

Implications of Microcredit and Social Business: The Scenario of Empowering Women in Rural Bangladesh

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Abstract: *Social Business (SB) which has brought a new avenue in the modern capitalism becomes a buzzword in the process of globalization. The study is an attempt to understand how social business and microcredit play potential role to empower marginalized people particularly rural women in Bangladesh. Methods of research are mainly based on primary survey thus; it is included field observations, documentary analysis, focus group discussions and semi-structured interviews. The study also extensively tried to make a comparative picture regarding different dimensions of women empowerment involving in microcredit and social business and its aftermath. Hatbati and Hatalbunia villages of Batiaghata Upazila under Khulna District were selected for this endeavor. Hence, the study explores the influencing factors which are responsible for engaging women to Grameen credit and social business. Through the social business and the way of getting capital and investment are they becoming benefited or not? The endeavor also seeks the answers about the potentiality and tangibility of social business and credit programs how far will continue as an effective instrument for the empowerment of destitute rural women.*

Keywords: *Social Business, Empowerment, Rural Women, Grameen Credit*

Introduction

Muhammad Yunus, the founder of the Grameen Bank, undertook a project since 1976 to identify the causes and the extent of poverty of the people living in the surrounding villages of the University of Chittagong in Bangladesh. This 30-year long experience of building firms which purpose is to alleviate poverty has led to the development of a new type of business evolved as social business (SB).

With the idea of social business, Muhammad Yunus has introduced a new dimension for capitalism; a business model that does not strive to maximize profits but rather to serve humanity's most pressing needs (Yunus, 2010). The concept of social business has its origin in microcredit, which grew out and concern about the problems of poor people of Bangladesh. Social business is a much broader concept which neatly includes microcredit that makes a fundamental change and Solving different social problems (Mahmud, 2012).

Yunus has been branding social business in the globalised society with new dimensions. The ethics and concept of social business is collaborative with empowering women. In reality, the concept women empowerment is considered as a process of gaining and controlling material and intellectual resources which will support them to develop their

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self sufficiency and enable them to achieve independent rights and thereby challenging the ideology of patriarchy and speaking for the gender-based discrimination (Batliwala, 1995). Microcredit programs play a significant role in improving the economic status and living standards of households, empowering rural women, creating self-employment, and ensuring better education and healthcare (Haque and Harbin 2009). Culturally, women were confined to houses in domestic sphere until microcredit stepped in and empowered them. Grameen Bank has 8.4 million mostly women borrowers and holds \$1.5 billion in villagers' savings. (Bornstein, 2011).

A social business is a non-loss, non-dividend company designed to address a social objective within the highly regulated marketplace of today (Yunus, 2012). On the basis of seven principles Yunus postulates social business including two categories. Type (I) focuses on providing a product or service with a specific social, ethical or environmental goal. A prominent example is Grameen Danone. Type (II) focuses on a profit-oriented business that is owned by the poor *e.g.* Grameen Bank (Yunus, 2010). Women borrowers of the GB are being empowered to participate in familial decision-making around the management of income and expenditures. With the global vision as the first Social Business Day was observed worldwide on June 28, 2010. Till then, 28 June observes Social Business Day. There are various types of SB Companies in Bangladesh *i.e.* Grameen Bank, Grameen Telecom and Grameen Phone, Grameen Shakti, Grameen Kalyan, Grameen Fisheries and Livestock, Grameen Shikkha, Grameen Uddog, Grameen Danone Foods Ltd. Grameen Intel, Grameen Fund, Grameen Trust and so on are very much prominent (Yunus, 2010). Through these companies various SB projects have been launched in Bangladesh *e.g.* The Grameen Danone project, The first Eye Care Hospital, Grameen Uniqlo Social Business Venture, Veolia Water, Bangladesh Solar, Grameen Credit, Equity projects, Grameen Cyber Net, Grameen Knitware and so on.

Social Business has become helpful for rural women in case of empowerment. Rouf (2011) clarified that the women borrowers of microcredit are being empowered to participate in familial decision-making around the management of income and expenditures. The data suggest that more than 80% of the study's participants led decision making within their family; more than 90% supported their children's education financially. Only 9% of female borrowers who took loan for the first time, exercised full authority over loan funded activities whereas 87% performed their roles as a family partnership (Montgomery 1996). Microcredit helps to empower women as microcredit assists to lessen financial dependency of the women thereby enhancing their autonomy and it helps to enlarge position and cachet of women within the household (Amin *et. al.*, 1998). But most often Grameen credit proves as harmful sanctions for rural women. Goetz and Gupta (1996) presented a negative image of microcredit on women empowerment. Their study reveals that the most of the poor women have little or no control over their loans because of three reasons: i) men's control over credit ii) expansion of credit in household chores iii) violence on women while unable to repay loan.

Grameen Bank has become an international model for microcredit as a poverty alleviation strategy as in Bangladesh. The purpose of this paper was to evaluate the Grameen Bank as a strategy for empowering and improving the socioeconomic status of

women in Bangladesh as well as to identify lessons from the Grameen Bank experience that can inform development policy more generally. Arguments for and against Grameen Bank are evaluated in the light of evidence from studies of the Bank and knowledge of women and development (Bernasek, 2003).

Social business has effective social implications as well as both positive and negative impact. But it has changed the life of women who are involved with social business. It has ensured social status of women both in family and society which assist women to take greater control of decision making and life choices.

Methods and Materials

Methods of research were mainly based on primary survey thus, included field observations, documentary analysis, focus group discussions, case studies and semi-structured interviews. These methods and techniques were applied to collect both qualitative and quantitative data. The research design of the study was based on exploratory as well as explanatory in nature. Primary data were collected from Hatbati and Hatalbunia villages of Batiaghata Upazila under Khulna District. A sample of 120 women were interviewed by using interview schedule. In addition, secondary data from relevant sources were taken to strengthen the rationality of the study. Unit of analysis was poor rural women age between 25 to 30 years. Collected data have been analyzed and interpreted by using descriptive as well as inferential statistical techniques like percentile distribution, average identification and chi-square test.

Result Discussions

According to the study findings most of the respondents (31.7%) belonged to age group 23 to 27 years while the lowest portion of respondents (6.7%) belonged to age group 48 to 52 and thus, constituted the average age of the respondents around 31.70 years with the standard deviation of 9.46. Major portion of the respondents (34.2%) had completed secondary level education but they had no access to income generating activities due to family bindings, lack of access to income generating activities, religious superstition and many other issues. But after involvement in social business about 29 percent respondents were housewife and a major portion of respondents (40.8%) were involved in small business and their income has increased to 3001 to 6000 BDT (35.0%). (Bar Diagram-1, annex). Subsequently, the average income of women was BDT 3918.33 with standard deviation of 6696.69. The respondents were predominantly Muslim (43.3%) and approximately 91 percent respondents were married while only 08 percent respondents were divorced. Although the respondents mostly had larger families (57.5%), nevertheless, a considerable percent of them (42.5%) had nuclear families with average family members 5.708 and Standard Deviation 2.051. Social business introduced by Yunus Centre has made favorable condition for women to get credit in low interest, investing the capital and upgrading their economic condition which has changed the background status of women. Those women who were disadvantaged in society and could not find any way to get rid of the worse situation Social Business has worked as a torch bearer for them to get an improved standard of living, access to income generating activities and above all they have get access to women empowerment process.

About Social Business and Grameen Credit

Though the innovative business concept like social business which branded by Dr. Yunus has changed view of traditional business concept i.e. profit maximization. Social business concerns on providing credit to women and betterment of their condition through using that credit in income generating activities. The study suggests (Bar Diagram-2) that women are taking credit and using it in productive activities but most of the women (53.3%) did not know that they are directly involved with SB. There were many types of Social business i.e. Grameen Dannon, Grameen Shokti, Grameen Vieola, Grameen Credit, Grameen Phone. But most of the women were involved with Grameen Credit as except credit it was not possible for them to run such business. Furthermore, Major portion of women (53.3%) took decision for social business to reduce poverty of their families as well as only 2.5 percent women wanted to increase their social status. Generally, about 49% women got inspiration from Grameen Credit worker to join in Social Business and the credit from Grameen Bank. Though Grameen Bank is the Bank of poor and its interest rate is much higher than any other banks of the country. But 90.8% women were aware of the interest rate and they paid the installment weekly which resulted that due to SB above 87% women were able to pay installments regularly. Additionally, women who were aware about interest rate of credit or not (9.2%) sometimes could not pay installments regularly (12.5%) due to loss in business, sickness of family member, and use of credited money in unproductive sectors, using the credited money in to unexpected sector and so on. Findings of the study describe that only 38.3 percent women could control credit but generally husband (61.7%) used to control the credit. By getting access to Grameen credit most of the disadvantaged women have got source of income and the findings discloses that 71.7% women agreed with extent of increasing income. Social business has opened door for women in case of making their root in society stronger than before through income generating activities which is pushing women to empowerment process.

Conventional Scenario of Women Empowerment

Women are the worst sufferer of patriarchal structure in Bangladesh. They possess very little rights to take any kind of decision about their life. But Social Business has broken down this traditional view and given women floor to upgrade their situation through Grameen credit. The findings in (Bar Diagram-3) indicates that before involvement in SB majority of women (75.8%) had less access in income generating activities which has been changed dramatically after involvement in SB and the worst situation derived women to medium (50.0%) participation in income generating activities. In addition, about (34%) percent respondents had medium control over credit while it was impossible for them to control credited money before involvement in Social Business. The subsequent results of involvement in SB are women's participation in household decision making, participation in social and political activities, mobility of women, exposure to media and all these issues were beyond women's imagination before involving in Social Business. A comparative picture of before and after involvement of women in Social Business (Bar Diagram-3) illustrates that most of the women (84.2%) could not go outside according to their own will or without escorted by male member or without

permission of husband but at present this percentage has increased to (40%) which indicate medium level up gradation. In traditional societies like Bangladesh women have less access to media and communication which creates knowledge gap in present era. While about (78%) women had less access in media before SB this percentage increased to (35%) in moderate level. Hence, in the country women are kept away from political activities as it is thought that women are not fit for political and must keep themselves aloof from social activities. But this scenario has been changed by Social Business. The findings reveal that about (76%) respondents had low access to social and political activities before but after involvement in SB 45 percent women could participate in various kinds of social and political activities i.e. attending wedding, helping neighbors, meeting with political local leaders, attending religious activities and so on. Furthermore, from the past women have no access to household decision making and the study exposes that only (5.8 %) women had higher access to household decision making which has been changed by Social Business radically. At present (36.7%) women could take decision in household activities i.e. education of children, use of contraceptives, buying or selling lands, selection of food value and many other issues.

Additionally, women empowerment is calculated by women empowerment index which reveals the crystal picture of women empowerment. The study indicates that most of the women (78.3%) had low women empowerment index which has been increased to a medium level (35.8%) after involvement in Social Business and it is still deriving to a higher level. Actually, it is true that except SB, it would be very hard for women to get rid of their worse situation of powerlessness and through the ethics of women empowerment SB has proved that women are not puppet of patriarchy and they can contribute in all sectors of country.

Bivariate Analysis of Social Business and Empowerment of Women

Educational status is closely related with status of women rights as well as participation in household decision making ($\chi^2 = 31.203; p < .000$). The findings suggest that women with higher education were fully aware about their rights and could participate in household decision freely than women with little or no education (Table/Diagram-4). In addition, women with better occupational status had high control over income, expenditure, credit and savings ($\chi^2 = 16.310; p < .012$) as well as occupational status and participation in household decision making ($\chi^2 = 15.009; p < .020$) are significantly related with one another. Income is another indicator of women empowerment influential for the women empowerment index. The findings exposes that the relationship with income and women empowerment has significant at the level of ($\chi^2 = 41.712; p < .000$). Women with no income had low women empowerment index which could be raised with involvement in income generating activities and increasing income level. The findings also indicate that participation in income generating activities and women empowerment index are significantly related ($\chi^2 = 27.733; p < .000$). As after involvement in income generating activities like small business, tailoring, handicrafts and so on occupational status of women increased which increased the women empowerment index. Woman empowerment index increases with participation of women in social and political activities and their relationship were statistically significant ($\chi^2 = 27.733; p < .000$). The

findings expose that women empowerment index is also dependent on women's exposure to media and this relationship was statistically significant ($F = 39.580$; $p < .000$). So the subsequent result of women empowerment depends on the independent variables respectively.

Discussions

The study explicit that social business has changed the social status of rural women to a great extent. The main target of SB is to upgrade the socio economic conditions which can be seen in the different studies. As the study reveals, due to early marriage and traditional patriarchy, often rural women cannot continue their education which closes their door for self employment. But social business launched Grameen credit program through Grameen Bank whose beneficiaries are mostly women. Through involvement in SB and by getting GB credit most of the respondents had invested the money directly or indirectly in any kind of productive works by themselves or husband or any other family members which had increased the income level of family and brought economic solvency satisfactorily. Most of them had adopted various dimensions of SB through GC and are aware of the rules and regulations of GC. Subsequently, through profit form productive activities they could pay the installments regularly. But those who could not pay installments regularly had to suffer severely due to their own lacking. Another way the study shows that they could not pay installments due to expense of money in private purpose, fall of crop production or sometimes willingly. In spite of these most of the respondents agreed that by receiving Grameen credit their income has been increasing gradually.

The findings of this study depicts, in case of women empowerment SB has contributed a lot. As it has given women access to income generating activities like small business, tailoring, homestead gardening, cattle or goat rearing. Majority of the respondents were of control over income, expenditure, credit and savings as well as could influence in household decision making i.e. contraceptive prevalence, child education, health, marriage of daughter, daily household expenditure and so on. The data of the study also reveals that after involvement in social business respondent's mobility to outside (e.g. market, hospital or clinic, office of NGO, Upazila or Zila sadar and relatives or parents house) has increased which results the participation of women in various social and political activities. The respondents were destined to exposure to media and communication i.e. meeting with local leaders, NGO workers, group discussion, training program, television programs, radio and newspaper. The overall findings exposes that majority of the respondents were satisfied with their present condition with awareness of women rights and they are hopeful to their own productive works and expected more success in future.

The women who were involved in social business had got better socioeconomic condition than before. Though rural women were rushing towards social business they had low control over credit as most of the respondents' husbands used to control that credits. As a result, in case of women empowerment they had relative access to various sectors of income generating activities, household decision making, social and political activities. Social Business, in addition had given these women access to credit but lack of

monitoring their empowerment has not been ensure yet.

From the above discussions it can be said that though rural women were quite satisfied with their income generating activities *vis-à-vis* trying to be empowered in household decision making, social mobility, control over credit, savings, expenditure and income but still some problems are remaining there which hindering the women to be empowered. Therefore, with proper policy making SB needs collaboration with government as well as civil society to get in effect as the means of women's empowerment in rural Bangladesh.

Conclusion and Implications

At the very outset, it may be concluded that social business is paving the way to uplift the socioeconomic status of rural women whose livelihoods are bracketed together poverty. Though the present study does not cover whole present scenario of women in the country but field survey and observation showed a large proportion of the women still living in rural setting are to someway being oppressed in the patriarchal social structure and often they are unseen and unvocal due to lack of proper education and lower strata of economic and sociopolitical position. The empirical study shows that though interest rate of Grameen Bank is higher than any other traditional banks, it plays a vital role in empowering rural women by creating the new avenue to participate income generating activities, household decision making through providing Grameen credit for their advancement. Another important changes taking place that after involving social business activities, the women started to participate in different income generating activities resulted their income level is also rising gradually high which ensuring women empowerment as they need. Due to lack of proper institutional management of Grameen credit and social business system sometimes women fall in worse situation which must be resolved through pragmatic policy implications. Furthermore, government should trigger infrastructural development through Grameen credit programs in the rural areas in association with social business activities. But keeping in views of reality, regarding empowerment, some of them are now enjoying higher position than before involving in social business. And thus, social business is playing a vital role for empowering women in rural Bangladesh. Furthermore, organizations like GOs and other NGOs should have integrated plan and policies to overcome the frequent adversity of rural women concerning to the empowerment through income generating activities. And hence, the study can play significant role to promote women's livelihood and awaking them in considering the real field situation in a tangible way.

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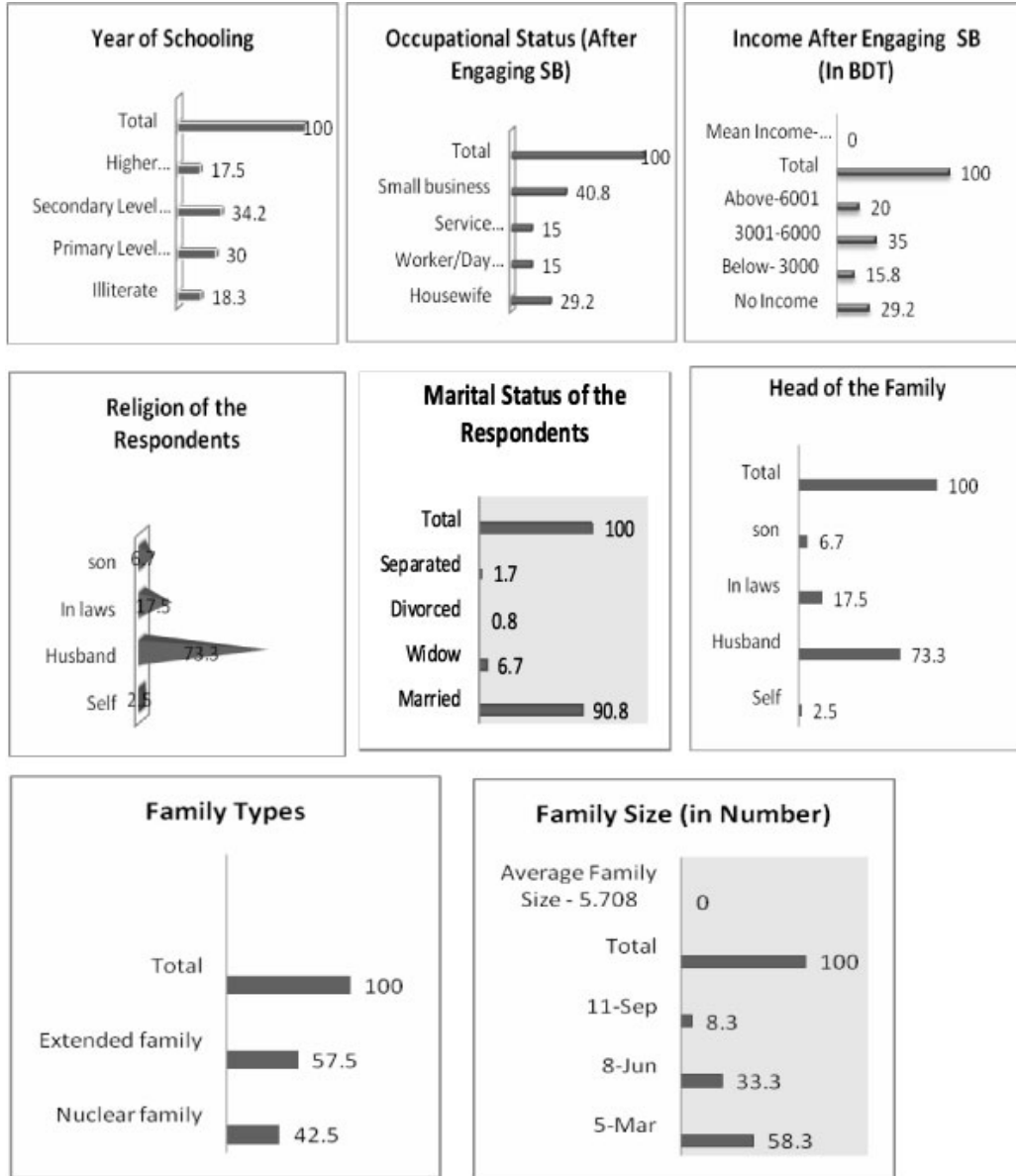
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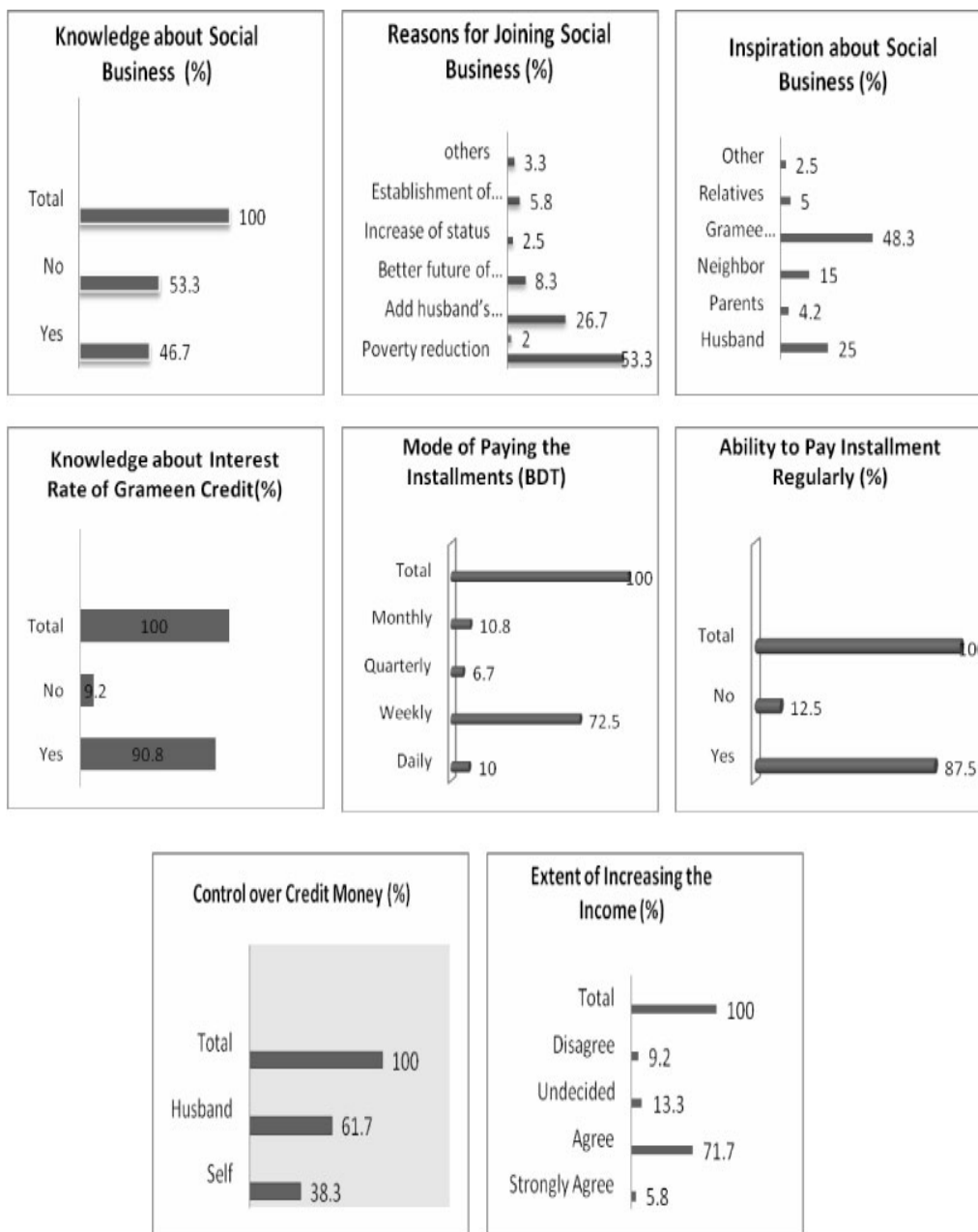
Appendix- 01

Bar Diagram-1: Background Information of the Respondents



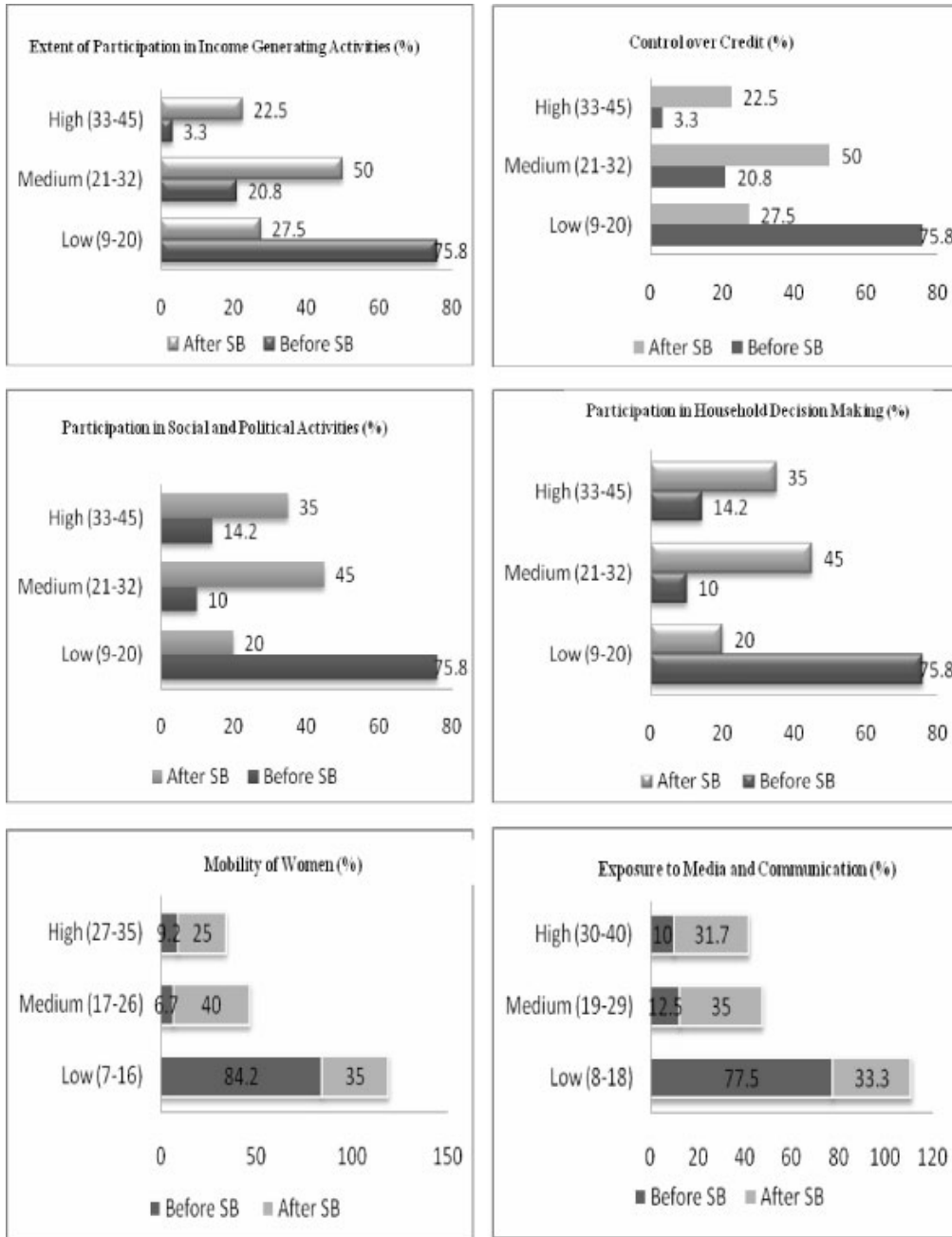
Source: Authors' Compilation Based on Field Survey (2014)

Bar Diagram-2: Information about Social Business and Grameen Credit



Source: Authors' Compilation Based on Field Survey (2014)

Bar Diagram-3: Scenario of Women Empowerment



Source: Authors' Compilation Based on Field Survey (2014)