political leaders at the Union Parishad and then went to the office as a group to meet with the UP Chairman. We submitted the formal letter to him and informed him that we would seek help at a higher level (Upazila)

if he did not take immediate action. Instant action was taken by the UP Chairman. He somehow managed to fund and recruit people to build an embankment on the river side. Not only did he take action to rebuild the edge of the river, but he also provided financial support to the vulnerable people, saving the whole community from unbearable loss. We five initiated the first step and then other MF members of different groups and other community people came forward to help us (MC-14, FGD on 23 Apr 12)

Repairing village infrastructure: In Dewyanpara village people became isolated and were inconvenienced as the village pathway became impassable during the monsoon due to flooding. In order to find a solution to the problem, the community people tried to gain the attention of local government officials and other local political leaders but their requests were ignored. Then a few village women of both VOs (MF groups) took the initiative by coming forward and taking action to try and solve this longstanding problem. Soon a good number of MF members joined with them and they also invited men of the village to support their effort. They decided to take action collectively instead of relying on the local government bodies. Some supplied money and materials while others contributed their physical labour including the majority of the women who took the leading role of repairing the village pathway. Seeing the community come forward to take action, the local UP Chairman contributed some money to support their collective effort. The efforts of the women were rewarded by their success in repairing the pathway. The group leader of VO (Village Organization) described the initiative as follows:

Village people had to suffer for long periods when the road remained waterlogged during the monsoon season. Seeking a solution, the villagers tried to gain the attention of the local Union Parishad and other concerned local authorities but failed to get their support. In the end just six women respondents from both VOs (MF groups) came forward and took the initiative to take action. We formed a working party named 'Polli Samaj Sangathan' (rural community institution) to come up with a plan to solve the longstanding problem and invited other village women including MF group members and non-members as well as other community people to explain the project. We also requested males of the village to help us to rebuild the road. In the beginning males did not want to help us because they felt shy to work under the leadership of women. We made them understand that it is group effort and we needed their help. Soon they were convinced and wanted to support us. MF members, non-members and old and young members of the community all helped to complete the project by providing finance and labour. It was a substantial task for the community, but it was just a matter of taking the initiative. As nobody

had been willing to take the leading role, we took up the challenge as we had a good network and we had faith that anything is possible when actions are taken collectively. Even the males of the village came to help us overcome the hurdles. When the village people united to take action, the Union Parishad Chairman also extended his support. The committee members commenced the work in the presence of the local UP Chairman and members and by the end of last month had successfully completed the earth dumping works as a result of their active and spontaneous participation. If any problems arise in the future we will always take actions collectively for the betterment of the community. (MC-12, FGD on 11 May 12)

So the group of MF members initiated and led the whole process and managed to also gain the support of others. The road repair work built confidence amongst the village women involved as well as community members. The leader of this collective effort soon became an informal member of the local government body. She began to receive invitations to participate in various meetings of *Union Parishad* that were held to address public service problems such as health, family planning, education, sanitation etc. as well as social crimes such as trafficking, addiction, sexual violence, early marriage, polygamy, gender discrimination and violence against the women of the community. This particular woman was also invited to provide her advice and participate in making decisions at the village *shalish* and the village court in *Union Parishad*. As far as the position of rural women in Bangladesh is concerned, this woman is an exceptional case.

Another very important social mobilization action carried out collectively by women respondents was to seek eligibility for social security benefits offered by the government, such as old age pension, disability pension, VGF, VGD etc. My primary research indicates that once women respondents in Chokkapashiya village prepared a list of people in the village who had a disability and submitted it to the local government, those who met the criteria could have a wheel-chair supplied by the government. The issue of social security provides a firm ground on which women can negotiate and NGOs are pushing for women to be included in social security provisions that exist in the country.

B. Actions that challenged prevailing social norms and power structures

The study reveals that although many women respondents came forward to participate in collective social welfare actions, fewer participated when the community actions related to an issue that challenged patriarchal norms. The following examples demonstrate that women of groups 1 and 2 from both villages were active in undertaking actions to challenge social norms and practices. The study results suggest that women from the other groups were not as keen as those in groups 1 and 2 to participate in any challenging actions. This proves their comparatively lesser degree of empowerment at the individual level. The study, therefore, confirms that women of all groups (excepting groups 1 and 2) are empowered collectively, yet their individual empowerment is still relatively low and this impedes their ability to take part in challenging community affairs either individually or collectively.

Collective action to fight early marriage: The field research revealed that in Dewyanpara village, a 16-year-old girl was forced by her parents to marry. The girl did not want to be married at such an early age but her parents did not respect her wishes and pressured her. The girl sought help from her neighbouring microfinance group members to stop the marriage. This group invited other women from various MF groups to join them in a collective effort to stop the marriage but many of them refused to participate. Eventually only eight women took the initiative to act and went to the girl's house to explain to the parents that they would be violating the law if they forced their daughter to marry under the age of 18. They tried to make it clear to the girl's parents that according to marriage law, a woman must be 18 years old before being married. Moreover, if they forced their daughter to accept an underage marriage, the little girl would most likely suffer serious physical and psychological harm. At first, the girls' parents refused to listen to them. The group leader then threatened to file a case against the parents at the legal office of BRAC and at last the parents agreed to cancel the wedding. The following quote comes from the leader of this collective action:

Under age marriage is a conventional social practice in rural areas of Bangladesh. The parents of the little girl planned to violate the marriage law by secretly forcing their 16-year-old daughter to marry. I had learned about different laws when I did human rights based training offered by the NGO. Our group effort helped us achieve success. Eight members of our group each provided the parents with

information. They could have ignored one of us but they could not ignore eight people's appeals. They finally realized that they were wrong and cancelled the wedding. (MC-16, FGD on 18 Mar12)

Individual action to fight against early marriage: Focus Group Discussions revealed that the sister of one of the MF group leaders was forced to marry when only 15-years-old. She proudly said:

I believe if we want to take action against early marriage we have to start from within our own homes as a first step. Consequently, with the help of my network members, I took action to try and stop that wedding. We can surely achieve success if we work together as a collective. If every woman does her part by explaining the laws to the people in her own village then information will be quickly disseminated. In my village, children didn't go to school so I went door to door to raise awareness about the importance of education. Now there are very few children not going to school. (MC-12, FGD on 22 Apr 12)

This kind of individual and collective intervention influences the community people at the very least to comply with the law relating to the correct age for the marriage of their children. These actions represent a perceptible shift away from the conventional norms of the society.

Mobilizing in response to drug addiction: The field research revealed that five months prior to data collection, a group of drug addicts in the village had begun to harass adolescent girls in Dewyanpara village. They also created difficulties in their own families. One day an adolescent girl from the village was on her way to school when she was confronted by the gang who sexually harassed her and threatened to abduct her. She rushed to a nearby house belonging to the microfinance group leader to inform on them. The group leader approached the women's networks for support and also asked for help from male community leaders. The group leader invited women members of all MF groups to take action against sexual harassment and drug use in their neighbourhood but only six members out of sixteen came forward to join the collective effort. Six members of MF groups and some male community leaders of the village went to the group of drug addicted young boys to teach them a lesson but the boys argued with them. One of the respondents gave the following account:

Although we invited our entire group of friends from both VOs, only six of us came together to challenge the alcoholic gang. We also asked male community leaders to join us. In the beginning the gang started arguing with us. They continuously said that they would do what they like and nobody could stop them. They became so aggressive that we decided to quit the place and went directly to police station to complain to the police to take legal action against the boys. The police officer praised us for our good effort and assured us that he would take action against the gang. After few days we came to know that a few of the gang were taken into jail and they were no longer able to harass the young girls. We wanted to teach men that they can't just go around destroying women's lives and to make it clear to them that such behaviour will not be tolerated anymore. (MC-36, FGD on 22 May 12)

This practical example of the collective awareness of injustice experienced by village women proves their psychological empowerment at the community level.

Action against male violence: As mentioned previously, due to their involvement in microfinance, most women respondents experienced less domestic violence at home. It is important to look at whether they can challenge violence at the community level either individually or collectively or, in other words, whether they are able to work collectively with other women in the community to protect each other from domestic violence.

Group effort and the collective power to protest against violence: In one case, microfinance group members took collective action in order to provide support to a young woman who was not a member of the microfinance program. The field study revealed that the woman who lived in the Chokkapashiya village was badly injured by her husband. Her husband occasionally assaulted her physically. She wanted to take legal action against her husband but when he became aware of her plans, he tried to kill her. His attempt to murder his wife was unsuccessful as a group of the women borrowers went to the home and broke the door down to save her. Although the woman had serious head injuries and was bleeding, her husband left her inside the home. When the leader of a nearby MF group was made aware of the incident, she provided their collective fund⁴⁴ to cover the cost of her treatment. Unfortunately

⁴⁴Collective fund refers to a special type of fund which is collected from every member of the group once a fortnight. Every member of the group is obliged to hand over 2 Taka to the group leader for the fund which is used for providing various welfare activities for the community, especially vulnerable females.

the fund was not enough to transport her to the hospital for the necessary treatment, so some group members took the initiative to take her there. After her admission, the group members became aware that the woman needed surgery that would require more money. A group of ten women then hurried back to the village to raise more funds for her surgery.

Although more women were needed to collect funds, unfortunately only ten came forward to join the effort. Some women respondents refused to be involved in the collective attempt to save the woman. The group then canvassed other village members to raise funds and finally collected the full amount necessary for the surgery. The group leader described the story as follows:

The woman had to remain in hospital for five days so some of the members of our group organized a roster to provide the food. We needed more people to do our job more efficiently but many women from the local microfinance group refused to help us. Luckily a few women from nearby microfinance groups went to the local schools daily to collect donations and the woman had successful head surgery and was fully cured. We went to the NGO leader and filed a complaint against the woman's husband. ACD's top level officials along with our group of women visited the woman's parent's to ask whether they were happy for us to pursue legal action. After gaining their approval, ACD sought legal action against the man pertaining to his domestic violence. Following that the man became scared and with a newly acquired respect for his wife he went to the hospital to take her back home. I believe membership of microfinance groups gives us courage as a group and helps us to be aware of our rights and duties. (MC-12, FGD on 12 May 12)

The field research revealed that another woman of the village was often physically assaulted by her cruel husband and mother-in-law. The woman went to a nearby women's MF group to make a complaint against her in-laws. She also wanted to go to *Union Parishad* to seek a legal judgment but a group of eight microfinance members used their influence to arrange *shalish* with village leaders to help find a solution to their problems. The husband was penalized and was bound to follow the ruling. Now the couple is leading a happy life. They invited women from the other microfinance groups in the village to join in *shalish*, yet many of them refused to participate. When one of them (MC-11) was asked the reason why she didn't join in *shalish*, she answered: "*It's their personal matter and I don't think it is wise to become involved in others' personal matters*". Therefore it seems that it is usually

only a particular group of women respondents who are willing to take part in challenging actions.

Actions against dowry related violence: Although dowry is a serious issue that is found to be a root cause of domestic violence, it still has its strong roots in society. Group action has managed to rescue women from dowry related violence. In-depth interviews and focus group discussions revealed that many group members emphasized their newly acquired ability to challenge domestic violence as one of the key achievements of their program membership. They not only participated in collective action for their group members, but also for others who didn't have affiliations with microfinance. However, the study suggests that only the women of groups 1 and 2, either collectively or individually, had the courage to participate in challenging actions at the community level. The following examples demonstrate their individual efforts towards reducing violence at the community level.

Individual action to protest against violence:

I intervened twice in my neighbour's family matters. My next door neighbour used to seriously physically assault his wife for dowry money. I went to support the woman and protest against the violent behaviour. Although initially my husband did not support me to interfere in another's family matter, he became supportive the second time when he realized that this cruel practice must be stopped. When the male neighbour was confronted by both of us, he stopped assaulting his wife and eventually gave us his promise that he would never assault her again in his life time. (MC-14, in-depth interview on 22 Apr 12)

I protested against male dominance on one occasion after watching my next door neighbour constantly use controlling behaviour with his wife. One day when he was assaulting his wife for dowry, I went to their home and asked him "Why are you assaulting your wife?" In reply he said, "It's our private business and we don't need anybody to interfere in our family affairs". But the woman rushed to me and wanted my protection saying "I do everything for my family but my husband never respects my feelings and he sometimes assaults me." I warned her husband that I would register a complaint against him in the legal aid section of BRAC if he did not change his behaviour. I told him about some instances in other villages where women had filed cases against their husbands with the help of BRAC. I also told him how the males were penalized for their offenses. My warning scared him and he stopped assaulting his wife and from then on I never heard any more commotions from their home. (MC-32, in-depth interview on 12 May 12)

The study suggests that although a good number of women respondents joined in collective community welfare activities, many of them refused to participate in challenging community actions either individually or collectively. It was evident from the field research that the level of these women's individual empowerment was still low and this impacted on their ability to become involved in challenging community actions. This is illustrated in the following direct quotes from the women:

I know violence is a bad practice, but if I interfere in another's personal life, the male will say, "Why are you interfering in our personal matters? I am her husband. I provide food and clothes for her and take care of her. You are not the one responsible for feeding her, so why are you interfering? She is my wife; I can do anything I like with her." (MC-25, in depth interview on 25 Apr 12)

I think male violence is a very bad practice and every man should respect his wife. But what we can do? I know a person who is alcohol addicted and he assaults his wife when he is drunk. The woman yells, "Help me, help me!" I wanted to help her, but I knew that if I interfered in their personal life, there was a high possibility that I too would be assaulted by her husband. I didn't have enough courage to help her. (MC-02, in depth interview on 10 Apr 12)

So although all groups of women became involved in welfare related community actions such as mobilizing public goods or repairing village infrastructure, only the women of groups 1 and 2 had the courage, either individually or collectively, to take challenging actions at the community level such as protesting against violence or early marriage. The data confirm these two groups of women were empowered both individually and collectively and they used their group power to challenge social norms and practices. What is evident here is that women feel more powerful when they have the strength and support of other group members and this enables them to support each other when protesting and taking action against abusive, violent or dominating behaviour from husbands or in-laws. Furthermore, a number of women shared their life experiences and the study demonstrates that networks and social contacts originating from microfinance groups helped them to speak out against violence. This finding is consistent with a research report (PROWID, 2000) that claims that the propensity of domestic violence is decreased when women are educated and have a network of social support (p. 14).

The field investigation revealed that group lending norms in microfinance programs brought women together at regular intervals and this resulted in new networks being

developed outside their familial network. Participation in groups and networking transforms women's agency and their capacity to undertake actions at the community level either individually or collectively. Through group networking, NGOs are able to increase the women's confrontational power, a characteristic that was seriously lacking prior to the establishment of the MF groups. MF groups place an emphasis on building a shared community that brings women together as members and workers, crossing the divides of age, religion, marital status, social status, etc. By utilizing bridging social capital, women's empowerment has extended from the household to the community level. However, the study suggests that not all women can equally utilize the economic and social capital generated from microfinance. One of the reasons that has emerged is their lack of sufficient levels of cultural capital (knowledge, education) and this impacts on their ability to utilize other forms of capital gained from microfinance (Bourdieu, 1977).

The empirical examples of collective action mentioned in the earlier section revealed that comparatively more women respondents took actions for community social welfare activities and this had a spill over effect to non-members and other community people. However, when it was necessary to take challenging actions against patriarchal social norms, comparatively less women respondents were found to be involved. Both types of actions were taken under the leadership of women of groups 1 and 2. This illustrates that empowerment at the household level does not extend to the community level in the same way. The study findings suggest that there is a positive relationship between the utilization of new stocks of social capital and women's improved levels of empowerment. It shows that apart from utilizing material/economic/financial capital, women of groups 1 and 2 were also able to utilize non-material/social capital gained from microfinance more effectively and this enabled them to expand their economic and social activities throughout the community. This raises the question as to why these two groups were able to utilize economic and social capital more effectively than the others when all groups were members of the same microfinance program. I hypothesize that there must be other factors that enabled women of these two groups to perform comparatively better than the others. The following discussion seeks to explore other important factors that assist women to more productively utilize economic and social capital generated

from microfinance. The following factors play key roles in determining the level of women's empowerment.

8.4 Other critical factors within and beyond microfinance

In Chapter 6, I mentioned the typology of women entrepreneurs, noting that the women in groups 1 and 2 outperformed the women of other groups and were able to utilize the economic and social capital more productively. Their *habitus* was no longer shaped by dependency and they were able to meet their strategic needs. As stated in the previous section, these women took part not only in collective social welfare actions but also challenging community actions. It was of interest to me to determine what other factors influenced the women's ability to attain beneficial advantages from microfinance membership.

The first significant factor that enabled the women of groups 1 and 2 to outperform was the category of work in which they were involved and its impact on economic outcomes. Working outside the home was more empowering than working within the home, as the women were able to draw on their group and community networks to generate more capital. Other factors that had a positive effect on outcomes are described below.

8.4.1 Microfinance related factors

Length of membership: Empowerment is a continuous process of change and the study revealed that the women's level of empowerment was greatly influenced by the length of time they were members of an NGO. The longer their membership, the more opportunities they had available to them to increase their self-development. These opportunities brought about positive changes to their lives and enabled them to become more empowered. The study revealed that the women in groups 1 and 2 were involved in NGOs for a longer period of time (5 years or more) than those of other groups. These women received more training opportunities because they were more well-known to the NGO officials. They also held leadership positions in the microfinance groups.

8.4.2 Demographic factors

Age: A person's age is a crucial determinant for participating in any type of work. A young person usually has a far greater ability to apply his/her eagerness, dedication,

conscientiousness and motivation towards successfully achieving goals. So the age of the borrowers is very important in the context of their ability to escape poverty and achieve empowerment. It is obvious that the younger age group outperformed adolescents and elderly women. The study revealed that all the women of groups 1 and 2 were young and active. This gave them extra opportunities to utilize both the material and non-material products of microfinance more productively than the older or younger women.

Education: Women's decision making agency is largely dependent on their level of education. Education also enables women to have an impact at the immediate family, neighbourhood and community levels. The women who are most educated utilize their loans in more productive ways and consequently enjoy greater capacity for making decisions in personal, family and community matters. Higher literacy levels bring more participatory space for women in their families. The comparatively well educated women are also selected as group leaders, cashiers and secretaries of microfinance groups and this helps develop and increase their leadership skills. These women can more easily influence their husband's attitude and behaviour towards their empowerment.

Educated women utilize their loan in income-generating activities whereas uneducated women sometimes use their loans to meet household needs such as buying foods, the marriage of children, religious festivals, and social activities or to repay previous debts. Educated women are also able to utilize social networks more effectively than uneducated women. Education can be termed as cultural capital (Bourdieu, 1977) and cultural capital assists women to utilize other forms of capital such as economic or social capital. The study suggests that the women in groups 1 and 2 were comparatively better educated than those of other groups and this enabled them to utilize both tangible and intangible products of microfinance more effectively and efficiently.

Marital Status: Marital status was found to be important with respect to women's empowerment. The study showed that widows and divorced women were more capable than married women of creating new networks and they enjoyed more freedom in utilizing these networks for their economic development. A few of the women of groups 1 and 2 who were involved in independent income-generating

activities at the community level, were widows or separated from their husbands. They strived relentlessly to improve their economic conditions in terms of motivation, work attitude, physical and mental strength, and other organizational capabilities related to income-generating activities. This left them comparatively freer than married women when it came to making decisions. Fifteen percent of the women in groups 1 and 2 were privileged due to their marital status and this was one of the reasons that contributed to their superior performance.

Financial literacy and other socio-economic training: The study suggests that NGOs do not offer training services to all members. I found that most of the women in groups 1 and 2 had received financial, socio-economic and skill development training from NGOs and they are comparatively more empowered. This particular group of women was found to be involved in business-oriented independent income-generating activities at the market level and was in a better position to exercise control over loan utilization, income and expenditure. They enjoyed greater decision making power and freedom of movement and were also able to utilize their networks throughout the community.

8.4.3 Economic and other factors

Family's economic condition: The women from extremely poor households were unable to utilize their loan effectively as they sometimes had to spend it to meet their basic needs. The women who spent their loan to meet their basic needs such as buying food, clothes or medicine were unable to improve their economic circumstances or their status in the family and society. Moreover, they faced serious difficulties trying to repay their loans because they had no alternative income. This situation sometimes forced them to go to loan sharks and take out a further loan to make the repayment on their microfinance loan. Therefore, microfinance is not a very good weapon for the extremely poor, but rather it works well for the moderately poor who have some family assets or other alternative income source. The study revealed that the majority of the women in groups 1 and 2 were not extremely poor when they joined in microfinance and this enabled them to utilize their loan for risk free investments.

Husband's education, training and exposure: With regard to women respondents, the research indicates that where husbands were comparatively better educated and had received awareness raising training from NGOs, they tended to support their wives' activities more than those who were illiterate and had no training. Sometimes husbands having exposure in urban areas were also more supportive of their wives' activities and mobility. The study suggests that husbands of the women in groups 1 and 2 met these criteria more often than husbands of the women in the other groups. The husband's level of education was also a factor. Although according to the field data, not all the husbands of the women in groups 1 and 2 were educated or trained, it can still be argued that the education level of male partners is a key factor that positively affects women's empowerment. Interestingly, this finding is not consistent with Kamal and Zunaid's (2004) study on education and women's empowerment in Bangladesh which reported that husband's education had no significance for women's empowerment (p. 6).

Influence of electronic media: The study demonstrates that the women who were most empowered watched talk shows on television regularly. They were more proactive in undertaking income-generating activities at the community level and also outperformed when other indicators of empowerment were taken into consideration. These women often undertook leadership roles in collective community actions. I found that some of the women from groups 1 and 2 were routine viewers of TV talk shows and news channels whereas the women from the other groups had no connection with television programs. Although some of them do not have their own TVs, they go to others' homes to watch talk shows and news.

Participation in other complementary programs facilitated by BRAC and ACD: Recently NGOs have emphasized a credit plus approach that includes education, health and legal aid programs. BRAC operates a Community Empowerment Program (CEP) which mobilizes women to translate their awareness into action (details of the CEP program were described in an earlier chapter). Women microfinance clients of BRAC who were found to be more empowered at both the household and the community level were common members of the Community Empowerment Program. Some of them were also working in leadership positions in *Polli shomaj*

(grassroots women's forum)⁴⁵. Similar findings were recorded in the case of ACD borrowers. ACD borrowers who were found to be more empowered are common members of People's Organizations (POs)⁴⁶. So it can be said that membership of these organizations was a key factor contributing to women's empowerment. Apart from providing training opportunities, other complementary programs also influenced women's empowerment. The study revealed that the majority of the women of groups 1 and 2 were members of other supporting programs and this data confirms that credit alone is not adequate to lead to empowerment.

8.5 Conclusion

The study suggests that to some extent other factors/individual resources also influence women's empowerment. This may raise the question of the true impact of microfinance alone, if other factors have contributed to women's empowerment? In responding to this question, my primary research leads me to argue that other factors would not have come into play if microfinance had not been provided in the first instance. Many women respondents had never handled money before receiving microcredit. Most of the demographic, economic and other factors described in this chapter existed prior to their involvement in microfinance programs. Prior to their involvement in microfinance programs, these women had no earning capacity and were not eligible for any welfare. They were unable to make any financial contribution to their families and had to beg every single penny from their husbands. They also had no mobility and had no freedom to make decisions. Any decisions they did try to make were not valued by their husbands or other family members. Their circumstances began to improve as soon as they commenced receiving microcredit, with the women of groups 1 and 2 found to be the most empowered.

⁴⁵The women's groups created under CEP. Through this program BRAC aims at empowerment of women by increasing their human, social and political assets. The core element of CEP is women's forum (*Polli Shomaj*) which aims to strengthen grassroots democracy, increase poor people's access to information and strengthen women's voices to claim their rights.

⁴⁶ ACD has developed People's Organization in its working areas. POs have become the centre point of development activities at the grassroots level. This initiative has increased spontaneous participation of women to a great extent. The women try to identify problems and probable solutions in their own community. They try to solve these problems using their own collective capacity and available resources.

9. SUMMARY OF THE KEY FINDINGS AND REFLECTIONS ON THEORY AND PRACTICE

9.1 Introduction

The previous four chapters have discussed the findings of the study in the light of the key research questions identified in Chapter 1. This chapter is divided into two sections. The first section summarizes the key findings outlined in earlier empirical chapters. The second section focuses on the application of theory into praxis in order to establish how these findings fits into the current body of knowledge and highlights how they confirm, add to and/or refute existing theories.

9.2 Summary of the key findings

Before describing the key findings of the study, it is essential to provide some contextual background by describing women's position in the family and society of Bangladesh. This discussion helps us to understand the women's position in relation to the *doxa* prevailing in the country and shows how microfinance impacts on the transformation of their position.

Bangladesh is characterized by gender inequality. This is not unique to any particular region or country but it sometimes takes on different forms that result in different consequences. The gender norms and practices that prevail in a patriarchal country like Bangladesh keep women isolated from the outside world. This is a country that restricts women to undertaking purely reproductive roles or sometimes productive roles that can be carried out largely within the home. Women's domestic and family work is essential yet it is unpaid, ignored and rarely considered to be of the same value as work that is primarily undertaken by men (Efroymsen et al., 2007, p. 28).

In Bangladesh, women are raised with messages that convey their lack of value and capability in comparison with men. The patriarchal culture and social norms place them in a position of subordination and oppression in their families, neighbourhoods and communities. Their upbringing trains them to be good mothers and wives and to perform all household chores perfectly. Bangladesh is a classic patriarchal society where women are expected to live and stay in their husbands' homes when they marry. This is often a long distance from where they were born and grew up and they

are treated with very little respect (Kabeer et al., 2013, p. 2). Thus, women in Bangladesh are underprivileged and oppressed, not only by the family but right up to the state level, and this is totally unacceptable. Gender equality and women's empowerment is not only a development issue but also a human rights and social justice issue.

The overall development of a country is not possible without gender mainstreaming. Women comprise half the total population of Bangladesh and the development of the country will not progress unless they are fully involved in the development process (Goswami, 1998). In order to be rid of the curse of poverty and to progress development, male supremacy and the oppression and domination of women need to cease and strategies must be put in place to advance the empowerment process from the household to the state level. One of the experimental tools being applied to empower women is the microfinance developed by NGOs in Bangladesh. As discussed in Chapter 3, since the Second World War, a number of global development models have been adopted to facilitate the development of underdeveloped countries. In 1976 microfinance was introduced in Bangladesh as one of these global development models. As women were the most vulnerable members of the community, the microfinance programs were essentially women-focused with the vision of increasing their empowerment as a fundamental approach towards furthering the overall development of the country (Shehabuddin, 1992, p. 71).

Gradually, microfinance programs have been replicated all over the world. Despite microfinance being adopted as a most promising development tool, previous literature highlights the existence of two extremely polarized views regarding the impact of microfinance on women. The critics argue that credit money will work as an exploitative mechanism to abuse innocent rural women while the advocates argue that microfinance will improve the economic condition of rural women which will in turn improve their social position. These conflicting views motivated me to undertake the current study. Although a substantial number of research studies have already been undertaken on the economic benefit women receive through their participation in microfinance groups, the social capital generated from microfinance has predominantly been overlooked, leaving room to undertake further research in this area.

Microfinance offers a collateral-free loan to impoverished women, enabling them to undertake income-generating activities and become self-dependent. Microfinance includes a wide range of financial services such as credit, savings and insurance as well as social services i.e. group meetings, counselling, training and advocacy. My study reveals that women received financial services (economic capital) from microfinance that they used to initiate income-generating activities in order to enhance their income and savings. The women also received a number of social services from microfinance, including opportunities for group participation and networking with fellow group members, and these further influenced the women's individual and collective empowerment (Elahi & Rahman, 2006). Although it is expected that all women can utilize the benefits of microfinance equally, in reality only a limited number of women were actually empowered at all levels. The study suggests that whilst many women respondents enjoyed increased empowerment at the household level, not all of them were empowered at the community level inclusive of participation in the market and state arenas. The field data confirms that women's empowerment has still not been translated to the local government level.

The study explores the question of whether microfinance is an effective way to move women from positions of subordination and discrimination and facilitate their empowerment by providing economic capital and generating social capital. It describes how women's subordinated positions could be improved, as well as exploring why and how women experience personal transformation. My interest in women's empowerment begins with the issue of women's self-perception and how changes in their sense of self might lead to changes in their ability to stand up for their rights in the context of microfinance.

As previously mentioned, the study is based on two microfinance programs operated by BRAC and ACD. In Chapter 5, a detailed discussion about the selected NGOs was provided and this is drawn on in this chapter to explore the background behind the microfinance program operations. This chapter broadly focuses on the distinction between the two microfinance program operations in terms of selection of clients, group norms, methods of delivering loans, methods of repayment and savings and insurance policies. By comparing the operating procedures of the two microfinance programs and identifying some of the pitfalls common to both programs, an attempt

is made to propose the ideal microfinance model for promoting the empowerment of women in the long term. This analysis will assist in providing some policy suggestions regarding NGO operations in general and microfinance operations in particular. These policy suggestions, which will be presented in next chapter, can hopefully open up a new dialogue between policy makers and NGO officials.

9.2.1 Does microfinance promote women's economic empowerment?

Chapter 6 of the thesis explored the impact of microfinance on women's economic empowerment by comparing the life experiences of borrowers before and after microfinance. The chapter began with a discussion relating to poverty. I discussed my field experiences by presenting examples and analysis that demonstrated the positive impact of microfinance in reducing the poverty level amongst women's households. Hulme and Mosley (1996) conducted a study on the role of microfinance in alleviating poverty. They stated that microfinance is not a solution for poverty-alleviation and that in some cases microfinance has made the poorest people worse off (p. 134). I suggested that this is not consistent with my study findings.

For the current study, it was also essential to explore whether economic development of the family guarantees equal opportunities for men and women. In other words, do women get equal benefits and opportunities to exercise equal rights within and beyond households as a result of the financial progress that their family achieves through microfinance? Whilst the reduction of poverty may lead to improvement in the women's ability to meet their basic needs, they will never be empowered unless their strategic needs are also met.

As my study is based on gender power relations, it was necessary to explore whether apart from reducing poverty, microfinance brought with it any changes in roles and relationships between men and women within and beyond the household. In order to understand the economic empowerment of women, some key indicators were identified which led me to ask the question, "Who has access to and control over loan utilization and the families income and expenditure?" To seek an answer to this, I categorized the women respondents into five different typologies. The field investigation revealed that although all groups of women had access to credit, only the women in groups 1 and 2 had the power to decide how their loan would be used. These two groups were also able to exercise control over the income and expenditure

of their families. They were found to be empowered at both household and market levels because not only did they have access and control over resources, but they also had access to markets and other local trade associations.

Therefore, my primary research revealed that although all the women respondents had access to resources, not all of them had control over them. It also revealed that the women's practical gender needs were fulfilled as a result of their participation in microfinance. But meeting practical gender needs does not challenge the traditional gendered division of labour where women are expected to do all household chores that are unpaid and less valued than the men's contribution to the household. No change has occurred in the reproductive role of any of the women, including the women in groups 1 and 2. All groups of women are ultimately responsible for doing household chores and their workloads have not reduced. Although some changes have been seen with regard to the women's participation in income-generating activities, overall women still continue to undertake reproductive rather than productive roles. So, in the case of women's reproductive roles, they have been unable to challenge the prevailing *doxa* that distinguishes men's and women's roles in a given society.

Analyzing women's double role: Unity of theory into praxis: Following Moser's (1993) theory on the role of women, it can be argued that microfinance does not challenge women's reproductive roles. When assessing the level of women's empowerment, it was important to ask the question, "Who does what in the family?" with respect to the gender division of labour. I was told that women are still responsible for taking care of and maintaining the household and its members, caring for the children, preparing food, collecting water and fuel, shopping, housekeeping and family health care. These are unpaid and labour intensive activities that are almost always considered to be the responsibility of women.

The study revealed that microfinance programs increased women's income generation through their productive roles. Before their involvement in microfinance, the majority of women respondents only carried out their unpaid, un-recognized and time consuming reproductive role. Their male partners were responsible for all income-generating activities and this resulting in the women's high dependence on their husbands. As they had no financial or social freedom, they had no choice but to

comply with their husband's decisions. This unequal power relation was transformed following their participation in microfinance and the women began to engage in many productive occupations. However, their domestic responsibilities were not alleviated and as a consequence their workload increased.

Through microfinance, the women have become involved in various forms of productive work including the production of goods and services for consumption and trade (in self-employment) as described by Moser (1993). This involvement has not alleviated their reproductive roles and so their work load has increased. Nonetheless, although the women have had to perform this double role between productive and reproductive work, they have still been able to transform their *habitus* (as identified by Bourdieu, 1977) which is an important step towards empowerment.

Although all groups of women have had access to resources after joining microfinance, not all have been able to make decisions relating to their use. Only the women in groups 1 and 2 have been in a position to control their resources. These two groups are also more aware about their children's health, nutrition and education and most of them send their children to better schools and take them to good physicians. In this way these women served as a gateway for their entire family. The study results indicate that children experienced more positive outcomes when their mothers were empowered. The women from all groups placed a greater emphasis on the importance of family wellbeing than on their personal wellbeing. This finding is in keeping with the results of an intergenerational study conducted by Schuler and Rottach (2010) who found that women who were empowered in some aspects in their life were very aware about their children's education, health and marriage. They also found that mothers particularly wanted to ensure a better life for their daughters and to the best of their ability; they strive to invest in their daughter's education and health (p. 394).

9.2.2 To what extent and how does microfinance empower women socially?

In Chapter 7, social empowerment at the household level was explored by assessing the women's participation in decision making and comparing this result with the level of spousal violence against women. To assess the women's changed status, if any, in their participation in decision making; I asked them, "Who decides what and

how?” Another important question to be asked in order to understand the change in gender power relations was, “Who influences the decisions?” The study revealed that before involvement in microfinance, women were unable to make decisions independently. They had to rely on their husbands to make decisions regarding personal, family and community affairs. It was the women’s participation in microfinance that resulted in their economic empowerment and this increased their decision making power, although the study revealed that they still preferred to take a shared role when making decisions regarding major issues. This finding is consistent with the assessment of Kabeer (1998) who states that empowerment may take the form of a greater role in the joint decision making process rather than only represent the emergence of a change in individualized decision making (p. 14). The findings also support those of Simanowitz and Walter (2002) who found that women who participated in microfinance programs had decision making power at the household level.

My field inquiry revealed that for the majority of respondents, their ability to take minor decisions increased following their participation in microfinance, but it was only the women in groups 1 and 2 who were able to make both minor and major decisions. Although there were other factors, the key reason was their ability to make a greater economic contribution to the family. Other reasons that made a difference included the type of work they were involved in and subjective factors such as age, education level, training undertaken, etc. Whilst the primary research suggests that microfinance enhances women’s minor decision making capacity, the majority of women still indicated a preference for making major decisions jointly with their husbands and in some cases still leaving the final decision up to the husband.

The women’s participation in decision making was found to be closely associated with their economic empowerment. The women who were involved in business at the market level were able to make a beneficial economic contribution to their family, and as a consequence could play a greater role in decision making. It is unlikely that the shift from male dominated decision making to equal decision making will happen overnight, but rather, it is expected that the change will eventually come about when a move is made from the margins to a more shared role in decision making. Nonetheless, my field research demonstrates that although the capacity of women to

make decisions varies, their overall decision making agency has been enhanced due to their participation in microfinance. Following Moser's strategic gender needs theory, my study also revealed that microfinance brought about some changes in women's status by addressing their strategic gender needs which in turn improved their decision making agency, a situation which was previously completely male dominated.

Another important indicator of women's social empowerment was the decline of spousal violence against women at home. The current research revealed that most gender based violence took place as a result of poverty. As women's participation in microfinance reduced the poverty level in poor households, the gender based violence also reduced. Dalal's (2011) findings are consistent with my findings as he also found that poverty disproportionately influenced violence against women. The women who came from the most impoverished backgrounds were more likely to experience domestic violence than women who were more affluent (p. 42).

However, I found five instances of domestic violence where this was not the case. When I explored the history of these women, I found that three out of the five instances were related to alcohol. The husbands' alcohol dependency did not allow women to utilize their credit money appropriately and consequently household tension arose when loan repayments were due. This finding is consistent with the findings of the multi-country research project conducted by the World Health Authority (WHO) which revealed that alcohol is one of the root causes of intimate partner violence (Abramsky et al. (2011, p. 14). However, it is not supported by Rahman's (1999) who argues that microfinance interventions are the cause of increased household tension and domestic violence (p. 68).

The remaining two instances relating to male violence demonstrate a pitfall of the microfinance program. Microfinance does not work well for the extremely poor as their first loan repayments fall due before they receive any income from their loan initiated activities. In these two cases, because they used the microfinance to cover costs for other emergency needs, the women had to take out a further loan from another source in order to make their repayments. The spousal violence they experienced was directly related to stress in the relationship caused by multiple borrowing and over indebtedness. However, it is important to keep these instances in

perspective as the numbers are insignificant when compared to the number of cases where microfinance has brought positive changes in spousal violence against women. The findings of the study conducted by Kabeer (1998) are consistent with my findings and analysis. Kabeer argues that women's ability to access credit affects the spousal bargaining process and power relations at home. She explains that the availability of credit has a positive effect on women by mitigating domestic violence. She also states that poverty is a root cause of gender based violence and the majority of her respondents identified poverty related stress as the root cause of violence.

However, interestingly the finding of the study regarding positive impact on spousal violence is not consistent with Ahmed's (2005) study on microcredit and domestic violence. He argues that the association between microcredit-based development programs and domestic violence against women is negative. In his study he found that about 17.5% of women had experienced violence from their husbands in the previous four months, the proportion being greater among borrowers. He emphasizes that age, education and the age of the household head are important predictors of violence, rather than the level of NGO membership. He concludes that the greatest level of violence is seen at the initial stage of NGO membership. Similarly, the finding of the study is also not consistent with Rahman's (1999) study on female loan recipients of the Grameen Bank. Rahman reports that more than half of his respondents experienced verbal and physical abuse following their involvement with a credit program. He claims that in the majority of cases the women handed the credit money to their husbands (p. 74). Rahman makes no mention of whether the women made decisions regarding the utilization of their loan. He also didn't take into consideration the socio-cultural context of Bangladesh where, unsurprisingly, women prefer to handle loans jointly with their husbands.

The current study suggests that women's credit led income-generating activities have made them less dependent on their husbands and their economic contribution to the family has reduced their poverty and vulnerability. All these factors have contributed to the transformation of husbands' attitudes towards their wives. My primary research findings confirm the view of Hashemi et al. (1996) who declare that microfinance has influenced the changed attitude of men towards their wives as they realize that the family income is a result of loan initiated activities and their wives

are the source of this income. This situation has resulted in improvements to women's status and bargaining power within the household.

Women's economic contribution to the family threatens males' domination. Many men asserted that women who earned money became insubordinate. Nonetheless, apart from a few exceptional cases, the study revealed that unequal power relations between husband and wife have to some extent been transformed at the household level due to their participation in microfinance.

Chapter 7 also revealed the degree and manner in which microfinance promotes women's social empowerment at the community level. The chapter investigated whether economic empowerment leads to the social empowerment of women. The field data confirmed that there is a positive relationship between economic and social empowerment. I discussed social empowerment at the community level by identifying some key indicators based on the literature and my primary research.

I explored whether the transformed power relationship at the household level extended to the community level. I was keen to learn about women's mobility in the public domain, since this is an area that is generally only frequented by men whilst the women are confined to their own home and neighbourhood. I explored how and to what extent microfinance brought changes in women mobility is, and argued that the microfinance program has brought positive changes in women's movements at least to some extent. The study suggests that prior to joining a microfinance program; most of the women respondents were unable to leave their homes. This situation changed after they joined a microfinance program, as women were required to leave their homes regularly to make their loan repayments at centre meetings. Sometimes the women also had to attend different training programs on health and social issues arranged by NGOs and these were held outside the village. This finding supports the findings of Sarumathi and Mohan (2011) who reported that the impact of microfinance on self-help groups in the Pondicherry region of India had brought about a measurable improvement in women's levels of confidence, courage, and skill development. This improvement enabled them to take part in various social welfare activities and to enjoy more freedom to travel around their neighbourhood (p. 7).

The study revealed that once the women could leave their homes, their self-esteem and confidence increased. Consequently, they had the courage to travel further afield to visit the village market, health clinic and children's schools when necessary. This supports the findings of Hashemi et al. (1996) who also found that women's freedom to visit hospitals independently had increased since their participation in microfinance.

The field exploration also revealed that the women in groups 1 and 2 were more likely to enjoy freedom of movement in the public domain as a result of their business participation in the market place. However, in the broader context, their mobility was still mainly confined to their village vicinity except when attending NGO training in city areas. Moreover, all groups of women including those in groups 1 and 2 had to seek permission from their husbands to leave their locality. Nevertheless, although women's mobility is still mainly confined to their village neighbourhood, there is no doubt that microfinance has played an important role in taking them out of their households and into the community.

9.2.3 Does microfinance promote women's political empowerment?

Chapter 7 also explored women's political empowerment as this represents the highest level of empowerment they can achieve. From the perspective of gender analysis, there is a tendency to overlook women's empowerment at the political level. The field investigation revealed that while most women respondents had knowledge about political matters, very few of them were actually involved in politics. Most of the respondents reported that they are now more confident in exercising voting rights due to their involvement in NGOs. However, their knowledge level has not translated into actions, as the study revealed that 90% of the respondents were not actively involved in local politics. Only 10% of the respondents were members of a political party and contested in local elections. This finding is not consistent with Bayulgen's (2008) study on the impact of microfinance on Grameen Bank borrowers, which revealed that in 1992, 400 Grameen loan recipients were elected to *union* councils, and in 1996, astonishingly, over 1,750 Grameen members (1,485 female and 268 male) and 1,570 members of Grameen members' families were elected to local offices in 1997.

However, the current study suggests that although women's participation in a microfinance program does not guarantee their voice at local government level, the respondents reported both positive direct influences (e.g. political awareness) arising from their involvement in the microfinance program and also, to some extent, indirect influences such as their ability to become more politically engaged. These results conform to the findings reported by Habib and Jubb (2012) who found that 68% of the MFI members actively supported their desired political party compared to 46% of the respondents from the control group. MFI members were more involved and participatory in social-political activities and were therefore more socially included than the control group (p. 108).

The chapter also revealed some of the challenges that the women faced when they wanted to participate in politics. The study revealed that prior to their involvement in microfinance; the women were exploited by local political leaders. These findings correspond with the argument by Habib and Jubb (2012) that poor women are willing to take the chance to make some quick cash and get financial benefits in exchange for their support of a particular political party (p. 108). Although, the government has increased women's representation at local government level by the introduction of a quota policy, there are many challenges that still need to be overcome to ensure their true participation.

While many women respondents were empowered at the household level, only some were empowered at the community (including market) level and very few were empowered at the state level. Therefore, it can be argued that women's empowerment at the household level does not always flow through to the community level (together with market and state). The women respondents who enjoyed the greatest empowerment at any level were those in groups 1 and 2. This raises the question as to why these two groups outperformed the others and were able to challenge the status quo more successfully. One possible answer is that these two groups of women were able to utilize credit money more productively than other groups. The field inquiry found that it was not only economic capital that helped them to succeed; social capital also played a vital role in their empowerment. This finding was explored in more detail in Chapter 8.

With respect to women's empowerment in various arenas, it is worth reflecting on the work of Naila Kabeer (1994), *Analysing social relations approach: Application of institutional dynamics into practice*. Kabeer's social relations approach seeks to address the interrelationships between state, market, household and community. In my research study I have analysed empowerment at the household and community level where community level empowerment includes other institutions such as society, market and state. Kabeer maintains that the application of a social relationships approach will highlight how gender inequality is formed and reproduced in individual institutions and will also reveal how gender and other inequalities intersect between different institutions and interactions. The social relations approach challenges the myth of the independence of institutions. Kabeer suggests that they are interrelated and that a change in policy and practice in one institution will cause changes in the other. Gender relations are one type of social relation. Kabeer refers to them as social relations of gender.

While other theories place an emphasis primarily on gender roles, Kabeer's social relations theory examines not only gender roles but also gender relations on the basis of rules, practices, people, distribution of resources, as well as authority and control structures. An institutional analysis that includes a social relations analysis of gender provides the answer to the questions: who does what? who gains? and who loses (which men and which women?). My research shows that gender power relations operate at four levels: household/family/kinship; the community/village; the market; and the state. According to Kabeer's institutional analysis, due to the interconnectedness of gender relations, a woman's status on one level reinforces her status on the others, starting from the family level and ending up at the state level. But my study suggests that the change in gender relations on one particular level does not automatically bring equal changes to other levels. That is, changes in the power relationships at the family level do not automatically result in similar changes at the community level, including market or state arenas.

The present study revealed that the women respondents who were once confined to their homes now have the freedom to leave and this occurred following their participation in microfinance. Due to their participation in microfinance, they now contribute to the family income and can exercise control over their loan utilization,

income and expenditure, a responsibility that was previously the role of their male partners. So not only are women earning money, but they are now also taking part in decision making for their household affairs, another role that was also previously only taken by their husbands. Therefore, it can be argued strongly that power relations at the household level have been transformed.

The market space was previously solely occupied by males but the data shows that some women respondents now work at the local market level, operating petty businesses, mainly small grocery shops. While changes are taking place in gender power relations at the family level, changes are occurring simultaneously at other levels but the degree of change varies. The degree of empowerment also varies on the basis of women's ability to negotiate gender power relations at each level. Whilst the majority of women respondents were able to change the status quo at the household level, not all of them were able to bring about change in gender relations at the community levels (including market and local government arenas). Thus, the study reveals that through their involvement in microfinance programs, the women's empowerment at the household level has undergone a greater transformation than their empowerment at the community levels including the market arena. At the political level, the status quo generally remains and women still experience discrimination and barriers that prevent their engagement.

9.2.4 Does social capital contribute to women's overall empowerment?

Chapter 8 examines how and to what extent new stocks of social capital were generated from microfinance and how this impacted on the overall empowerment of women in rural Bangladesh. The study reveals that microfinance provided not only economic capital but also generated social capital through microfinance group networks. These group networks also provided a platform to share knowledge and information that further improves their psychological empowerment. These findings are consistent with the reaserch finding s reported by Sarumathi and Mohan (2011) who found that microfinance brought courage and self-confidence to borrowers and enhanced their skill s and feelings of self-worth. They also reported a significant improvement in the psychological wellbeing of rural women as a result of their participation in microfinance (p. 1).

Although the microfinance program is predominantly targeted at achieving economic outcomes, in various ways through a group based approach, it also fosters both structural and cognitive social capital. Taking a qualitative research approach, this study demonstrates that microfinance helped to create new stocks of social capital through women's networking, interaction and group participation. Frequent interaction and participation in microfinance groups created trust, solidarity and networks amongst the women and the resulting interactions increased their knowledge about various social issues. These results correspond with the argument by Mayoux (2000b) who states that microfinance had considerable potential to contribute to women's empowerment in Cameroon by developing and building women's networks through the group activities associated with the program (p. 12).

The study reveals that microfinance improved their ability to challenge existing social norms either individually or collectively. Eventually the networks that developed amongst the women also increased their capacity to undertake collective actions at the community level. In alignment with the argument of Lin (1999), the study demonstrates that women utilized their networks particularly to access information and transform power relations at both household and community levels (p. 33).

However, because both the material and non-material outcomes of microfinance were more productively utilized by the women in groups 1 and 2, it was essential to look at why these two groups of women utilized economic and social capital more successfully than the women in the other groups. One possible answer could be that these 14 women were more advantaged because of multiple microfinance related economic and demographic factors. When I explored these factors I found that the majority of women in groups 1 and 2 were comparatively long term borrowers and were more actively involved in microfinance programs. This finding supports Hashemi et al.'s (1996) finding that the longer a woman is a member of NGO programs, the greater the possibility that she will be more empowered and the more likely it is that she can make a significant contribution to supporting her family.

Demographic factors such as age and education also played a part. The majority of women in groups 1 and 2 were relatively younger, educated and belonged to smaller families. This finding is similar to that of Rahman et al. (2009) who argued that

younger females were the most empowered whilst a negative impact on empowerment was seen in adolescents and older women (p. 300).

Education has proved to be very empowering in the context of rural Bangladesh and the respondents placed a great deal of value on what education could offer them. They claimed that their education enabled them to utilize the economic and social networks more effectively. Both economic and social capital worked in their favour especially when combined with cultural capital (education). This finding is in line with Malik and Courtney's (2011) findings in relation to the impact of education on women's empowerment in Pakistan. They found that education brought economic independence and good standing within the family and society. Education also enabled women to stand up against a number of discriminatory practices and resulted in transformational change.

Some women in groups 1 and 2 were also more advantaged as they had opportunities to undertake training and also watched television routinely. Therefore, media plays a vital role in women's empowerment, a finding that is consistent with the results of Mahmud et al.'s (2012) study on the measurement of women's empowerment in rural Bangladesh. Their research revealed that women's exposure to television is a significant predictor in three out of five indicators of empowerment. They found that the women who watch television are more likely to have greater freedom of movement, have money to spend and are less likely to experience violence (p. 615).

Although these opportunities existed prior to microfinance, the women didn't gain any economic or social power until they became involved in microfinance. However, there were other factors that revealed some drawbacks of microfinance. Whilst the women of groups 1 and 2 were comparatively more advantaged as they already had some family assets and had never faced problems with loan repayments, this was not the case for others. Microfinance did not provide positive outcomes for extremely poor women as they often had to utilize their loan to meet their basic needs rather than use it for income-generating activities. Moreover, when they were able to use their loan in a productive way, unfortunately their first repayment instalment fell due before they had received any income.

Often, the women of groups 1 and 2 were also common members of other complementary programs operated by NGOs. This was the case for both BRAC and ACD borrowers, with the women who were empowered at the household and community levels also being common members of the Community Empowerment Program (CEP) of BRAC and the People's Organization (PO) of ACD. These findings suggest that the impact of individual resources when combined with microfinance not only spilt over into the community and political space, but also led to an increased purposive collective commitment to act and create change. Women's empowerment can only be achieved when credit is combined with training and other complementary programs, a finding that supports Garikipati's (2008) argument that empowerment may be increased when credit is offered as a part of an integrated package that includes non-productive loans, insurance, welfare related actions and enterprise development (p. 2638).

9.3 Reflections on theory

The above discussion summarizes the previous chapters and answers all the key research questions. Now I would like to describe how my research adds to the prevailing theories and content. As noted earlier, the theoretical foundations of my study are Bourdieu's theory of practice and Kabeer's empowerment theory. Bourdieu (1977) describes power dynamics, field, *doxa*, *habitus* and various forms of capital from a gender neutral perspective. I have added a gender aspect to *habitus* and capital in order to analyse power relations within the *doxa* of the field.

The following discussion will explain how the key findings of this chapter confirm, vary or add to the theoretical vision expressed at the commencement of the study and it will refer back to the theories reviewed in the earlier chapter of the thesis.

As far as a patriarchal country like Bangladesh is concerned, gender norms and practices still exist that affirm the role of women as good wives and mothers who are housebound and whose inner beauty and talents are ignored by their families, neighbourhoods and communities. According to the *doxa* that prevails in the predominantly rural areas of Bangladesh, once women marry, they have to leave their parental home to live with their husband or his family. As mentioned earlier, the patrilocal marriage system that still exists in Bangladesh provides fewer chances for

women to maintain regular contact with their maternal family after marriage. Apart from being isolated from their own family, the women also have to maintain a domestic role as daughters-in-law who are given a low status in their husband's family. In the villages, the women have less opportunity to contact people outside their home and their mobility outside the kinship group is restricted by the existing gendered norms and culture. The gender nature of *doxa* restricts women's freedom of movement resulting in their reduced involvement in social networks. Women have less access to three types of capital: economic, social and cultural (Bourdieu, 1977) due to their limited mobility, low education and knowledge base, and limited chance of being involved in income-generating activities. As a result males play the dominant role as income earners in the family resulting in women's inferiority and oppression. Bourdieu (1977) argues that the two-way relationship between structure and agency allows women to challenge the gendered nature of *doxa*. His argument is supported by my research findings which indicate that women's participation in microfinance helps them challenge the gender nature of *doxa* in various ways.

Before participating in a microfinance program, the majority of the women did not have access to economic capital or control over its use. After joining a microfinance group, some women had not only access to economic capital but also gained the ability to decide how and where to use it without seeking permission from their husbands. Women reported that their involvement in microfinance enabled them to earn a profit and also provided them with access to saving schemes. They explained that family members were keen to let them join microfinance groups because the access to credit, savings and insurance services brought economic stability to their family. When asked how microfinance groups impacted on their lives, many of the women reported that their capacity to earn money and to use that money when and where they wished had brought about significant positive changes to their lives that were beyond their imagination prior to their involvement. Participation in microfinance groups provided disadvantaged women some opportunities to move outside their home to participate in weekly group meetings and other training programs offered by NGOs, and their ability to put aside savings for the future gave them a sense of power that they had never experienced before.

When a woman receives economic capital (Bourdieu, 1977) through her involvement in income-generating activities financed using credit money, the male's authority is challenged, as he is no longer the only income earner of the family. Bourdieu (1977) argues that the prevailing structure of *doxa* separates the gender role divisions in the family and community. The women's empowerment and overall rural development evident in this study would not have been possible unless there had been some changes in gender roles and relations. Therefore, by providing economic capital to rural women who were disadvantaged economically and socially, microfinance programs increased their ability to challenge the gender division of labour. Prior to their involvement in microfinance, when they had limited access to economic capital, the majority of the women had no power to challenge the norms and practices that deemed them to be wives and mothers only. By participating in a microfinance program, women gained access to economic resources and this increased their ability to expand their networks beyond their family and neighbourhood ties.

Prior to their involvement in microfinance, the women respondents were also persecuted by their family members because of their inability to make an economic contribution to the family. They were not in a position to challenge their gender roles as wives or mothers whose primary duty was to take care of children and complete household chores. These women, who had very little support from other family members to help with household chores, had few opportunities to work outside their homes and could only participate in small businesses such as tailoring, grocery shops, poultry and dairy farming. Even when the women did have the capacity to earn money and contribute financially to the household, family members still expected the household chores to be done as perfectly as before.

Decision making capacity is one of the most important indicators of women's empowerment and the power to make decisions is crucial for women to be able to exercise their agency as described by Kabeer (2005). Bourdieu (1977) also emphasized the importance of a person's decision making power as a factor that would assist him/her to oppose the existing *doxa* in society. Gendered norms and the prevailing *doxa* that exist in rural areas hindered the women's capacity to make decisions about personal, family and community matters. These women generally depended on their husbands for making all decisions, thus demonstrating their

significant lack of voice and confidence. When the women were asked questions about who was responsible for making family decisions, the majority said that prior to their involvement in microfinance, they had no say in this regard and their decision making capacity only increased after their involvement. As mentioned previously, many women had the power to make minor family decisions but when questioned about major decision making, they indicated a preference for making these decisions jointly. In the case of a few families, major decisions were still made by the husbands.

The women who were able to make all the decisions independently were generally the head of the family; made a significant financial contribution to their family; or had socio-economic training from NGOs. A few were privileged due to their marital status, either being widowed, divorced or separated from their husbands, or their husband had a disability and did not have the capacity to make family decisions. Although some women still indicated a preference for relying on their husbands when making major decisions, overall the decision making and bargaining capacity of women increased following their involvement in microfinance. Group participation provided them with the opportunity to make personal decisions that were independent of their family role as mothers or wives. The women's decision making capacity increased not only in relation to their participation in income-generating activities but also in the knowledge, confidence and awareness they gained from participating in group networks. This is one of the most significant steps taken by women to challenge the *doxa* rooted in the community (Bourdieu, 1977).

This raises the question as to whether economic capital alone was responsible for the women's changed *habitus* in challenging *doxa*. My research findings suggest that economic capital alone is unable to help women transform their *habitus* but it does motivate women to become involved with microfinance groups, providing opportunities for them to become engaged in projects that rely on economic capital. The field inquiry revealed that the ability to utilize the other forms of capital (cultural, social) in addition to economic capital was also important for women's empowerment, and that the women in the best position to take advantage of all forms of capital were the more highly educated and knowledgeable.

This economic capital is referred to by Kabeer (1999) as “material resources or employment” (p. 14). My research shows that some women of the study received respect from their families and community due to their financial contribution to their families. Some women respondents acquired knowledge/cultural capital (Bourdieu, 1977) from formal or informal educational institutions and some utilized social capital through networks. This economic, cultural and social capital referred to by Bourdieu links well with Kabeer’s (1999) conceptualization of employment/material resources, education and non-material resources respectively (p. 3). All these factors promote women’s open agency, bargaining power and transformed *habitus*, enabling them to challenge the overall subordination of women that is so deep-rooted in the society. These women are now able to leave their homes, join in microfinance groups, be involved in income-generating activities, use economic capital and earn their own money. This has enabled them to end their physical isolation, gain social capital through group participation, and undertake collective actions—all factors that help women advance their empowerment and escape male domination. However, not all women can utilize economic and social capital alike, because they do not possess equal physical and cultural capital. Those who have an existing degree of physical (asset) and cultural capital (education) can utilize the economic and social capital generated from microfinance more productively. Thus, microfinance works best when economic and social capital is combined with physical and cultural capital.

Lastly, it is argued that the women’s participation in microfinance has provided them with access to bridging networks, including those at the household and community levels, inclusive of market and state. Women can access various forms of capital already established within these networks. The study revealed that almost all women respondents have broken the gender stereotypes of women at the household level; some have broken the gender stereotype of women’s status in their community/village and market; and a very few of them have managed to break the gender stereotype at the local government level. Women’s economic and non-economic contribution to the household and community has helped them to gain confidence and respect from their husbands, other household members and the community. However, questions still remain as to why all women respondents cannot gain access and control over capital at all levels simultaneously? Why doesn’t microfinance promote empowerment for all women equally? Why aren’t all women

able to negotiate gender power relations uniformly at all levels? The field data suggest that answers to these questions are embedded within the economic, demographic and other critical factors that mentioned in the previous chapter.

In summary, women's participation in microfinance groups has increased their decision making power and bargaining capacity in a 'field' (Bourdieu, 1977) where women in almost every case are subordinate to men. The economic capital gained through income-generating work/'employment' (Kabeer, 2005), whilst helping women on the one hand, through participating in group networks, has also provided them with new opportunities to utilize social capital (Bourdieu, 1977) and extend their society wide networks. All forms of capital widen women's *habitus*, enabling them to challenge the gendered norms and practices that expect women to be dependent on their male partners for making decisions. The women who had pre-existing cultural capital/education were able to utilize economic and social capital more productively and consequently their *habitus* was significantly transformed, enabling them to challenge *doxa* within the field.

9.3.1 How does this research add to the current body of knowledge?

This research is of both theoretical and practical significance and adds to the existing literature pertaining to microfinance, empowerment and social capital. This has been achieved by exploring the multi-dimensional construct of empowerment rather than just the narrow financial dimension, a perspective that has been mostly ignored in previous studies. The thesis also adds to microfinance literature by including the impact of the intangible component of microfinance on women, whereas previous studies investigated only the tangible/credit component. It has also added to the body of social capital literature by bringing gender into the debate and discourse of social capital, whereas most previous research on social capital was conducted from a gender neutral perspective.

In addition, the thesis also has methodological value. So far, the majority of research exploring the effects of microfinance on women's empowerment has used quantitative research methods; surveys and questionnaires have been applied as data collection tools. These mostly relied on some narrowly defined empowerment indicators and data was analysed using statistical methods. These largely ignored the subjective aspect and didn't try to gain an in-depth understanding of women's

empowerment which this research study has aimed to do. The qualitative methods and data collection tools I have used have enabled me to achieve a detailed and in-depth understanding with regard to the impact of microfinance on women's empowerment. The qualitative data analysis techniques assisted me to gather rich data from the women respondents and by applying an autoethnographical research design, enabled me as reliably as possible, to portray the subjective experience of the women in relation to empowerment. From a practical viewpoint the findings and policy suggestions highlighted in the thesis provide valuable information that is worthy of consideration by NGOs and the government with regard to updating their current policies. The policy suggestions could also assist development organizations to redesign their policies to more effectively promote women's empowerment at the highest level.

9.4 Conclusion

Bourdieu (1977) describes social capital from a gender neutral perspective. He discusses the various forms of capital, *doxa*, *habitus* and power relations in his theory of practice. He argues that people compete with each other for the purpose of gaining economic, social and cultural capital within the *doxa*. He contends that power follows on from the ability to mobilize these different kinds of capital and he does this without bringing gender into his discussion. In my thesis I have explored how women, through their access to microfinance, were able to use financial and social capital to transform their *habitus*. I have shown that the power relations at various levels were overturned due to the women's ability to mobilize both economic and social capital. As far as I am aware this is the first research study to apply Bourdieu's theory of practice and Kabeer's (2005) empowerment and institutional theory as the foundation of the study.

This chapter has provided all of the key findings of the research and highlighted the application of theory into *praxis* to demonstrate how the findings may contribute to the existing body of knowledge. The chapter has also highlighted how this study adds to the existing literature pertaining to microfinance, empowerment and social capital. The next chapter will present some policy suggestions in the light of my key research findings.

10. CONCLUSION AND POLICY IMPLICATIONS

10.1 Introduction

The purpose of this study was to explore the impact of microfinance on marginalized women in Bangladesh. The thesis has demonstrated that concerns relating to impoverishment and inequality can be challenged by the advancement of micro-loans offered by NGOs, alternatively known as microfinance institutions or group based lending programs. The thesis also analysed the effectiveness of micro-loans in transforming the lives of marginalized women and bridging the gender gap that currently exists in rural Bangladesh. The study is deeply rooted within the structure of gender power relations where men and women are not viewed as separate individuals; rather they are viewed in terms of the gender relations that arise from the positions they occupy.

The study itself was motivated by what appears to be a paradox. I was influenced by the literature that portrays Bangladesh as a country characterized by poverty, patriarchy and inequality, where there is no tradition of females participating in the labour force and where women's mobility is severely restricted. In this research, I have explored how and to what extent women's position within the family and society has been transformed by their ability to undertake paid work supported by microfinance and whether they have felt empowered by this experience. The study results suggest that while the impact of microfinance is generally positive, it is unable to foster empowerment for all women equally at all levels.

This chapter is divided into two broad sections. The first section highlights the current constraints that serve as impediments to the promotion of empowerment of women equally at all levels. The second section presents some policy suggestions that could possibly result in the long-term empowerment of women.

10.2 Microfinance and women's empowerment: Current constraints

The study revealed that microfinance does not lead to improved empowerment at all levels equally because although many respondents are empowered at the household level, not all are empowered at the community, market or state levels. At the

government level in particular, there is sometimes a resistance to strategies that facilitate gender equality within the nation. Other socio-economic factors that impact on empowerment include age, marital status, family structure, family assets, education level, routine watching of television and access to training. The women who benefit from these socio-economic factors are in the best position to make use of the tangible and intangible outcomes of microfinance. When considering the situation in rural Bangladesh, the study suggests that unless these socio-economic factors are combined with the financial capital provided by microfinance programs, women's empowerment does not change. The study results also revealed that whilst microfinance helped to transform gender power relations, it also had some negative aspects.

In this study, empowerment was influenced by a range of other factors including the women's ability to meet their strategic gender needs, the gender division of labour, women's decision making agency, the incidence of domestic violence, their mobility in the public domain and their involvement in community based political actions. The study suggests that although microfinance has helped many women meet their basic needs, they have not necessarily experienced a positive impact equally with respect to meeting their strategic needs. Chapter 6 described a continuum of cases from the least empowered to the most empowered women in terms of their ability to meet their strategic needs. From these examples it is clear that the women in groups 1 and 2 experienced a higher level of empowerment when it came to meeting their strategic gender needs at the community level. The following discussion demonstrates the current constraints that hinder empowerment to all women equally at all levels.

Firstly, the findings of the study suggest that the women who performed best had been able to access financial literacy and social training. However neither NGO provides financial and social training to all borrowers. As a result those who were deprived of this type of training tended to be less empowered. Another important factor is husband's education and training. The study suggests that the husbands who had received awareness raising training from NGOs tended to support their wives' activities more than those who had no training. However, unfortunately neither NGO

offers this type of training to borrowers' husbands which in turn make those women less empowered.

Secondly, the study revealed that the women who performed best were not only members of microfinance, but were also common members of other complementary programs of NGOs. Although both NGOs have started to introduce credit plus policies, the study revealed that not all women participating in microfinance programs were common members of other programs, which left them less empowered than those who had access to other programs.

Thirdly, the current research suggests that women respondents place considerable value on their transformed attitudes towards gender based violence at home. Although the field investigation revealed a small number of women still experiencing instances of domestic violence, further questioning revealed that the catalyst for this behaviour was their husbands' alcohol use. However the study revealed two instances of male violence which demonstrate a pitfall of the microfinance program. Microfinance does not work well for the extremely poor, as their first loan repayments fall due before they receive any income from their loan-initiated activities. In these two cases, because they had used the microfinance to cover costs for other emergency needs, the women had to take out a further loan from another source in order to make their repayments. The spousal violence they experienced was directly related to stress in the relationship caused by multiple borrowing and over-indebtedness. Therefore over-indebtedness and multiple borrowing caused a negative impact on the women respondents.

Fourthly, while I was exploring the collective social actions undertaken by MF groups, my attention was also drawn to crucial issues relating to the sustainability, viability and legal identity of those groups. Although the groups provide a platform for women to undertake collective actions in the community, they have no legal identity and no supporting legislative framework. It is, therefore, difficult for them to defend or uphold their members' interests, or lobby and act as pressure groups when necessary. Because the MF groups not only work as small group based credit recipients, but also engage in some collective activities in the community, they need to have a legal identity to ensure their sustainability and viability.

Fifthly, microfinance programs have challenged gender stereotypes at the household level and to a slightly lesser extent at the community level (including market). However, their effectiveness in raising women's empowerment at the state level is questionable. Women in most developing countries including Bangladesh are largely excluded from both central and local politics. The findings of the study revealed that women's empowerment in the political arena as a result of microfinance is largely insignificant. The women who are involved have not been appropriately informed or trained to perform their duties satisfactorily and they are always excluded from important decision making. Although the local Government Legislation Amendment Act 1997 allows women to engage in local politics through direct election instead of nomination, women's participation is still minimal. However, the nation's developmental growth will not continue to advance unless women are considered as vital participants in agenda setting and policy making.

Lastly, women respondents identified a number of pitfalls relating to microfinance, all mainly related to the design and structure of the programs. Interest rates, forced savings policies and inflexible repayment systems are some of the pitfalls that are discussed in the thesis. One of the major pitfalls of microfinance is the inconsistent interest rate imposed by both NGOs, with BRAC having a higher rate than that of ACD. Both NGOs have their saving and insurance schemes as separate services to credit disbursement. In the case of withdrawing savings, BRAC is less flexible than ACD. The findings of the study also suggest that neither NGO is flexible when it comes to collecting loan repayments and both have strict consequences for loan repayment defaults. These requirements have a negative impact on extremely poor households.

From the study findings it can be concluded that not all women benefitted equally at all levels through their involvement in microfinance. Whilst many women were able to transform power relations at the household level, only some were able to do so at community (including market) levels and very few were empowered at the local government/state level. The majority of the women respondents found it necessary to undertake their income-generating activities close to their home as this made it easier for them to complete their household chores. In addition to their reproductive work,

they were also still burdened by their lack of education, lack of financial training, lack of family support, lack of government policy and support, and social norms that discriminated against them, preventing their involvement in both the market place and in state politics.

Microfinance should not be seen as a ‘magic bullet’ that can solve the scourge of poverty and gender discrimination overnight. Women’s empowerment is a far more complex issue which will not be solved merely by providing financial support. However, microfinance can work as a catalyst in reducing the vulnerability of poor households and can place women in a better position to negotiate gender relations. Women’s higher levels of empowerment will only be possible when the government, media and other development organizations collaborate with NGOs and work together with a similar agenda.

10.3 Implications for policy

The following policy recommendations are primarily based on views gathered from women and community leaders.

- a) My primary research suggests that sustainable life transformations for women can only be achieved if all women clients can utilize their money independently, effectively and efficiently. Therefore, an important policy suggestion is to introduce financial literacy training as a compulsory component of the process that has to be incorporated by all NGOs/MFIs. This will enable women to utilize credit money more productively and, most importantly, to do this independently. In addition, socio-economic training for as many clients as possible is also necessary, as my field data confirms that such training has a positive impact on women’s lives and power transformation. Awareness-raising training for clients’ husbands is also necessary as my primary research confirms that the husbands’ education and knowledge base can foster the process of women’s empowerment.
- b) Microfinance programs operated by NGOs must be properly monitored in order to overcome the problem of over-indebtedness and multiple borrowing. A wider use of technology, client support services and cost effective operating procedures would facilitate the sustainability of microfinance

programs. Another policy suggestion that could be of benefit is to introduce a sustainable ecosystem for microfinance institutions to enable information relating to each client to be uploaded onto the information system. The 'Credit Information Bureau' should also maintain a database that includes full information for each loan provider. Technological adaptation will help to solve the problem of over-indebtedness. Key performance indicators to measure service provision also need to be developed.

- c) The women who performed best in the study received credit plus other services from NGOs, and so it is important that NGOs place more focus on a credit plus approach. This should include other complementary services such as health, education, and legal aid that will foster more sustainable and complete life changes for marginalized women. NGOs need to ensure that these supplementary services are available for all microfinance clients in order to effect meaningful changes in women's lives.
- d) As well as receiving credit, most groups also become involved in challenging community actions. I propose that MF groups should be granted legal identity status. Such status with broader objectives would help to support their sustainability. It is necessary that NGOs give thought to the structure of these groups and whether they function as *unions*, associations or some other entity, as each choice could result in different strategic outcomes. The primary research confirms that although not all groups are alike, some already have group savings that benefit members as well as meeting the emergency needs of the community. Despite the fact that the groups are influenced by the patronizing effect of credit suppliers, it is believed that the groups would be self-reliant if legislation was issued for those groups.
- e) The enhancement of women's participation in the political arena could bring a significant improvement to the overall welfare of women in the country. Women's contribution at the policy level could facilitate an unprecedented change to the overall gender discrimination that currently prevails in the country. With this in mind, NGOs need to consider women's political empowerment more seriously by offering opportunities for appropriate training and advocacy in this area. Targeted political education and formal

and informal political training should be provided so that women can gain a greater understanding of their political rights and duties and take independent action according to their own beliefs. Government legislation should also clearly set out the functioning of local government institutions and women's rights and roles regarding political decisions and actions. More training should be provided at the state level so that women can increase their understanding of political processes and lobby accordingly.

- f) The findings of the study revealed that BRAC has recently introduced a monthly loan repayment collection policy and this has not been appreciated by the clients. NGOs should consider holding meetings more frequently, on a weekly basis. This would allow clients to meet more often and would also provide more opportunities for them to make their repayments. The frequent meetings would also offer more networking opportunities for members and provide them with more opportunities to take various collective community actions. From an institutional perspective, better staff incentives should be provided, especially to loan officers and front line staff. Staff should also be required to undertake adequate client support training to help them develop a better understanding of the psychological and social needs of borrowers.

- g) The study suggests that microfinance helps to reduce the vulnerability of poor households as women prefer to spend their loans on family welfare. Microfinance strengthens the family's ability to cope with crisis. However, the field data confirm that microfinance is unable to improve the welfare of the extremely poor as they have to spend the credit money to meet immediate basic needs. Whether they utilize the credit money productively or not, they still have to pay their loan instalments on time. One possible policy suggestion is to launch an 'Ultra-Poor Program' to support those extremely impoverished women who are unable to meet the repayment requirements of the mainstream microfinance program. Under 'Ultra-Poor Program', the extremely poor would gain entry under a two-year grant only phase. If successful, they could then graduate to the mainstream microfinance program. Another important policy suggestion is to introduce separate loan schemes for the extremely poor who have no assets, so that they are able to

use their loan more efficiently. One possible solution for the poorest of the poor could be the provision of non-interest emergency loans.

- h) The requirements relating to savings utilization need to be flexible. NGOs need to review the current regulations that enforce member savings and they also need to provide more flexible products to their clients. Providing a more accommodating environment for poor women will ensure improved long term outcomes. The findings of the study reveal that although both BRAC and ACD apply a group-based approach when lending money, in the case of providing insurance policies both NGOs operate individual insurance schemes. If NGOs were to operate a group insurance policy, premiums would reduce and meeting insurance payments would not be such a burden on the poor.
- i) The Microcredit Regulatory Authority (MRA) has recently made a ruling on the interest rate for all NGOs operating their microfinance programs in Bangladesh. To ensure the improved welfare of women in the long term, it is important for both NGOs to review their interest rate policies. I propose that the rate of interest rate/service charge needs to be calculated using the ‘declining balance method’ as this would be a more effective way of assisting women to escape from poverty and inequality in the long term. Another possible strategy would be for the NGOs to reduce their operating costs if possible, so that interest rates on credit money can be reduced.
- j) The study revealed that the level of women’s empowerment is improved when their household level empowerment is translated to increased empowerment at the community level. Women’s community level empowerment encompasses factors such as their mobility in the public domain, their market level labour force participation, collective community actions and their engagement in political affairs. In most cases, women’s unequal status at the market and state level remains unchallenged. Most of the women continue to be discriminated against at the broader level due to their unpaid domestic work burden, the unfair labour market or an unfavourable atmosphere for engaging in local politics. It is important to understand how resources are distributed, as empowerment should be analysed in the context

of power at both the structural and relational levels. To improve this situation, more economic opportunities need to be created at the market level.

Moreover, the domestic burden for women in rural areas needs to be reduced. This could be achieved by the state offering free child care opportunities at the village level and by encouraging women to stand up for their rights and insist that other family members share the burden of domestic work. In addition, more job opportunities need to be created for women, not only in the rural villages but also in semi-urban and urban areas. I argue that women's empowerment will not be achieved at the community, market and state levels until the unfairness of their unpaid reproductive role is challenged. The government, media and NGOs need to work together with a common aim of promoting gender equality and women's empowerment in all sectors of the country. A comprehensive and holistic approach is required to change the gender biased attitudes and mind sets that still exist at all levels of the community.

- k) The gender analysis at the political level found that women are still excluded from local government and have no voice in relation to framing the political agenda. Therefore, some rural women respondents suffer from a double disadvantage because of their gender and their geographical location and this inequality remains unchallenged. Applying Moser's (1993) framework helps to provide an understanding of the policy approaches used by NGOs for development planning. Over the last few decades, NGOs involved in delivering anti-poverty and welfare based microfinance programs have focused primarily on meeting women's practical gender needs. However, this welfare and anti-poverty approach does not challenge the existing division of labour based on gender or women's subordination. I would like to recommend the empowerment policy approach described by Moser (1993), in which attention is drawn to the centrality of power and the importance of women having more influence in this area in order to change their position. This policy approach recognizes women's triple role and seeks to meet their strategic gender needs indirectly by capitalizing on the grassroots mobilization of women (p. 231).

- 1) The women respondents who performed best in terms of empowerment were also common members of the Women's Federation operated by BRAC and the People's Organization operated by ACD, providing evidence that microfinance had its greatest impact when combined with social mobilization initiatives. This could be a far more effective approach than narrow minimalist MF only programs. However, it would be difficult to achieve and keep sustainable without also addressing the women's financial status. Furthermore, addressing social mobilization alone would not attract donors as the impacts would be so intangible. Therefore, I would suggest that to achieve the best possible outcome for women, development NGOs should concentrate on introducing social mobilization initiatives as a compulsory component of their microfinance programs.

These social mobilization programs combine different types of resources and this helps to explain their collective impact in the public domain. They encourage women to save on a regular basis, provide occupational training, educate them about their rights and how to achieve them, and finally provide guidance on taking collective actions in the community. NGO officials who are authorized to conduct the social mobilization programs also encourage the women who show potential to take part in local elections. Through interactive training and discussion groups, NGO workers also seek to develop women's self-reflection and critical consciousness.

Lastly, it is important to note that some of the challenging collective actions that have been carried out by the women in groups 1 and 2 give me the impression that NGOs are planting the seeds of deliberative democracy. If this impact was scaled up, it could be the beginning of a grassroots democracy that would change the traditional governance system of Bangladesh. It is evident from my primary research that the women in groups 1 and 2 were very effective at taking collective action to facilitate local conflict resolution and protest against injustice at the community level. Their actions were in direct contrast to their previously lived experience of complying with social norms. However, because of the informal nature of these groups, not all women participated in actions that challenged social norms and power structures. This situation could be improved if the groups could gain a legal identity, and

perhaps emerge as trade unions that could act at the local level to help solve gender issues in particular, but also other general community issues.

Some of the policy lessons regarding microfinance that are revealed in this thesis could be used by NGOs to create a model microfinance program that would bring empowerment to women at all levels. NGOs in Bangladesh are accountable to the donors who fund them and this provides tremendous scope for them to undertake activities throughout the country. In particular, they could incorporate into their programs education and training resources that have already been proven to promote women's empowerment when combined with access to financial resources.

10.4 Future research

The current research has undertaken a critical evaluation of the effects of microfinance on women's empowerment. It has explored how and to what extent women's social capital is created and expanded through microfinance group networks and how this has influenced their empowerment. The research has covered the aspects of social capital that have had a positive impact on women's empowerment and has revealed how women's networks have enabled microfinance members to expand their business and take part in collective community actions. However, negative social capital can also be created through microfinance groups and women can use their group networks in narrowly restricted way. This could have a detrimental impact on the empowerment of women. Future researchers could explore this aspect as another means of investigating the intangible outcomes of microfinance.

Furthermore, the current research has focused on a national and a local NGO only. There are many local NGOs in Bangladesh who are actively operating their microfinance programs, but their contribution has always been out of focus. Future research could be conducted on these local NGOs and their microfinance programs. The study was also restricted to two villages only. Similar research could also be conducted with wider coverage in a similar socio-economic context.

10.5 Conclusion

In short, for the advancement of Bangladesh and to address all of the challenges the country faces, it is imperative that women are provided with opportunities that bring them to the *forefront* of economic, social, and political participation. It is my strong view that gender is the most important untapped resource that could play a vital role in advancing the development of the country. Lasting change for a developing country like Bangladesh will never eventuate unless women are empowered through programs such as entrepreneurship development. This study has provided a critical evaluation of microfinance on women's empowerment at all levels. By analysing two microfinance models it has demonstrated that not all NGOs are operating their policies in the same way and this could result in differing impacts on women's empowerment. Now is a good time in the history of microfinance in Bangladesh for participating NGOs to consider re-evaluating their controversial policies and applying a new model that addresses some of the existing pitfalls of their programs. Microfinance has been misinterpreted by some critics as failing to increase women's empowerment.

In conclusion, the study clearly revealed that microfinance works well when it is combined with education, financial and social training. At the household and community level, rapid changes have been observed in the lives of marginalized groups, although these have not yet flowed through to the local government level. As women gain the confidence to leave their homes and become more involved in community activities, it is fair to expect a future increase in their participation in both political and strategic domains. However, microfinance remains a hotly debated topic due to some of the controversial aspects I have highlighted in this thesis. NGOs would do well to learn from their failures, closely consider any criticisms levelled at their programs, and modify their policies where necessary. In the interests of promoting women's empowerment in Bangladesh, I trust that the issues, factors and policy suggestions in this thesis will open up a new avenue for dialogue between NGO officials, development agencies and the government that will hopefully lead to the introduction of improved and widespread policies, not only for microfinance programs but also beyond microfinance.

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