

Impact of Microcredit on Gendered Poverty: Women's Participation in Urban Microcredit Programs at Slum Areas of Dhaka City, Bangladesh

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Abstract---This paper examines the impact of microcredit on gendered poverty and wellbeing in selected slum areas of Dhaka city, Bangladesh. It is a qualitative and feminist epistemological study that used triangulation of data using in-depth-interview, focus group discussion and participatory rural appraisal. The testimonies of participants were the heart of the study to explore women's lives experiences. Such testimonies have not been used in many similar studies. It appears that microcredit programs do not create opportunities for the majority of women because men's presence at home constrains women from participating in paid livelihood. Overall, it can be said that microcredit has limited capacity to alleviate poverty but it contributed to keeping poverty only at a tolerance level by affecting one or two of the most significant wellbeing indicators.

Keywords---- Microcredit, Poverty, Wellbeing, Women, Slum areas

I. INTRODUCTION

This is the first study of the impact of urban microcredit on female poverty and household wellbeing in selected slum areas of Dhaka city, which is surprising since Bangladesh is considered as the birthplace of microcredit and is internationally recognized for its numerous success stories. The effectiveness of microcredit programs on poverty alleviation (i.e., income poverty alleviation) in rural areas has been examined for the last three decades, and the literature is extensive (Nawaz 2007; Osmani 2007; Rahman, S. 2007; Develfere & Huybrechts 2005; Chowdhury & Bhuiya 2004; Sharif 2004; Khandker 2003; Pitt et al. 2003; Zaman 2000-2001; Khandker 1998; Mustafa et al. 1996) [1], [2], [3], [5], [6], [7], [8], [9], [10], [11]. It is undeniable that some of the record has contributed to creating a positive image of Bangladesh in the international community that shows a positive link between microcredit and the wellbeing of women and their families (Nawaz (2007; Osmani 2007; Rahman, S. 2007; Khandker 2003; Pitt et al. 2003).

Most evaluation of credit programs in Bangladesh show a positive impact on household poverty, and link that to the position of women in the household (Chowdhury & Bhuiya 2004; Pitt, Khandker & Cartwright 2003; Khandker 1998). Studies which assessed the impact of microcredit on gendered poverty and the wellbeing of household and women are rare.

The aim of this study was to bring an independent point of view, add a new dimension to the knowledge focusing on urban development and provide information to guide the development organizations that work for poverty alleviation of household and women as well as gender equality both in rural and urban areas.

II. METHODOLOGY

This article is based on my PhD research. The study was qualitative and based on the after-only design to measure the impact of microfinance. An after-only research is also known as a retrospective study, conducted on the basis of the respondents' recall of the situation, without having any control group (Kumar 2005, p. 86) [32].

Three MFIs were selected purposively based on the distinct characteristics of their programs for urban poor, area of coverage and diverse ranges of activities, namely BRAC, PROSHIKA and MSS in Dhaka city, Bangladesh. Five research sites (slums) were selected in order to involve participants from the three NGOs: Korail, Gulshan 2 (BRAC), Bownia Badh (Tinshed Coloni), Pallabi (PROSHIKA), Mach Bazar, Merul Badda (MSS), and two officially unnamed slums, here referred to as Adarsha Nagar (MSS) and Kuratoli, Bissho Road (MSS).

There were 45 members ($3 \times 15 = 45$) from women's credit groups selected in these slums, who fulfilled the selected inclusion criteria.

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The fieldwork was carried out from February 2010 to June 2010. This study employed in-depth interview with the selected 45 respondents of the three MFIs as the main tool of data collection and a semi-structured interview schedule was used to guide the data collection process. This study also employed other methods such as Focus Group Discussion, Participatory Rural Appraisal (PRA) and observation to grasp strategy/process.

NVivo software for qualitative data management and analysis was used to assist in data management (storing and processing) and analysis, and Microsoft Excel was used to assist frequency analysis of the qualitative data to ascertain its validity and robustness.

III. EVIDENCE: WOMEN'S VOICES

A. *Micro-credit impact on selected household welfare attributes*

The 45 participants in this study fell into two categories: women who transferred the credit to their husbands or male head of the household and women who did not transfer the credit but used it themselves. With regard to the utilisation of the credit money, it appeared in the current study that over a woman's membership of from five to eleven years, on average more than fifty per cent of the cycles of loans were used by their husbands, with the remainder used by women themselves and others.¹

It is important to note from the outset that women's control over credit is usually either compromised or completely lacking. Primarily five groups of women were studied: group #1 (8 women) comprised women who are in independent work with credit money while in a relationship with husband; group #2 (8 women) comprised women who retained control over credit by default as they are divorced/separated/widowed. Group #3 (12 women), #4 (6 women) and #5 (11 women) all comprise women who lost control over money as they handed over credit to their husband. Group #3 women became involved in their husband's business as assistants at work. Group #4 women remained in their earlier jobs in factories while group #5 women remained at home and accepted their position as housewife.

B. *Livelihood through credit*

It is evident that of women who transferred money (29 out of the 45 participants), about forty per cent (12 out of 29) find themselves in one of at two situations: either becoming

involved in business activities (i.e., economic activities) as an 'assistant' of the husband or male member who invested the money, or having no connection with the investment at all. In the first situation, it appears that women's credit money contributed to the loss of their own employment for the benefit of their husband's employment. Despite the contribution of their labour to the economic activities, it appears that it does not give them the position of an 'employed' person because all of these labour assistantships are unpaid. The following testimonies highlight their participation in 'economic/business' activities as 'assistants':

After my husband bought a construction machine with the credit money to rent at the construction site, I decided to quit my job of a garment factory to assist him at home. This is because earlier he used to work at the construction site occasionally but since his decision to run a petty-business, he started working full time. Then, I needed to quit my job in order to deal with business during his absence at home. However, it does not give me any position of employment but it is indeed assistance for my husband (Re#M#Ad, Adarsha Nagar, group 3)

Another woman said:

I took a loan several times for my husband, which he invested in buying a CNG and a wood business. Besides managing the wood business, mainly by big purchasing and selling, and money management, he runs the CNG by himself...earlier I used to work in a garment factory but my husband asked me to quit while he planned to establish a business and asked me to work for him. Despite my work here my husband controls everything including the money. (Ko#B#K full time assistant, Korail, group 3)

It appears from the above testimonies that through the credit money the women enabled their husbands to either initiate or re-establish a business. The credit money not only terminated the women's own paid job but also strengthened the traditional view of men's breadwinner position in the household. Even though the women were engaged in the business activities established with the credit money, as family labour support they were rarely involved in any activities that gave them power over the business. As one woman said:

Despite the fact that I work for the whole day at the shop and manage other activities related to the business, I have no control over the business. (Ha#B#K, Korail, full time assistant)

Similar statements were given by most of the women who transferred money, the only differences being the length of time spent in the business activities, either full time and part time. The statements above also have specific significance as confirming women's position as secondary in the sense that money management is seen as 'masculine' in nature.

Undoubtedly handing over the credit re-establishes total dependency on their husband in terms of all household and personal expenses. While the majority of the women in this group may get some immediate family benefit through their husband's regular earning with employment, a minority are rather disadvantaged by their husband's investment in permanent assets (like land or occupational resources) which do not have any immediate family benefit at all or none ever.

There are two situations where women managed to utilize credit money, namely when men are in disadvantaged position or are absent in home. In the former situation, men are away from earnings for long time or unable to earn sufficient income, usually because of their unwillingness to work regularly, or because of sudden but prolonged sickness. The following testimony highlights the situations:

Even though my husband earns money, it is not sufficient for the family. Thus, I started to think of doing some work by myself. When I got a loan from MSS, I started with something small (such as a tea shop and a CD shop) but increased it many times (my current assets include cash, an occupational machine and a tree plant). He earns less than me. This is good because if he gets more money, he wants to get more wives. (Pa#M#Ku)

It appears that the woman in this group replaced the husband's position in the household as principal income earner/breadwinner. The above quote reflects the common position and shares common realization of all similar women of the importance of their position as main contributor and of their capacity to develop a self-determined and independent position from their men, especially in terms of their everyday livelihood and income.

Women who become involve in business activities since their participation in microcredit programs have potential to develop a clear position of authority over their own income in some contexts unlike others those who transferred. As Ru#M#Ma said:

Because I am the only income earner in the family, I have to manage all household expenditure including the repayment of credit.

It appears that women developed a position with control over credit followed by employment, as the testimony above indicates, in terms of contribution to household expenses. However, it has been difficult for them to challenge any norms that disadvantage them historically. As men said in a FGD:

Women should not think of their income as personal and "It's rather our sacrifice to allow our wives to be involved in outside work" (FGDs in Mirpur and FGDs in Merul Badda).

It shows that women were not able to make any change in traditional norms that define women's roles and authority of their men and society. In fact, small credit like microcredit has limited ability to make a big change in the family other than to the socio-economic condition, as investment and income are small. In most of the cases crises do not disappear or remain the same if the women are out of work for a day or two.

Overall, it can be said that women's involvement with microcredit created an opportunity for more men than women themselves. However, in cases where women managed to retain control over credit followed by an employment, their independent livelihood and income created a position for some women to contribute in the family expenses. However, men still appeared to retain independent decision-making and continue to practice traditional rule over women.

C. Food intake and meal practices

Overall data suggest that the state of food intake improved somewhat in 60% of the participants' households in terms of daily intake, declined in 24% and remained unchanged in 16%. It appears that the quantity and quality of food depended on the overall economic state of the household (income and assets). Food intake also depended on the personal behaviour of the person, whether man or woman, who was responsible for supplying money for household expenditure, expenditure on other necessities including the repayment of instalments, and, finally, on other socio-cultural factors.

There were a few circumstances that the women who transferred money to their husbands had in common. The husband as principal breadwinner was supposed to become responsible for meeting the basic needs of households including food through utilization of credit money. While the majority of men gained employment through the successful use of the money, consumption efficiency improved in terms of food supply and of more spending on the food items. As one woman comments:

There is a change in our food intake in the family compared to before my involvement with microcredit programs. (Ha#B#K, Korail, BRAC)

It appears that current food intake situation improved through both the men's and women's participation in business (activities) established with credit money and by husband. However, men's authority over credit money and business, as women handed credit over to men, did not allow women to have control either over profit/income or over expenses. Therefore, the men's position as the main/only decision maker over money allocation for food shopping rarely changed.

Nevertheless, there is obvious positive change where women utilized credit money and created opportunities for their self-employment. It is also obvious that the wellbeing of the family in terms of food supply increased. As one woman said:

We have improved a lot compared to before my involvement with the group as we used to be starving almost daily because we ate only once a day. (Ru#M#Ma, Mach Bazar, group 1)

Another woman confirmed, 'We are all in a better condition in our area as we are earning' (Sh#M#Ma, Mach Bazar, group 1).

It appears that there was a positive change in food supply in the households of the women who contributed to improving their household wellbeing. In a few different (encouraging) cases women managed to strengthen their position by minimizing their dependency on their husbands. This can be seen as the success of their struggle over a long time for independence in the management of the household. As one woman said:

Since I joined BRAC and started working, I have changed the state of food intake in the family by the year. (Mrs Nu#B#K, Korail)

It appears that there are obvious positive changes in food supply status at home since women became the income earner with credit investment. It reveals a woman's obvious independent position toward family contribution as well as her independence from her husband. The above testimony also reveals their perceptual changes which developed from their long standing independent income. It also appears that most of the women in this group derived satisfaction from their increased freedom to spend money on food (Ru#M#Ma, Hi#M#Ma, Nu#B#K, Pa#M#Ku). Similar perceptions about independence among women in similar situations created a sense of togetherness and communal and

neighbourhood power which also increase their socialization and networking, as explored during FGDs.

D. Access to health care: who gets priority?

Transferring credit to their husband also rarely made any difference in women's health care status compared to earlier. It appears that microcredit has limited, no or negative impact on women's health as shared by almost all women those who transferred credit to their husband. As one woman said:

I have been very sick for years since I gave birth to my son, which is now 10 years ago. But my husband does not care; rather he feels very disturbed when I tell him about it. However, he openly tells me he will get married to another woman as I am not able to sleep (sex) with him when he wants. (Ko#B#K, Korail, group 3)

It tells us a story that seems rather socio-traditional than financial. It also appears that women had limited ability to take care of their own health. While the wives' lack of money affected their ability to take care of their own health, socio-cultural vulnerability (such as getting permission to go out for treatment alone and having no information about relevant health care providers or doctors) forced them to accept their fate. As a few said, 'if Allah wants, it will be healed automatically' (Ko#B#K, Ma#P#M, Ku#B#K). Therefore, it can be said that their involvement with microcredit rarely affected their traditional perceptions and practices toward health care.

Normally women prioritized their husband's health care by spending most of the money they earned for their husband's treatment in the same way they prioritized men in serving food. FGD with participant women of MSS in the Mach Bazar, Merul Badda, Dhaka: 'My husband gets first priority in health care before anyone else in the family because without him there is nothing, is there?' Similarly, in a FGD with women in Mirpur. In spite of that, men took the opportunity of their wives' sickness to divert their attention to other women in an extra-marital affair or a second marriage. In summary, it can be said that microcredit has little impact on individual women in terms of access to and spending priorities over health care.

E. Access to and control over resources: wellbeing and welfare

In life in the slum, while food, shelter and health care are important for daily survival; having human, financial, occupational and household assets are also important

indicators of household wellbeing. Assets are also good indicators of social status in the community.

It appears that women who handed over credit to their husband retained no power to control any assets including profit/income earned by their husbands and expenses. Traditionally, it depends on the men's ultimate behaviour (attitude) toward women. As one woman commented:

I cannot buy any of the household items/necessities without my husband's permission. In fact, I do not have money to buy anything. My husband is so strict in his behaviour and does not want to listen to my opinion. (Ko#B#K, Korail, full time assistant, group 3)

The above statement refers to the difference in duties of men and women, as well as illustrates women's exclusion from money management in the business and home. This is financial but also traditional. The following statement represents the whole situation:

I do not know anything about the profit of the credit investment, but still I need to worry about repayment instalments as my husband is very irregular in managing money for that. (Ku#B#K)

It appears that while women share the burden in difficult times by taking appropriate measures within their limits in the household they do not get the proper share of the equity/benefit. Therefore, it can be said that without the utilization of credit money, simply involvement with business activities with the husband does not ensure any kind of change in the power relationship in terms of asset accumulation and savings/profit utilization. The striking point that can be made is that in terms of outcomes, it is not unusual for women to share adversity equally or suffer more than men.

Therefore, it can be said from above discussion that women have very limited capacity to buy or own assets. Women's ultimate priority is the wellbeing of the household and the children rather than personal wellbeing, meeting the daily necessities, saving money and accumulating assets. Therefore, the accumulation of assets has limited immediate impact on the personal wellbeing of many women. It can also be said that women without an independent income are in a more critical situation than the women with their own income and this also exacerbates inequality.

IV. DISCUSSION

In the current study, general household and personal wellbeing is defined as an improvement from poverty, which also contributes to gender equality.

Now the crucial question is how far were women able to change their poverty situation with credit money in their hand? The answer raises a further question: who utilized the credit in the Bangladeshi situation where men are regarded as the traditional breadwinner?

It is well known that MFIs have been working with women who were either involved in irregular activities to survive in the city or who have been out of work for a few years with their husbands being the only income earner, but having no established businesses or permanent work (the qualification criteria for microcredit, see Ali 2008, p. 962) [35]. Given the severe socio-economic and cultural constraints on women's access to employment and the market, increasing the opportunity for women to access credit must be seen as a positive contribution to efforts to challenge the gendered terms of access to resources and opportunities in Bangladesh. However, women's mere participation in credit programs can be seen from the MFIs' perspective as contributing to the alleviation of household poverty but cannot be seen as promoting gender equality.

Therefore, an argument can be made here that the majority of the men in this study, as the traditional breadwinners, were hostile to women taking authority over the use of the money (a similar argument was made by Reza 2002; Azim & Sultan 2010) [36]. Therefore, most participant women were required to hand over the money to their husbands who then maintained full authority over it because men's breadwinner's position is taken for granted.

The 'gender blind' policies (Kabeer 1999) of MFIs do not see men's authority over credit as a problem but rather sees its potential for the betterment of the family [37]. Such policies have been supported by a number of researchers who assessed the impact of microcredit on poverty alleviation without considering the question of 'who utilizes credit' (Rahman, 1986; Goetz & Gupta, 1996), and failed to address seriously the problem of women's continuing unemployment and disadvantaged position [38], [39].

Given that the participant women's employment-poverty (one of the non-income indicators of urban poverty, according to World Bank 2000, p. 11) remained unchanged for many after they transferred the credit to their husband, the provision of microcredit cannot be taken as having increased these women's wellbeing as they did not get equal opportunity to be in paid work (when 'poverty' is considered

as 'gender inequality' rather than merely as the inability to meet basic household needs). In contrast to these women, a minority of women was able to retain control over the microcredit and undertake self-employment with the money, which contributed to the reduction/eradication of their employment-poverty and gave them authority over the household wellbeing.

Despite the fact that employment-poverty and income-poverty were reduced for most families irrespective of who utilized the credit (men or women), credit did not ensure equal distribution of wellbeing/benefits between the genders. Considering poverty that includes gender inequality (World Bank 2000, p. 11), it can be said that mere credit delivery has limited potential to increase wellbeing that distributes benefits and adversity equally [47]. In the majority of cases women had limited potential to get an equal share of the benefits in case of their husband's presence in their lives, despite sharing the difficulties either through bearing the heavier burden during hard times or sacrificing personal needs and priorities.

In the final analysis, poverty reduction does not always ensure wellbeing as, for example, increased income (when income poverty is reduced) does not ensure increased food security at home. Increased income does not mean that poverty is reduced as the people who spend 80% of their income for buying food are considered as 'hardcore poor' (DFID 2001, p.186 cited in Grist et al. 2006). Under the equation of women's wellbeing with household wellbeing, which is defined as the husband's and children's wellbeing, women, irrespective of their employment position through microcredit, are not able to contribute directly to their personal wellbeing. Even when household wellbeing is guaranteed in terms of meeting a few basic needs, it does not guarantee that women are free from adversity and discrimination as a distinct gender. Therefore, it can be concluded that credit is only partially able to reduce poverty and discrimination in the household. Last but not least it is undeniable that women's monetary power as well as perceptual change followed by changes in traditional practices can change the situation and can potentially challenge men's traditionally stronger position for a more equal household and society.

V. CONCLUSION

It can be concluded that overall credit did not contribute to reduce employment poverty for women where they transferred it to their husband/male member of the

family but income-poverty of household was reduced where men utilised the money properly. Women's employment and income-poverty were reduced where women utilised credit money and household wellbeing was higher where women were earning compared to men.

The study indicates that microcredit has limited capacity to influence tradition and norms that historically discriminate against women despite their paid employment and definite contribution to the family expenses. It also implies that it is difficult for married women to take authority over money where men's presence and masculine power are unavoidable. Further, the evidence in this study showed that merely meeting practical needs/basic needs did not bring equality into intra-household relationships that are traditional and patriarchal, shaped by the perceptions of both men and women. The Bangladeshi family is deep-rooted in the societal structure that hinders or prohibits women from challenging discriminatory norms and rules that keep them inferior to men and in the society.

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