

MICROFINANCING WOMEN: WHAT DOES IT MEAN FOR THEM?

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Abstract

Many development programs in poor countries are now targeting women so that they can participate actively and get the fruits of development for their own good, including the microfinance program. However, the meaning and significance of such an idea deserve more attention. To show the set of identities, social relations, political possibilities and the ethical outcomes of 'microfinancing women,' the expressions of such potent combination between women and microfinance in today's practices, the values that justify the claims, and also whose culture or what ideology which appears in the justification or reasoning for the claims are investigated. The data showed that specific women are the "promising" target. Instead of empowering women for the sake of themselves, microfinance produces entrepreneurial subjects on them so that they can enter the global market. A critical examination of microfinancing women entails a reexamination of the discourse, its implications, and the fundamental problematic ideology behind the on-going trend.

Keywords: Microfinance, Women, Text, Entrepreneur, Globalization

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1. Introduction

The research is about the gendered financial sector in today's global market. Many development programs in poor countries are now targeting women so that they can participate actively and get the fruits of development for their own good. The economic growth stimulator of the microfinance program is no exception.

A lot of international development institutions have incorporated the program in their development strategies, for the idea behind it is to give the poor an opportunity so that they can and will pull themselves out of poverty. Microfinance is believed to be an effective tool to reduce poverty (Ruben, n.d.), as well as to broader economic development. According to the World Bank, microfinance services can 'help low-income people to improve household and enterprise management, increase productivity, smooth income flows, and consumption costs, enlarge and diversify their microbusiness, and increase their income' (Robinson, 2001:6). What makes it more interesting is that there is a common belief that 'microfinance has been above all a matter of women' from the starting point of experimental schemes in Asia and Latin America in the 1970s (D'Espallier, Guérin, & Mersland, 2011:2). Such belief is being echoed by Heather Clydesdale and Kajal Shah from Asia Society, an educational organization promoting partnerships among Asia and the United States' peoples and institutions founded by John D. Rockefeller 3rd, who said that '[w]hen it comes to microfinance, women seem to have a magic touch' (Clydesdale & Shah, n.d.).

The truth about women's magic touch to microfinance is debatable. However, the meaning and significance of the idea definitely deserve more attention. The financial order is primarily based on the perspective of male financial investors; women are absent, at best, marginalized in its analytical assessments (Peterson & Runyan, 2010). Does gaining more access to financial assistance equal to more freedom for women, or might it actually be the opposite? Furthermore, what kind of empowerment is offered through the microfinance program? Understanding the set of identities, social relations, political possibilities, and the ethical outcomes following the potent combination of women and microfinance are therefore important; while at the same time, studies about financing women in poor countries are mainly and solely focusing on the assessment of the ongoing program. Therefore, the purpose of this research is to answer the question: Where is women's position in microfinance?

The position here refers to the social setting and place in which the women are to carry out their tasks in the current global champion of the development program. To answer the question above, firstly, what microfinance itself will be discussed before the question of how "women" are represented in the contemporary microfinance practices will be answered. The method of investigation will also be mentioned in the first section. Then in the second section, the implications of such representations will also be analyzed. The third section will be about the analysis of the relations between women's position in microfinance and the context of gendered neoliberal globalization with its development strategies.

2. Literature Review

Microfinance industries have grown exponentially in the last decades. Seventeen years ago, in 2000, there were already about 180 million loans outstanding and 1.3 billion savings accounts at "alternative financial institutions" institutions (Ledgerwood, Earne,

& Nelson, 2013: 9). Since then, microfinance has grown a lot. The program got its popularity when Muhammad Yunus, the pioneer of informal microfinance institutions, won the Nobel Peace Prize in 2006. Yunus saw how the formal institutions, i.e., the commercial banks, had ‘rejected the poor as unworthy of credit’ and imposed a ‘financial apartheid’ (Leikem, 2012:4). He then decided to step outside of the formal institutions and provide small loans without collateral to groups of five borrowers—later known as the Classical Grameen Bank model. Yunus’ great contribution was to demonstrate that a much more efficient form of lending to low-income people as possible by relying on ‘leveraging existing social institutions to create incentives to ensure a sufficient level of repayment at low delivery cost’ (Ferrand, 2013:466). The Grameen Bank might be the first, but now thousands of microfinance institutions have sprung up around the world: the formal (e.g., rural banks and cooperatives) and informal ones (e.g., non-government organizations).

The media often reports on its growth and innovations, in terms of both the number of clients and providers, also its type and products. Multiple financial services are believed to be able to broadly meet many and diverse financial service needs of the poor people, so the focus is no longer only on credit for investment in microenterprises. It is not surprising that in its later development, there is a shift in the use of the concept of ‘microcredit’ to ‘microfinance,’ reflecting the contemporary concern of making financial markets work better for the poor. Financial inclusion is seen as a booster for economic growth because it is believed that ‘access to financial services improves the ability of consumers to access markets, which contributes to monetizing the values of products and services, enables risk pooling, and allows value storage.’ Thus it is also believed to have an impact on the overall stability of the system (Ledgerwood et al., 2013:1).

The vast development in the microfinance program does not change the common belief that women’s participation is important. As a financial services alternative tailored for poor people, many social activists celebrated its ability to reach out to women and enhance their welfare, including Muhammad Yunus himself. Karim quoted Yunus, as he elevated microfinance to be a “‘liberating force’ for women struggling against ‘repressive social and economic conditions’”, only to criticize his opinion that microfinance can ‘liberate’ women is not a fair assessment of the facts. In her book *Microfinance and its Discontents: Women and Debt in Bangladesh*, Karim criticizes how the neoliberal policies, which are supposed to liberate women, in fact, weaken rural social solidarity whilst creating new markets for multinational corporations (Karim, 2011).

However, such criticism of the on-going microfinance program is partial, as Tickner and Sjoberg confirmed in saying that analyses that do not take account of the gender hierarchy in social reality are partial because of their neglect of it (Sjoberg & Tickner, 2011:11). Gender matters in social reality. It is not the same way that people differentiate women and men according to their biological maleness and femaleness; instead, “gender” is the social meaning attached to the shape of our bodies (Shepherd, 2010:4). The masculinities are attached to the maleness, and the femininities are attached to the femaleness. Gender manifests itself in the real material structures and institutions, including the microfinance institutions. It manifests in the way we understand and perform everyday lives too. According to Shepherd, gender is a noun (i.e., an identity), a verb (i.e., a way to look at the world), and a logic, which is produced by and productive of the ways in which we understand and perform social reality (Shepherd, 2010:5). We can reveal how gender operates by reflecting on what already exists in social reality. As

Laura J. Shepherd said that we ‘cannot ignore (or abstract)’ the ways that gender informs and affects the practices of social reality, and therefore it means we have to pay attention to ‘the narratives about the body and representations of the body function, both male and female’ in the social reality (Shepherd, 2010:5, 7).

It is also important to recognize that there are multiple expressions of gender in society, and it means there is not just one “gendered” experience because ‘genders are lived and performed differently and in different contexts’ (Sjoberg & Tickner, 2011:4). As Peterson noted, there is Diversity of women’s lives themselves, and there is no one universal category of ‘women,’ as well as ‘men’ (Peterson, 1992:195). Besides, in the postmodernist view, ‘[w]e can never speak about any reality objectively; reality is not directly accessible to us, and our understanding of it is always mediated and informed by particular discourses’ (Steans, Pettiford, Diez, & El-Anis, 2010:140). Hence, analyzing the discourse will reveal how certain characteristics of individuals become powerful, and at the same time, certain others are neglected or marginalized. Understanding gender and how it operates in the social reality is important to let us think what further consequences of the gendered practices are because gender differences also associated with power relations existed in almost every area of social and political life (Sjoberg & Tickner, 2011:4). Likewise, the microfinance program assessments which do not consider the gender categories inherent in the program implementation are problematic. As Peterson (1992:5) argued that ‘if knowledge claims are necessarily grounded in lived experience, not some transcendent reality, then the elite male experience cannot be used to ground claims about human social reality; to do so distorts our knowledge of that reality.’

3. Research Method

To show the gendered norm and justification of ‘microfinancing women’ in today’s global trend, the method of “reading conjecturally” used by Berlant and Joseph (Joseph, 2013:246) can give fruitful result; that is by ‘tracking and linking a variety of domains’ where knowledge about women and microfinance is produced and circulated. Expressions of such a potent combination between women and microfinance in today’s practices, also the values that justify the claims, whose culture or what ideology which appears in the justification or reasoning for the claims will be investigated. The domains are mass-mediated microfinance profiles offered by the microfinance institutions and international development organizations which adopt the program for their development strategies. Some of them are in pictures, and the rest are in articles.

4. Results and Discussions

4.1. “Women” are the “Promising” Targets

According to the World Bank, the microcredit movement has focused on women because, in many developing countries, they traditionally face greater access barriers to formal banking services and are thus also credit-constrained than men (World Bank, 2008:124). The fact that they do not hold formal sector jobs or the titles to their houses makes them not creditworthy. This view is shared among many nongovernmental organizations, particularly those engaged in the least developed and developing countries. Some figures below reflect their concern over women’s poor access to financial services:

Image 1. Microfinance and Women



(Source: CARE International UK, n.d.)

Image 2. Happy Borrower



(Source: Wasson 2009)

Image 3. Success Story



(Source: Thrive Uganda 2014)

According to the World Bank, on the other hand, experience has shown that repayment is higher among female borrowers, mostly due to more conservative

investments and lower moral hazard risk. Some practitioners also stress social objectives as women seem to be more concerned about children's health and education than their husbands. Microcredit also might empower women from the intrafamily decision process to the leadership roles in the communities (World Bank, 2008:124). A similar sound is heard from the International Monetary Fund below:

We are all trying to remove obstacles and create opportunities that will allow women to achieve their full potential and, in doing so, help lift us all to a higher economic growth plane. ...Women bring a better balance of risk and reward in business and finance. ...A "male" culture of reckless financial risk-taking was at the heart of the global crisis. ...Mixing the genders can help. Women are the next "emerging markets". Globally, women control about two-thirds of discretionary consumer spending. Women invest more in future generations, creating a powerful ripple effect. Women are more likely to spend on health and education, building human capital to fuel future growth and savings to finance it. As managers, women tend to be more open to diverse perspectives, more likely to sponsor and develop new talent, and more inclined to encourage collaboration... . Diversity can create a cradle of ideas and innovation. There are many policy actions that can help women join the workforce or start businesses: ...improved access to finance... (Lagarde, 2013:22).

Nevertheless, as a development program which is supposed to empower women, the discourse about microfinance and women above are problematic because the image of women (and men) represented in the text are stereotyped and prone to bias and discrimination. It assumes that there is only one category of women (and men) in the least developed and developing countries, which are unskill and uneducated, suitable for informal works, and that they need economic assistance to achieve financial sustainability as a solution to their problems. The important message from the various texts above is that those specific low-income "women" (described mostly as the ones from least developed and developing countries) are the "promising" targets for microfinance programs. The double quote-marks emphasizes how those two words are attached with a certain meaning in the discourse. Firstly, I will discuss the meaning attached to "women."

By using the word "women," the discourse refers to people whose bodies are characterized by biological femaleness and are passive, averse to taking risks, marginalized, financially illiterate, domestic, suitable for informal works, shopaholics, and collective. While men are represented as the other opposite sex and who are public, suitable for formal jobs, dominant, individual, financially literate, active, and risk-taking. The dichotomy indicates gender inequality between women and men, so that it is evident from the data that the microfinance program will not empower women. On the contrary, it precisely reproduces the gender hierarchy between men and women.

Then what is exactly the kind of empowerment that it offers? Some theorists argue that microfinance actually does not promote empowering women, but it does the production of subjectivity on women. Hall argued that subjectivity is a consciousness about self-identity. Meanwhile, at the same time, it gives limitations to understand the identity fully (Hall, 2004:1). By circulating the idea that women and microfinance are a potent combination, of which ideological assumptions will be discussed later,

microfinance gives a certain logic and identity to the “women” so that they will behave according to the logic—while the gender hierarchy is left untouched.

What kind of identity and logic are produced by the microfinance program? In light of the evidence, they are entrepreneurial identity and logic, or both are described as an ‘entrepreneurial subject.’ The entrepreneurial subject itself, or a ‘homo economicus,’ is understood as a competitive creature. How can we know that entrepreneurial subjects exist? It is when ‘everything for which human beings attempt to realize their ends, from marriage to crime, to expenditures on children, can be understood “economically” according to a particular calculation of cost for benefit’ (Read, 2009:28). Microfinance sets the identity and logic of an entrepreneur to “women,” as it is evidenced by the reasons why those “women” are considered to be the “promising” targets for microfinance in the texts above.

First, because women will contribute to the economic growth by joining the workforce or start businesses once they get access to financial services; second, if they start a business, they would like to work together in groups, which make the moral hazard risk lower since they can supervise each other; third, working in groups also can increase opportunities to innovate; fourth, they are also reliable borrowers—which means profitable with the high pay rates—although they are not financially literate enough to make such sophisticated investments; fifth, they are more likely to invest for the family than men which is good to build the human capital for future economic growth; sixth, women in the developing countries can also gain higher status in both within the family and the wider community by earning additional income for the household until one day they can be independent financially to spend their earnings and be the consumers for the markets. There are two categories of women represented here.

In Lagarde’s writings, there is a characteristic that does not appear in the image of women from developing countries in the previous microfinance profiles mentioned before. The way Lagarde justified the fact that women control about two-thirds of discretionary consumer spending globally means that there are other women who have financial control. Since women in the developing countries are described as they do not have authority in the family and in the wider community, then such image about women can have financial control in Lagarde’s writings refers to women in the developed countries. Even so, it does not mean that women in the developing countries cannot gain control over their personal finance because that is what one of the “promises” from microfinance to them: giving them a stronger role in decision-making within the family and the community by having a personal income. Not only that, but there is also an interesting contrast in the way those texts above describing the financial behavior of women. The use of the word ‘conventional’ in assessing women’s investing skill in the text coming from the World Bank indicates women as less financial literate but more anxious and worried than men when it comes to investment. However, Lagarde later commended women’s skills in business and finance compared to men’s ‘reckless’ financial skills. The reversal judgment, which also reaffirms gender bias and hierarchy, is highlighted by Miranda Joseph, who shows that it occurs only after the financial crisis (Joseph, 2013:263). This shifting gesture on treating women as the program’s target is worthy of further examination.

The italic words above are the logic and identity produced and circulated by the microfinance program. All of them are economical. Here it is clear that microfinance is producing entrepreneurial subjects on women.

4.2 The Gendered Neoliberal Globalisation

It is not something new in the neoliberal globalization era, where we can find a policy or program is actually a product of the entrepreneurial subject. Miranda Joseph said that ‘entrepreneurial subjectivity has been promoted and incited through political rhetoric and through changes in policies and institutional practices’ (Joseph, 2013:244). The term ‘neoliberal globalization’ refers to the expansion of ‘neoliberalism’ globally: as a free-market approach to the economy, or the political movement on behalf of a regime of accumulation aimed at the “upward redistribution” of wealth, or “a method of thought, a grid of economic and sociological analysis” (Joseph, 2013:244). As a method of thought, neoliberalism produces entrepreneurial subjects who ‘could and should exercise their freedom under certain conditions’ (Hofmeyr, 2011:35). That freedom is to pursue social welfare provision, which once was the state’s responsibility (Joseph, 2013:244), and the certain condition which is set and protected by neoliberalism is the efficient market. Therefore, the concept of development in neoliberalism can be understood as any improvements to support and promote market efficiency, including its programs and policies like microfinance.

The market which works efficiently is significant for-profit accumulation (Griffin, 2010:229); that is the core of capitalism—an economic system that has been closely guarded by neoliberalism. The problem with capitalism is that it is always in need of inequality (Polimpung, 2012), and so the market is always characterized by hierarchical relations: between capitalists, the class of people who own capital, and the laborers, the class of people who have to sell their labor; between labors and the other labors too. The hierarchy in the labor market can be structured according to gender, race, age, and other human characteristics (Peterson & Runyan, 2010:213). In terms of gender, women from the least developed and developing countries are almost always at the lowest level of the labor market. Here comes the question: is opening their access to the market means empowering them or exploiting them?

5. Conclusions and Recommendations

Women’s position in microfinance is deployed as the “promising” targets. However, the discursive image of “women” itself is stereotyped, prone to bias and discrimination. Microfinance is also a production of entrepreneurial subjects on “women,” and because the market itself is hierarchical, women from developing countries are placed almost always at the bottom of the hierarchy.

Positioning women in the developing countries as the promising targets for microfinance thus means: strengthening the gender hierarchy, which manifests in the market and might not empower women in the developing countries at all. All of those result from the gendered neoliberal globalization. Hence, it is not enough to contrast microfinance as a trendy development program and analyze its policies in terms of success or failure. A critical examination of microfinancing women entails a reexamination of the discourse, its implications, and the fundamental problematic ideology behind the on-going trend.

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