

DEVELOPING A CONCEPTUAL MODEL OF WOMEN EMPOWERMENT THROUGH MICRO-FINANCING

Mohammad Obaidur Rahman

Country Director, Islamic Relief Worldwide, Kenya

Email: obaidbd@gmail.com

&

Prof. Dr. Md Abu Sina

Department of Accounting and Information Systems

Faculty of Business Administration, Islamic University,

Kushtia – 7003, Bangladesh

ABSTRACT

Micro-finance is one of the poverty reduction tools, especially for the underprivileged community. For sustainable global development, ensuring women's empowerment is essential. In this present paper, the authors tried to develop a conceptual model of women empowerment through micro-finance. The factors of the model are extracted from an extensive review of some available literature. The authors showed four independent variables (components of the women empowerment) and one dependent variable (women empowerment), and the mediating effect of micro-finance in this model. This model is a proposed conceptual model. In the next article, the authors intend to prove the model through some statistical analysis.

KEYWORDS: Micro-finance, Women Empowerment, Financial Independence, Psychological Improvement, Decision-Making process.

INTRODUCTION

The current micro-finance was given shape in the 1970s with the contribution of some pioneers, such as Dr. Mohammad Yunus of Grameen Bank of Bangladesh. In 1976, Dr. Yunus granted the first micro-loan of US\$ 27 to 42 bamboo stool weavers in the village of Jobra. From the time of this first microloan to the Grameen Bank's official certification as a financial institution in 1983, Dr. Yunus and his co-workers created a widely replicated micro-lending model that focused on the provision of group loans to mostly female clients in the poorest sector of society (Yunus and Alan, 2007).

There are about 758 NGO-based Micro Finance Institutions (MFIs) licensed by the Micro Credit Regulatory Authority (MRA) of Bangladesh (MRA-MIS, 2016). This sector has created direct job opportunities for over 100, 000 people, with approximately 20% female. At the end of June 2016, the sector had outstanding loans of BDT 459.37 billion, which was disbursed among 23.28 million borrowers. And they had accumulated BDT 171.19 billion as savings from around 27.79 million clients, of which over 94% were women (MRA- MIS, 2016). Numbers of articles are published on many issues of women empowerment and micro-finance. In this paper, the authors tried to develop a conceptual model of women empowerment through micro-finance activities.

STATEMENT OF THE PROBLEM

The question of whether microfinance empowers women has attracted attention in both academic and policy cycles. It is a fact that the full development of a country is only possible when women are empowered. The social, economic, and political status of women in rural areas remains very low and thus microfinance program, introduced for the poor in society, especially women, is justifiable. Microfinance has been seen as contributing not only to poverty reduction and financial sustainability but also to a series of 'virtuous spirals' of economic empowerment, increased well-being, and social and political empowerment for women, thereby addressing goals of gender equality and empowerment (Mayoux and Hart, 2009). According to Cheston and Kuhn (2002), empowerment through microfinance is identified and measured in various dimensions, such as the impact on decision-making, on the self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community and their political empowerment and rights.

Several studies have been carried out on the impact of microfinance, its role on poverty reduction, and client satisfaction, but none of the studies were conducted to develop a model of women empowerment through micro-financing. Specifically, no study exists on the Islamic microfinance activities of Muslim Aid Bangladesh. Based on the above-stated research gaps, a study on 'Developing a Conceptual Model of Women Empowerment through Micro-financing' was designed to minimize the gap.

RESEARCH QUESTIONS

Below are research questions that guided the study on the role of MF on women empowerment in Bangladesh.

1. What are the components of women's empowerment?
2. How are the components related to each other to develop the model?

SIGNIFICANCE OF THE STUDY

This study explains the concepts of women's empowerment and reviews the meanings and uses of the term by selected NGOs. The beneficiaries of the current research will be financial institutions and NGOs practicing microfinance programs for the poor community, financial and development policymakers in government, and women themselves empowered through microfinance.

OBJECTIVES OF THE STUDY

Broad objective: To develop a model for women empowerment in Bangladesh through micro-financing activity of NGOs.

Specific objectives:

1. To identify the components of women empowerment
2. To determine the relationship between women empowerment and its components in Bangladesh

RESEARCH METHODOLOGY

The present research adopted the positivistic paradigm approach. This approach has been used by researchers in their attempt to employ the methods concerning natural sciences in studying social

phenomena. Based on the philosophical stance, a qualitative research method was used to collect and analyze the data. At this level, the authors used the library as the source of literature and through extensive reviewing the literature the authors found out the components of the model and their relationships.

LITERATURE REVIEWED

The authors went through an extensive review of the following listed literature and then they found out some components which are described after the table.

Table 1: Reviewed Literature with their area of study

Area of Study	Reference
Women Empowerment – Current Status in Bangladesh	General Economics Division Planning Commission Government of Bangladesh developed the 7th Five Year Plan in December 2014.
	General Economics Division (2012). <i>Perspective Plan of Bangladesh 2010-2021: Making Vision 2021 a Reality</i> . Planning Commission, Government of Bangladesh. Dhaka
	Shahidul and Dogra (2011). <i>Women Empowerment in Bangladesh: The Rise of the Other Half</i> in Institute of South Asian Studies. Dhaka
	Gowranga, Dhaneswar & Naznin (2016). Present Situation of Women Empowerment in Bangladesh, <i>Journal of Mathematics and Statistics Invention (IJMSI) E-ISSN: 2321 – 4767 P-ISSN: 2321 - 4759</i>
	Al Amin, M., Hossain, M. I., & Mathbor, G.M. (2013). Women Empowerment through Microcredit: Rhetoric or Reality? An Evidence from Bangladesh. <i>Multidisciplinary journal of Gender studies</i> , 2(2), 107-126.
Microfinance Role to Socio-Economic Empowerment of Women	Christabell, P. J. (2009). <i>Women Empowerment through Capacity Building: The Role of Microfinance</i> . New Delhi: Concept Publishing Company.
	Nessa, T., Ali, J., & Roslan, A.H. (2012). The Impact of Microcredit Program on Women Empowerment: Evidence from Bangladesh. <i>OIDA International Journal of Sustainable Development</i> . Vol. 3, No. 9, pp. 11-20. New Delhi.
	Addae, J. A. (2015). Effect of Microfinance on Women's empowerment: A Review of the literature. <i>ADRRI Journal of Arts and Social Sciences</i> , Ghana: Vol. 13, No. 8 (2), Pp. 1-15, ISSN: 2343-6891.
	Marloes, A. H, Hansen, N., Otten, S., & Robert Lensink (2017), A Three-Dimensional Model of Women's Empowerment: Implications in the Field of Microfinance and Future Directions. <i>Published online 2017 Sep 28</i> .
MFIs to Women Empowerment Activities in Bangladesh	Hunt, J. & Kasynathan, N. (2001). <i>Pathways to empowerment? Reflections on microfinance and transformations in gender relations in South Asia</i> . Oxford, UK: Oxfam.
	Nessa, T., Ali, J., & Roslan, A.H. (2012). The Impact of Microcredit Program on Women Empowerment: Evidence from Bangladesh. <i>OIDA International Journal of Sustainable Development</i> . Vol. 3, No. 9, pp. 11-20. New Delhi.
	Akbory & Yeameen (2008). <i>Gender Action Plan: Towards Women</i>



	Entrepreneurs Development in Bangladesh, Empowering Women Entrepreneurs Towards a Shared Economic Growth. <i>2nd National SME Women Entrepreneurs Conference</i> , SME Foundation. Dhaka, Bangladesh.
History of Microfinance and Impact on Poverty Alleviation	Ahmed, S. (2003). <i>Microcredit and poverty: new realities and strategic issues in attacking poverty with microcredit</i> . UPL, Dhaka
	Yunus, M. & Alan, J. (2003). <i>Banker to the Poor: Micro-lending and the Battle Against World Poverty</i> . New York, NY: Public Affairs.
	Yunus, M. & Weber, K. (2017). <i>A World of Three Zeros: The New Economics of Zero Poverty, Zero Unemployment, and Zero Net Carbon Emissions</i> , Public Affairs, (304p) ISBN 978-1-61039-757-5
	Mayoux, L. (2000). Micro-finance and the empowerment of women – A review of the key issues. <i>Working Paper</i> .
	Zoynul, A. M., & Fahmida, M. (2013). Women empowerment through microcredit: A case study of Dinajpur, Bangladesh. <i>Studies in Business & Economics</i> , 8 (2), 5-19.
	Chowdhury, M. & Alam, J. (2013). Microfinance and Women Entrepreneurship? Experience from Bangladesh. <i>Paper presented at the BDI/CSAS Conference on "Bridging the Policy-Action Divide: Challenges and Prospects for Bangladesh</i> . University of California at Berkeley (February 22-24).
Muslim Aid and Credit Development Forum, Bangladesh	Bangladesh Microfinance Statistic report 2016 – 2017 (December 2017)
	Credit and Development Forum (CDF), Annual Report 2016-17 (December 2017)
	Muslim Aid Bangladesh (MAB) Annual Report 2016 (January 2017).
	Bulbul. A & Rahman. O (2014), <i>Service Quality of Muslim Aid UK-Bangladesh Field Office</i> . LAP Lambert Academy Publishing, Germany. ISBN: 978-3-659-61215-2.
Women's Contribution to Socio-Economic Development in Bangladesh	Tambunan, T., (2009). Women Entrepreneurship in Asian Developing Countries: Their Development and Main Constraints. <i>Journal of Development and Agricultural Economics</i> , vol. 1, no. 2.
	Rahman, M. M. (2009). <i>Credit Worthiness of Women Entrepreneurs in Bangladesh</i> . Small & Medium Enterprise Foundation, Dhaka.
	Marti, I. and Mair, J. (2009). Entrepreneurship in and Around Institutional Voids: A Case Study from Bangladesh. <i>Journal of Business Venturing</i> 24, pp. 419-435.
	Asian Development Bank (2012). <i>Management Response to the Special Evaluation Study for the Effect of Microfinance Operations on Poor Rural Households and the Status of Women</i> . Asian Development Bank, Operations Evaluation Department, Manila, Philippines.
Women Empowerment through Decision Making	Hoque, M. & Itohara, Y., (2009). Women Empowerment through Participation in Micro-Credit Programme: A Case Study from Bangladesh. <i>Journal of Social Sciences</i> 5(3): 244-250, 2009, ISSN 1549-3652.
	Pitt, M. M.; Shahidur, R. K. & Cartwright, J. (2006). <i>Empowering Women with Micro-Finance: Evidence from Bangladesh</i> . Economic Development and Cultural Change, Vol. 54, No. 4, pp. 791-831.
	Makombe, I. A. M., Temba, E. I., & Kihombo, A. R. M. (1999). <i>Credit</i>

	<i>Schemes and Women's Empowerment for Poverty Alleviation: The Case of Tanga Region, Tanzania.</i> Research Report No.99.1, Research on Poverty Alleviation (REPOA)
Women Empowerment through Psychological Development	Marloes, A. H, Hansen, N., Otten, S., & Robert Lensink (2017), A Three-Dimensional Model of Women's Empowerment: Implications in the Field of Microfinance and Future Directions. <i>Published online 2017 Sep 28.</i> Anu, D., (2015). Empowerment of Women: A Conceptual Framework. <i>The International Journal of Indian Psychology</i> , 2(3): 35-45. June 201.
Models of women empowerment in Bangladesh	None

SOME OPERATIONAL DEFINITIONS FOUND FROM LITERATURE REVIEW

Microfinance and Islamic Microfinance

Micro-finance is the umbrella term for a mix of financial services for the poor, the large part of which is micro-credit or loans but also encompasses savings, insurance, money transfers, and shares. The term umbrella is used consciously to examine micro-finance as a whole, including the potential impacts of programs that include savings or training, not purely credit. Micro Finance program has been divided into different credit facilities (general loan, housing loan, loan for income-generating activities), different savings product (own savings, compulsory savings, current savings), and insurance facilities (life insurance, poultry, and livestock insurance) to a different class of clients (poor, as well as non-poor).

Islamic Microfinance is Shariah-compliant microfinance. It is the contrary approach to the conventional interest-based Microfinance program. Islamic Microfinance does not allow interest-based deposits and does not allow to charge interest on a loan. Islamic Microfinance considered depositors and lenders as investors who share risks and profits of the borrowers' business. Islamic Microfinance contributes to the promotion of responsible finance.

Women Empowerment

The term empowerment has no fixed definition. It describes a process where the powerless or the unempowered gain a share of control over resources and decision-making. Batliwala (1993) defined empowerment as a process through which women, in general, and the poor women, in particular, tend to gain control over resources and ideologies. Moreover, as women are treated as the most unempowered members of the oppressed classes, the term empowerment has come to be associated with women's struggle for social justice and equality. The process of challenging the existing power relations and getting control over the sources of power is empowerment. The outcome of the empowerment of women is the redistribution of power between genders.

Financial Independence

Financial independence generally describes the state of having sufficient personal wealth to live without having to work actively for necessities. For financially independent people, their assets

generate income that is greater than their expenses. A person's assets and liabilities are essential factors in determining if they have achieved financial independence.

Socio-cultural Conditions

Socio-cultural conditions study living conditions, including cultural factors and complexities, and the interaction between the cultural and economic aspects. These are taken into consideration when designing or adapting tools for measuring the standard of living.

Psychological Improvement

It refers to the usages and application of skills, knowledge, and understanding of various activities undertaken by humans and how they use those in daily activities, whether in events, talking to people, education and employment, relationships, or even treating mental health issues.

Women Participation in Decision Making Process

Women participation refers to their ability to participate equally with men, at all levels, and in all aspects of household, public and political life and decision making, including activism. The term 'participation and influence' refer to the equal and meaningful participation of women in decision making. It does not mean that women are only participating in the decision-making process but actively involved in and influence the process through their active participation (United Nations, 1995). It is needed to increase the capacity of empowerment for women to take part in the decision making process.

CONCEPTUAL MODEL OF WOMEN EMPOWERMENT

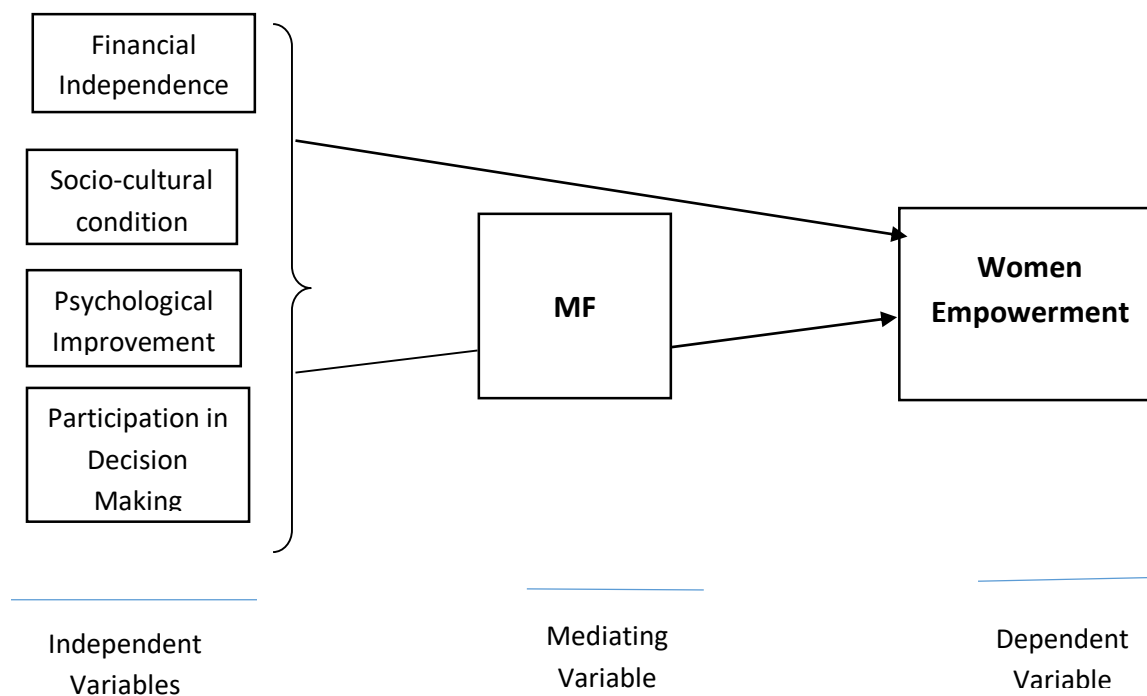


Figure 1: Proposed Model of Women Empowerment through Micro-financing

CONCLUSION

In the newly proposed model of Women Empowerment through Micro-financing activity of NGOs, the authors found four independent variables (financial independence of women, their socio-cultural conditions, psychological improvement, and their participation in the decision-making process), one dependent variable (women empowerment), and one mediating variable which is Micro-finance (MF). At the next step of this research, the researchers will test the model through statistical analysis of collected data and get the paper published in a refereed journal.

REFERENCES

- Addae, J. A. (2015). Effect of microfinance on women's empowerment: a review of the literature on the effect of microfinance on women empowerment. *ADRRI Journal of Arts and Social Sciences*, 13 (8/2), 1-15. ISSN: 2343-6891.
- Ahmed, S. (2003). *Microcredit and poverty: new realities and strategic issues in attacking poverty with microcredit*. Dhaka, Bangladesh: UPL.
- Akbory & Yeameen. (2008). Gender action plan: towards women entrepreneurs' development in Bangladesh, empowering women entrepreneurs towards a shared economic growth. *2nd National SME Women Entrepreneurs Conference*, Dhaka, Bangladesh: SME Foundation.
- Al Amin, M., Hossain, M. I., & Mathbor, G.M. (2013). Women empowerment through microcredit: rhetoric or reality? A piece of evidence from Bangladesh. *Multidisciplinary journal of Gender studies*, 2(2), 107-126.
- Anu, D., (2015). Empowerment of women: a conceptual framework. *The International Journal of Indian Psychology*, 2(3): 35-45.
- Asian Development Bank (2010). *Gender equality results in case studies: Bangladesh*. Manila, Philippines: Asian Development Bank.
- Asian Development Bank (2012). *Management response to the special evaluation study for the effect of microfinance operations on poor rural households and the status of women*. Manila, Philippines: Operations Evaluation Department, Asian Development Bank.
- Batliwala, S. (1993). *Empowerment of women in South Asia: Concepts and practices*. Mumbai, India: Asian-South Pacific Bureau of Adult Education.
- Bulbul. A., & Rahman. O. (2014), *Service quality of Muslim Aid UK- Bangladesh field office*. Berlin, Germany: LAP Lambert Academy Publishing.
- Chowdhury, M. & Alam, J. (2013). Microfinance and women entrepreneurship? Experience from Bangladesh. Paper presented at the BDI/CSAS Conference on "Bridging the policy-action divide: challenges and prospects for Bangladesh". University of California at Berkeley (February 22-24).

Christabell, P. J. (2009). *Women empowerment through capacity building: the role of microfinance*. New Delhi, India: Concept Publishing Company.

GOB. (2012). *Perspective plan of Bangladesh 2010-2021: Making vision 2021 a reality*. General Economics Division, Planning Commission, Dhaka, Bangladesh.

GOB. (2013). *The Millennium development goals: Bangladesh progress report 2012*. General Economics Division, Bangladesh Planning Commission, Dhaka, Bangladesh.

GOB. (2014). *Bangladesh Bureau of Statistics*. Dhaka, Bangladesh.

GOB. (2014). *Gender equality and women's empowerment: Suggested strategies for the 7th five-year plan*. General Economics Division, Bangladesh Planning Commission, Dhaka, Bangladesh.

GOB. (2014). *The Millennium development goals: Bangladesh progress report 2013*. General Economics Division, Bangladesh Planning Commission, Dhaka, Bangladesh.

GOB. (2015). *Bangladesh GDP Growth Rate*. Dhaka, Bangladesh.

Gowranga, Dhaneswar & Naznin (2016). The present situation of women empowerment in Bangladesh. *Journal of Mathematics and Statistics Invention (IJMSI)*, 2321 – 4767.

Hoque, M. & Itohara, Y., (2009). Women empowerment through participation in the micro-credit programme: A case study from Bangladesh. *Journal of Social Sciences*, 5(3), 244-250.

Hunt, J. & Kasynathan, N. (2001). *Pathways to empowerment? Reflections on microfinance and transformations in gender relations in South Asia*. Oxford, UK: Oxfam.

MAB. (2016). *Annual Report*. Dhaka, Bangladesh: Muslim Aid Bangladesh.

Makombe, I. A. M., Temba, E. I., & Kihombo, A. R. M. (1999). *Credit schemes and women's empowerment for poverty alleviation: The case of Tanga region, Tanzania*. Research on Poverty Alleviation (REPOA), 99(1).

Marloes, A. H, Hansen, N., Otten, S., & Robert Lensink (2017). *A three-dimensional model of women's empowerment: Implications in the field of microfinance and future directions*. Published online 2017 Sep 28.

Marti, I. & Mair, J. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24, 419-435.

Mayoux, L. (2000). Micro-finance and the empowerment of women: A review of the key issues. *Working Paper*. Rome, Italy.

Nessa, T., Ali, J., & Roslan, A.H. (2012). The impact of microcredit program on women empowerment: Evidence from Bangladesh. *OIDA International Journal of Sustainable Development*. 3(9), 11-20.

Pitt, M. M.; Shahidur, R. K. & Cartwright, J. (2006). Empowering women with microfinance: Evidence from Bangladesh. *Economic Development and Cultural Change*, 54(4), 791-831.



Rahman, M. M. (2009). *The creditworthiness of women entrepreneurs in Bangladesh*. Dhaka, Bangladesh: Small & Medium Enterprise Foundation.

Shahidul and Dogra (2011). *Women empowerment in Bangladesh: The rise of the other half in the institute of South Asian studies*. Dhaka, Bangladesh.

Tambunan, T., (2009). Women entrepreneurship in Asian developing countries: Their development and main constraints. *Journal of Development and Agricultural Economics*, 1(2).

World Bank Study (2000). *Gender at work – A companion to the development reports on jobs*.

World Bank, (2014). *Bangladesh development update*. Washington DC, USA: World Bank.

World Economic Forum, (2013). *The global gender gap report 2013*. 43-6.

www.gadnetwork.org and www.gaps-uk.org. Retrieved on 20.02.2018.

www.ijmsi.org Volume 4 Issue 8 || October. 2016 || PP-31-38. Retrieved on 02.02.2018.

www.ijmsi.org. Retrieved on 01.03.2018.

www.ijmsi.org. Retrieved on 03.03.2018.

Yunus, M. & Alan, J. (2003). *Banker to the Poor: Micro-lending and the battle against world poverty*. New York, NY: Public Affairs.

Yunus, M. & Weber, K. (2017). *A world of three zeros: The new economics of zero poverty, zero unemployment, and zero net carbon emissions*, New York, USA: Public Affairs.

Yunus, M. (2007). *Creating a world without poverty: Social businesses and the future of capitalism*. New York, USA: Public Affairs.

Zoynul, A.M., & Fahmida, M. (2013). Women empowerment through microcredit: A case study of Dinajpur, Bangladesh. *Studies in Business & Economics*, 8 (2). 5-19.