DEDICATION

This thesis is dedicated to the enlightened souls who see social structures as they are, and ask—Why?
ACKNOWLEDGMENTS

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ABSTRACT

MICROCREDIT AND WOMEN’S OUTWARD MOBILITY IN RURAL BANGLADESH: A STUDY OF THE GRAMEEN BANK

by

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The Grameen Bank claims to empower women by utilizing microenterprise for the purpose of income generation. Proponents of the microenterprise movement report that microcredit institutions such as the Grameen Bank do in fact improve the lives of women both within families and in the broader society through increased incomes. Muhammad Yunus, founder of the Grameen Bank, states that women as microloan recipients have lessened their dependence on husbands, and have also increased their mobility outside the home. This thesis examines women’s potential for power and mobility both within the family and in public social structures through their microcredit membership and increased incomes. Existing and original data are used to analyze the Grameen Bank’s claim of empowering women. Much of this research focuses on married women since power relationships within marriages and families are a main concern. Findings suggest that despite the opportunities provided by microlending, unintended and less
desirable outcomes have at times reinforced and legitimized patriarchal dynamics structures that are unfavorable to women. Consequently, while loans have the potential to give women leverage in the family, that influence also may be challenged and even lead to violent retribution against them.
CHAPTER I

INTRODUCTION

On April 25, 2008, Muhammad Yunus, dubbed the father of the microcredit movement, officially inaugurated the Queens, NY branch of Grameen America. Yunus cut the red tape surrounded by press, potential microcredit borrowers, Grameen employees, and numerous other supporters marking the introduction of the first Grameen Banking system in the United States. Grameen America serves the New York City area and offers microloans ranging from $200 to $2,200 dollars for fist time borrowers. Initially only women were targeted for Grameen America membership. In October, 2008, there were no male borrowers (Grameen America employee Hasan, personal communication, October 2008). Research in June, 2009, however, indicates that there are now male Grameen America members, but women remain the dominant borrowers (Grameen America, n.d.a). The American introduction of a Grameen Banking system, first developed in Bangladesh, speaks to the growing enthusiasm for entrepreneurship through microcredit. Yunus states that if microcredit, “makes an impact in the USA, then the whole world will come around, accepting it, because you have gone through the toughest fort, and if you can conquer that, then the rest of it gets around easier” (Pimlott, 2008).

Muhammad Yunus defines microcredit specifically as Grameencredit with features such as credit for the purpose of poverty alleviation, no-collateral backed loans,
the formation of peer groups as a requirement for loans, obligatory savings programs, and weekly re-payment (Yunus, 2009). Yunus makes note that Grameencredit, which includes the above programmatic elements, is not necessarily analogous to “microcredit” as the term is generally used.

In February 1997, close to 3,000 “microcredit practitioners, advocates, educational institutions, donor agencies, international financial institutions, non-governmental organizations (NGOs) and others involved with microcredit” from 137 countries gathered for the first Microcredit Summit in Washington, D.C. The goal of the Microcredit Summit Campaign is to alleviate poverty by the end of 2015 by providing the world’s poor, mainly women, access to credit for self-employment (Microcredit Summit Campaign, n.d.). Those in attendance more broadly define microcredit as “programs which extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families” (Srinivas, n.d.). For the sake of a shared understanding of the term microloan, this paper will use the Microcredit Summit definition. In addition, microcredit and microloans can be used interchangeably to describe small loans used for entrepreneurial pursuits, otherwise known as microenterprise.

The idea that there are market-driven solutions to social problems has brought attention to microenterprise and has been encouraged by microfinance institutions, such as The Grameen Bank, Grameen America, MicroPlace, Accion, Kiva, and FINCA International as “socially responsible investing” (Dewey, 2008). Microfinance institutions claim that microinvestment and microenterprise not only serve as a viable avenue for
boosting family income for the poor, but they also provide a financial return for outside individual investors (Dewey, 2008).

The popular public consensus behind the microcredit movement is that under the right type of economic structuring, income can be generated to increase the standard of living for the world’s extremely under-privileged, especially women. This economic model is hierarchal in nature. The assumption is that through increased incomes and the accumulation of wealth, individuals can move up the economic and social development ladder and obtain the ‘good life.’ This formula to alleviate poverty embraces the ideologies of affluent nations that by depending on both market forces and individual hard work, the result will inevitably be a better quality of life. For women, the promise is also a more gender equitable life.

As of June 2009, there are over 7.8 million active Grameen Bank loan recipients in Bangladesh alone, 7.6 million of which are women. The bank covers 84,237 villages and has 2,554 branches (Grameen Bank, 2009a). Women, more often poor than men, are given priority as loan recipients and are 97 percent of Grameen Bank borrowers in Bangladesh (Grameen Bank, n.d.a). According to the Grameen Bank, its credit programs are designed to elevate the disadvantaged, mostly women from the poorest households, within an organizational climate where they can “acquire the capacity for planning and implementing micro level development decisions” (Grameen Bank, n.d.b). Yunus claims that women as microloan recipients, “have raised their status, lessened their dependency on their husbands and improved their homes and the nutritional standards of their children” (Grameen Bank, n.d.c).
The Grameen Bank had its humble beginning in 1976, as a microcredit delivery system to the rural poor in Bangladesh (Grameen Bank, n.d.d). Grameen means “rural” or “village” in Bangla language. Thirty years later, Grameen Banking systems can be found replicated worldwide. Microcredit has been declared a success by the Grameen Bank (www.grameen-info.org), the World Bank (Khandker, Khalily, & Khan, 1995), United States Agency for International Development [USAID] (2004), International Monetary Fund (IMF) (Littlefield & Rosenberg, 2004), and by numerous scholars (Hossain as cited in Wahid, 1994; Khandker et al., 1995; Todd, 1996). The Grameen Bank’s acclaim is illustrated by Muhammad Yunus’ receipt of the Nobel Peace Prize in 2006, and the United Nations declaration of 2005 as the year of microcredit.

Microenterprise proponents make claims of poverty reduction, increased incomes to communities, and successful business lending (Jurik, 2005). Mohammad Yunus, originator of the Grameen Bank, promotes microlending as a “win-win” enterprise, benefiting both the poor and the lenders. He argues for a “bubble up” model of economics in which the poor become more prosperous and generate greater demand and capacity in the overall economy. Yunus believes that the traditional practice of collateral backed loan requirements has left the poor in a perpetual caste system with no avenue out of poverty. Yunus has criticized such conventional banking practices and created what he calls a socially conscious capital enterprise in the Grameen Bank. According to Business Week (2008), Yunus’ main goal is to establish a new form of capitalism and inspire others to set up social businesses around the world. Yunus posits that if given the opportunity, microcredit loans to the poor can serve as a catalyst for poverty reduction by
harnessing his revolutionary economic model. Yunus’ vision for the future is one with a more “humane form of capitalism” (Grameen Bank, n.d.e).

Unitus (n.d.) is a large international poverty alleviation organization that shares the vision of microcredit as a success, along with the Grameen Bank, Grameen Foundation, Grameen America, and Grameen Shakti. This shared view is based on the social business model set by Yunus, which claims to simultaneously maintain a sustainable and profitable lending business while advancing the social betterment of its microcredit borrowers. Studies that support this claim are based heavily on quantitative research on income and poverty levels, education and infant mortality (Alam as cited in Wahid, 1994; Khandker, Khalily, & Khan, 1995). Many of the conclusions in scholarly works were based on one 1995 World Bank study (Khandker et al., 1995). Because of the lack of independent research and time elapsed since the 1995 study, and also the lack of transparency of Grameen organizations, we should not be overly confident with the popularized success story. In attempting to collect data and interview staff for this thesis, this researcher’s experience suggests that concerted effort and official policy aim to resist any close or critical examination of the Grameen Banks’ policies, programs, or results.

A few qualitative studies raise questions about the social consequences that microlending has on women’s lives (Goetz & Gupta, 1996; Karim, 2008; Rahman, 1999; Schuler, Bates, & Islam, 2008). This research builds upon these existing studies while offering a new critical examination of microfinance, taking into consideration the context of a global economy and the gendered division of labor. Microfinance must be considered in the context of economic globalization and the search for poverty reduction strategies that do not challenge neoliberal capitalist interests. The empowerment of women has
been the main claim to fame for microfinance institutions, but what has the definition of “women’s empowerment” come to mean in the discussion of microcredit? Who are the players involved? Who serves to benefit? Just because some communities raise their incomes, and the labor market tightens, does that necessarily mean that women are more empowered? This researcher asks, empowered compared to what? Although this thesis cannot answer these questions definitively, they are the broader context for this study of the dynamics of microlending in women’s lives.

Purpose of the Study

This thesis examines microfinance institutions in general, and the Grameen Bank in particular, to explore the impacts that microlending has on women’s lives in the home and in the community. Further analysis investigates how women borrowers have been affected by this operational business model in their mobility outside the home, personal efficacy and economic self-determination within marriages and families. Additionally, the focus of this research is to discern if the Grameen Bank has truly been successful at tackling their two-pronged business agenda of poverty alleviation for borrowers, and economic success for lending banks. And is the Grameen Bank truly a model of institutional change as Yunus claims?

Evidence suggests that, overall, the Grameen Bank and other microcredit institutions worldwide have contributed to women’s economic advancement and opportunity. NGOs that offer microcredit programs for the purpose of poverty alleviation have also been able to do the same. The distinction between microfinance institutions, like the Grameen Bank for example, and NGOs, is that microfinance institutions conduct
banking business for profit, and NGOs (non-governmental organizations) by definition are non-profit in nature. Although the focus for this thesis is to analyze the Grameen Bank, NGOs in Bangladesh that offer microcredit programs are also considered in the discussion of microcredit and Bangladeshi women, and research findings on those NGOs will also be cited.

Studies indicate that Bangladeshi women as microcredit borrowers have increased the standard of living for their children (Amin, Becker & Baynes, 1998; Khandker, Khalily, & Khan, 1995; Pitt & Khandker, 1998; Rahman as cited in Wahid, 1994; Rahman & Hasnat as cited in Wahid, 1994), and have also proven to be good credit risks with a 98% repayment rate (Grameen Bank, 2009b). Amin and colleagues (1998) conducted a study of five microcredit NGOs¹ in Bangladesh. Women in their study report they

have more confidence now because of their NGO membership, [and] are more intelligent and no longer sit idle like some men.” Other women in that study expressed that their credit NGO, “educate[d] us about nutrition, family planning, and child immunizations. (Amin et al., p. 232)

There is however, enough anecdotal evidence to challenge the assumptions of increased leverage for women in the home or mobility in their communities. There is more to the success story of women in microcredit programs than is made public by the lending institutions. There are in fact some unfavorable and unintended consequences of microlending which call into question the claim of facilitating women’s empowerment, leaving many critical scholars with unanswered questions.

¹ Association for Social Advancement (ASA), Development Center International (DCI), Community Development Association (CDA), Village Education Resource Center (VERC), Rangpur Dinajpur Rural Service (RDRS).
Theoretical Basis and Organization

The analytical focus for this thesis relies on the view that human relations, especially relationships of power, are socially constructed, legitimized, and sustained based on culturally assigned roles. Additionally, the functionality of the microcredit model especially in respect to the success rate of repayment to microfinance institutions is reliant on women’s vulnerable and easily exploitive position at the bottom of the gender hierarchy.

[S]ocially-constructed components reflect a society’s view regarding appropriate roles for men and women and are reinforced by economic, political, social, cultural and religious institutions…global organizations such as…the IMF often use these social constructions to their advantage citing ‘cultural sensitivities’ to restrict choices and access to certain jobs and provide unequal pay for women relative to men. (Pyle & Ward, 2003, p. 6)

Gender is used here as a dominant variable in the assessment of how socioeconomic structuring has affected gender norms and outcomes for women and their families. This study applies a critical analysis of the microcredit movement by examining economic and patriarchal gender structures and processes.

This researcher’s critique of economic structuralism begins with an examination of globalized Western capital interest. The globalization of capital-driven neoliberal agendas has played an instrumental role in the socioeconomic re-structuring of developing Southern nations. Neoliberal ideals based on free markets, trade liberalization, privatized social development, and small government have been used to justify the microcredit success story. Some scholars argue however, that the conditions and motivations of neoliberal restructuring are the primary cause of the structural poverty which has damaged southern nations in the first place (Chossudovsky, 2003; Jurik, 2005;
Karim, 2008; Pyle & Ward, 2003). As southern nations suffered in the wake of global restructuring, NGOs came to the rescue and served as government substitutes for social development. As a result, NGOs and the Grameen Bank specifically, have had the opportunity to implement their organizational agendas, and have had increasing opportunities for social control without accountability (Karim, 2008).

A main goal of the Grameen Bank is to secure its interest as a viable and sustainable financial organization. To accomplish this agenda “the bank solely depends on the existence of a sustainable productive clientele,” meaning that the bank weighs heavily on the profitability of each of its members (Khandker, Khalily, & Khan, 1995, p. 18). The bank’s strong emphasis on profit generation demonstrates the strength that Western neoliberal capital accumulation has had on the business operations of the Grameen Bank. The implementation of these economic conceptions should not come as a surprise since Muhammad Yunus received his Ph.D. in economics from Vanderbilt University in 1971 and soon after returned to Bangladesh and founded the Grameen Bank.

Research has shown that women are better credit risks then men, leaving many to question the best interest of the Grameen Bank as a sustainable business, and how that measures up against the political and material realities of women borrowers. Although the Grameen Bank has been successful at becoming a viable and sustainable business, it remains to be seen whether it is meeting its social impact and development goals. For this reason, it is equally important to examine the gender structures that are at play in Bangladesh, more specifically how power and resources are distributed in the home and what affect microcredit has on those structures.
The assumption that microcredit is the cure for women’s disadvantaged role overlooks the real structural causes for women’s disadvantaged condition, that being their subordination, and exploitation within a patriarchal system (Enloe 2007; Pettman, 1996; Tickner, 1999, 2001; Ward, Rahman, Islam, Akhter & Kamal, 2004). Some argue that the microcredit movement has strategically found a way to work around and function within patriarchy, thus resulting in the reinforcement of unequal gender hierarchies (Karim, 2008; Ward et al., 2004). For example, Rahman’s, (1999) and Goetz and Gupta’s (1996) studies of Grameen Bank borrowers in Bangladesh indicates a significantly strong positive correlation between microcredit membership and increased levels of domestic violence. Therefore, this researcher contends that in addition to the economic analysis, a feminist theoretical approach must also be applied.

Gender is an important variable and necessary tool in the critical assessment of microlending and how socioeconomic structuring and gender roles have been altered in the wake of the microcredit movement. Because women are specifically targeted for microcredit, there is a need to explore how new ideas, agendas and policies in the economy factor into the lived experiences of the women microlending institutions are lending money to. Traditional religious codes of behavior for women and restrictions about how they are expected to behave must be taken into consideration. Although Bangladesh is not ‘officially’ a religious state, 80% of the population is Muslim and many families participate in conservative gender restrictive practices which greatly limit women’s mobility in the home and in broader social structures.

Additionally, the feminist perspective is a compelling area of study because there is limited feminist research specifically geared toward the understanding of women
and gender roles in the microcredit model. Karim (2008) writes that, “very little ethnographic work has been done to examine how this micro-credit model might intersect with local patriarchal norms and cultural practices” (p. 10). The focus of this study is to discern whether microlending by the Grameen Bank improves the structural position of women within families and in the broader society. It does not set out to prove that the Grameen Bank negatively impacts women’s economic and social development. It would be a mistake here to “throw the baby out with the bath water.” This thesis is however, a critical examination of microcredit and the corresponding gender implications of less popular evidence that implicates microlending in reinforcing patriarchal relationships.

Limitations of the Study

It is important to acknowledge that a great deal of the existing data on the Grameen Bank is reliant on the World Bank funded *Grameen Bank: Performance and Sustainability Report* (Khandker, Khalily, & Khan, 1995). This thesis uses the report directly and also indirectly through its use by other scholars. Funded by The World Bank, this study can be declared outdated at fourteen years old. Since a current large-scale study is simply not available, we must learn what we can from the 1995 study while acknowledging its shortcomings.

The information available in the World Bank study (Khandker, Khalily, & Khan, 1995) includes statistical information on employees. We can see how many bank employees are women and gender pay discrepancies for the same occupations. This issue has been directly addressed in the World Bank report (Khandker et al., 1995) but has not been followed up by the Grameen Bank publicly or in any published studies on the topic.
Performance indicators of the Grameen Bank such as the recovery rates for borrowers and number of schools built are heavily relied upon by supporters of Grameen programs. They operate within a strategic paradigm of reporting that is careful to stay clear of ill-favored measurements. The avoidance of less popular performance indicators such as microcredit participation being a risk factor for domestic violence (Goetz & Gupta, 1996; Rahman, 1999) leaves an important outcome unexplored—does it increase a woman’s risk of abuse within the family? Since domestic violence rates in Bangladesh are among the highest in the world, it seems obligatory for the Bank to systematically examine the relationship between its programs and the probability of its borrowers to experience domestic violence.

Further complicating matters is the lack of transparency and secrecy of the Grameen Bank. The inability of independent researchers to conduct large-scale quantitative research without the Grameen Bank’s approval leaves the World Bank’s study a dated but dominant source. In addition, large-scale studies conducted by the Grameen Bank and the World Bank seem to entail a conflict of interest due to the opportunity that both banks have for financial gain with favorable outcomes for microfinance. This conflict of interest is likely to reinforce the microfinance success story and ignore or downplay more critical issues.

From experience in conducting this study, it seems that the Grameen Bank in Bangladesh and Grameen America are unwilling to provide information, even when individuals within those institutions may be willing to be interviewed. There appear to be tight restrictions in place to guard against information gathering for any independent study. This researcher did not have success in obtaining full interviews with employees of
Grameen Banking institutions or affiliates. However, limited field research with staff was possible through informal conversation in emails and by phone. Questions that may touch upon outcomes that are short of the glowing reports of success are unwelcome, and possible shortcomings of bank programs are not acceptable topics of conversation. Consequently, the staff stays tight-lipped and decline formal interviews once they are aware of company policy.

An overview of this study is as follows: Chapter II is a comprehensive review of the literature in regard to the microfinance movement in general, and the Grameen Bank specifically. Global politics are examined paying close attention to economic and gendered recourses of Western capital-driven programs and policies imposed on developing nations focusing on Bangladesh. Chapter III describes the methodology used for this study including the application of existing data on microlending, the Grameen Bank and women’s empowerment, as well as qualitative research gathered by this researcher. Anecdotal evidence and inferential interpretation was needed in this analysis to address this studies research concerns, and is used as described in Chapter III. Chapter IV presents the results of this study and a discussion of the data collected. Due to the large scope that is used in this analysis of microcredit, the Grameen Bank and women’s potential for increased mobility via microcredit participation, chapter four covers a multitude of topics. Data are presented and organized by research question. This thesis’ main objective is to explore how the Grameen Bank has improved the lives of women. As such, supplemental research questions are posed in order to develop analysis about the impact that microlending in general, and the Grameen Bank in particular, has had on women’s lives. Chapter V discusses the influence and impact of microcredit membership
on women and their families. Some of the most pertinent findings of this study are based on some scholars’ findings of association between microcredit membership and increased levels of domestic violence. Additionally, findings on the functionality of the microcredit model and how patriarchal assumptions and codes of behavior intersect with the business operations are also highlighted.
CHAPTER II

LITERATURE REVIEW

Theoretical Framework and Introduction

This thesis critically examines the structural issues surrounding the microcredit movement, including global restructuring, and gendered policies and politics. The theoretical vantage point shared by Jurik (2005), Karim (2008) and this researcher is reliant on the assertion that Western capital-driven neoliberalism is alive and well in rural Bangladesh by way of the microcredit movement. Neoliberal agendas continue to have contradictory and unanticipated effects on gender relational norms which exist within a patriarchal structure both in private and public spheres. “While some feminists believe that capitalism has the potential to improve women’s welfare, the majority see dangers in global markets that tend toward inequality and a lack of democratic accountability” (Tickner, 2001, p. 120). Feminist scholar Ann Tickner (1997) argues that “critical examination is necessary…[by]…first exposing and questioning gender biases” (p. 625).

This section begins with an examination of the Grameen Bank’s microcredit model, and Yunus’ ‘new form of capitalism.’ Next, the background of globalization and microcredit is reviewed including: neoliberal ideology and policy, economic re-structuring trends, the emergence of microcredit as a means to eradicate poverty, and dependence on NGOs and microfinance organizations. Additionally, a feminist analysis is presented focusing on feminist conceptions of power hierarchies. Power hierarchies
are used here to interpret the various effects that globalized economic structuring and the microcredit model has had on women and their families.

**The Grameen Bank’s Microcredit Model**

Yunus makes the claim that credit is a “human right,” and because the poor have been denied access to credit, they have been deprived of their humanity. According to Yunus, the economic structure of conventional capitalism is interpreted too narrowly in that the poor cannot be “expected to launch their own enterprises” and participate in financial markets without access to credit. For Yunus, this is a shortcoming of conventional capitalism, and he posits that because of this capitalism needed to be reinvented in order to reduce poverty (Grameen Bank, 2009c).

Yunus’ new, humane version of capitalism is based on an economic model which he calls, *socially conscious capital enterprise*. The Grameen Bank as a socially conscious capital enterprise business has a dual policy agenda: 1) to produce capital for the sustainability of the Grameen Bank, and 2) to help people through social development (www.grameen-info.org). The two-pronged business model thus consists of both a capital-driven enterprise, and a social development enterprise.

Yunus asserts that socially conscious capital enterprise can function successfully with the following characteristics:

- **Entrepreneurship**—with access to credit opportunity, and in the right economic structure, the poor can help themselves out of poverty.

- **Capital production in villages**—instead of the villagers relocating to the urban areas in pursuit of capital, using microcredit for entrepreneurial business ventures can create capital production in the villages.
- **Technological advancement**—By using microcredit funds villagers can remain in villages due to modern technological advancements such as the internet and cellular phones (sometimes called technological “leapfrogging”).

- **Trickle up economics**—“Bubble up economics” or “Reaganomics with a twist.” Inject capital at the ground level. This in the short run will improve the standard of living for poor societies. In the long run this approach will benefit those at the top of the economic structure as the poor can now afford to purchase more goods and increase demand (Bornstein, 1996).

  Socially conscious capital enterprise is a promising ideological package; however, there are inherent tensions and contradictions in the business model. For example, profit seeking MFIs like the Grameen Bank have a prime concern to secure their financial sustainability and increase profit in order to expand. The Grameen Bank has been able to grow from operating in one small Bangladeshi village to multiple countries world wide including Kosovo, Turkey, Zambia, Costa Rica, Guatemala, Indonesia, and the United States. The inherent tension then lies between institutional profit seeking and honoring their social development agenda. When the World Bank researchers (Khandker, Khalily, & Khan, 1995) reported that the Grameen Bank’s “existence depends on a productive clientele” it raises questions about what is in the bank’s best interest when it comes to recruiting borrowers (p. 8). Social development and loaning to the ‘poorest of poor’ as they contend seem to be secondary concerns since recovering microloans is so integral to the bank’s survival. Therefore, Yunus’ two-pronged business model and its corresponding agendas and policies require critical examination. For example, is it even possible to address both goals as the bank suggests,
and what are some of the social and economic outcomes of these institutionalized goals? What are the corresponding policies for women and their families?

Features of the Grameen Bank

There are differences between the Grameen style of banking and the way conventional banks typically operate. First, as previously mentioned, the Grameen Bank operates from a premise of socially conscious capital investing, and that involves dual components. Both components, financial profit seeking and social development will be covered below, but it is first necessary to cover the features of Grameen Bank that make it unique. Features of the Grameen Bank as a socially conscious capital enterprise include the following:

1. Targeting eligible clientele.
2. Peer lending groups.
3. Weekly meetings.
4. Loan repayment and savings.
5. Close supervision of microloans by loan officer and peer group.
6. Creating social networks and connectedness via women’s interaction in meetings.

There are features of the Grameen Bank such as the targeting practices and eligibility requirements that are unlike traditional style banking. Traditionally, women have been left out of the credit arena, and a form of collateral is required for loans. This is not the case with the Grameen Bank. Also, the typical amount of money borrowed from
the Grameen Bank should be noted, and how multiple loan programs come into play for borrowers. The paragraphs below explore the Grameen Bank’s particular approach.

During the Grameen Bank’s conception and development in the late 1970s and early 1980s, credit was offered to both men and women. Early on it became evident that women were better credit risks and had a 98% repayment rate. Women were found to default less than men, and men were found to be more irregular borrowers. Consequently, women have been specifically targeted as program participants (www.grameen-info.org; Khandker, Khalily, & Khan, 1995; see Keeley interview, Van Wagenen & Whitaker, 2005).

The criteria for Grameen eligibility are dependent on applicants’ poverty indicators. Home visits and personal interviews are conducted by bank employees to discern if potential microcredit borrowers are truly “poor.” In Bangladesh for example, eligibility for a microloan program is dependent on the borrower being “landless,” or owning less than half of an acre of land (Grameen Bank, n.d.b). In America, the eligibility criterion is based on yearly income. Women meet the poverty level criterion if a two-member household makes 10,000 dollars a year or less. An additional 5,000 dollars per year can be added for each additional family member (Grameen America employee Hasan, personal communication, 2008).

The standard amount of money borrowed from the Grameen Bank in Bangladesh for first time borrowers is 2,000 taka up to 5,000 taka, the equivalent of thirty-six to ninety US dollars, and is referred to as a “general” loan that is taken out for a basic entrepreneurial business venture (Khandker, Khalily, & Khan, 1995). “Beggar” loans are much smaller, averaging around nine US dollars, and are used to supply beggars
with some merchandise to sell when they are begging in the streets (Grameen Bank, 2009c). In the United States, Grameen America loan borrowers are offered a “basic” loan that can range in amount from $500 to $3,000 dollars (Grameen America, n.d.b). In all cases of Grameen membership, as loans are successfully paid off, members are eligible to take out larger loans.

In Bangladesh, Grameen Bank policy is that once a borrower has “become familiar with credit discipline,” demonstrated by their ability to pay back their loan, other types of loan programs will be made available to them. Yunus lists the following types of loans for which credit can be taken out for: improved housing, building sanitary latrines, installing tubewells for clean water, agriculture cultivation, leasing equipment, collective family ventures (Grameen Bank, n.d.b). In addition, Grameen borrowers may also be eligible to participate in loan programs from what the bank calls “Grameen family organizations.” These microlending family organizations range in service from renewable energy sources (Grameen Shakti), cellular phone service (Grameen Telecom), internet service (Grameen Cybernet), and many others. It is probable then that in many cases Grameen borrowers will have taken out multiple loans simultaneously from differing Grameen organizations.

Financial Sustainability of the Bank

In addition to microfinance functions, the bank does offer savings, deposit and withdrawal features like that of traditional banks, but once again, the Grameen Bank functions under a premise of non-traditional banking. “Grameen Bank methodology is almost the reverse of the conventional banking methodology. Conventional banking is based on the principle that the more you have, the more you get. In other words, if you
have little or nothing, you get nothing” (Grameen Bank, 2009c). Since land or other property assets are not required as collateral, microloans to the poor are considered to be high risk. Consequently, interest rates are high (20%) and social controls are built into the terms of participation for borrowers.

The financial sustainability of the Grameen Bank is dependent on the following operational structure:

**Peer Groups.** In order to qualify for a Grameen Bank microloan, the bank requires potential members to form groups of five. “Organizing the primary groups of five members and federating them into centers has been the foundation of the Grameen Bank’s system” (Grameen Bank, n.d.b). In Bangladesh, once the bank has approved the formation of a specific “peer group,” and the terms of their investment plan, two women may take out a microloan for their business venture. “If the first two borrowers begin to pay the principle plus interest over a period of six weeks, the other members of the group themselves become eligible for a loan” (www.grameen-info.org).

Due to this business strategy the peer group becomes instrumental in loan repayment since one peer group partner is dependent on the behavior of other peer group members. As a result, women within their respective peer groups, impose pressure on one another to pay and act in accordance to the Bank’s rules and regulations. “Subtle and at times not-so-subtle peer pressure keeps each group member in line with the broader objectives of the credit program” (Yunus, 2003, p. 62).

The group “peer pressure” dynamic operates as a form of collateral for Grameen Bank microloans. “[T]he powerful peer pressure exerted on these individuals by the groups, and the repayment scheme based on 50 weekly installments, contribute to
operational viability to the rural banking system designed for the poor” (Grameen Bank, n.d.c).

If one of the women in the peer group cannot afford to make an installment of the loan, the other women in her peer group may agree to pay the payment for her. Progressively, as each woman in her peer group has successfully borrowed and paid back their respective microloan, the peer group is eligible to repeat the microloan process and apply for a greater size loan.

**Weekly Meetings.** Borrowers and their “peer group” must attend and participate in weekly meetings facilitated by bank branch managers. Branch managers offer business education regarding the implementation, use, and maintenance of their microloans. Women are required to pay the branch manager an installment on their loan at each meeting. The bank stipulates that the branch managers are to closely monitor clients and oversee their loan activity.

**Loan Repayment and Savings.** Repayment on the loan begins one week after the loan disbursement. Yunus strategized that to make the loan repayment concept achievable for poor people he would make “the loan payments so small that borrowers would barely miss the money.” To do this he implemented a taka a day repayment scheme whereby a 365 taka microloan could be repaid in one year period (Yunus, 2003, p. 61).

The bank charges 20% interest on all loans (Yunus, 2003). Women must also make installments into a “savings” fund. The savings fund serves as an insurance policy on the loan. If something were to happen whereby repayment could not be made such as in the case of a natural disaster, savings would be transferred to cover loan repayment.
As a requirement of loan participation, borrowers must first agree to adhere to the behavior codes in the Sixteen Decisions (Appendix A). The Sixteen Decisions have been referred to as “the bank’s social development manifesto” (Bornstein, 2005, p. 95) and the Bank’s “social development constitution” (Rahman, 1999, p. 89). The Sixteen Decisions must be memorized and said in unison with fellow borrowers at every bank meeting to initiate and encourage social developmental progress. The first decision states, “We shall follow and advance the four principles of Grameen bank: Unity, Hard work, Discipline and Courage.” There are also rules regarding:

- Cleanliness—human waste and water
- Nutrition
- Child education
- Infrastructure
- No participation in the dowry system (Grameen Bank, n.d.f.).

According to The World Bank (Khandker, Khalily, & Khan, 1995), between the years 1985-1994, bank participants and their families experienced an increase in social development stemming from the bank’s behavioral directives. For example, more children were being sent to school and educated, and infrastructure, sanitation, and health care needs were being met with more efficiency.

Although numerous researchers have found correlations between the Sixteen Decisions and improved social development, there are a few shortcomings of the rules. For example, while some women expressed great pride in reciting the Sixteen Decisions, others found the routine of chanting the decisions “too regimented” or “garbage”
Bornstein’s interviews with numerous Grameen borrowers uncover difficulties women have with the stipulations of the Sixteen Decisions. Women expressed that they have the most trouble following the eleventh decision, which forbids the participation in the giving and receiving of dowry. This is especially difficult in the case of their sons’ marriages. A woman explains that with the implementation of the Sixteen Decisions, dowry’s have “decreased a bit. But not much” (Bornstein, 2005, p. 106).

Decision six, where women pledge to keep their families small was another area “where slow progress was being made” (Bornstein, 2005, p. 106). The idea is that if women have the opportunity to contribute financially in the household, they will have more bargaining power over their reproductive rights. A senior bank manager explains to Bornstein:

You don’t have to spend millions on family planning. It’s simple. A woman who is not earning any cash cannot tell her husband that she does not want to get pregnant. She cannot say ‘We have to take precautions.’ But suppose she is paying a 3,000 taka loan and is hoping to get a 6,000 taka loan? Now she can tell her husband, ‘If I get pregnant my group will not recommend 6,000 takas because in three or four months’ time I’ll be heavily pregnant’. (Bornstein, 2005, p. 106)

However, husbands’ willingness to forego a higher number of children is not always the result of loan availability to their wives. “While some husbands may be prepared to stop [their imposition of pregnancy on their wives] after three daughters, others demand no less than three sons” (Bornstein, 2005, p. 106). Although the Sixteen Decisions are formulated to promote social development, cultural gender norms are an impediment to members being able to completely adhere to the decisions.
Section Conclusion

The above discussion of the Grameen Bank’s programs and business operations provides a layout of the key features of Yunus’ microcredit model. Yunus makes it known that he is purposely deviating from traditional banking, and challenges conventional capitalism. By implementing social controls for program participation including peer group pressure, and obligatory savings program payments, the Grameen Bank is better able to secure loan repayments in ways traditional banks cannot. Yunus also promises to bring social development to borrowers and communities through the behavior modifications of the Sixteen Decisions. Are we to believe then that Grameen-style banking, and Yunus’ economic model and business operations, are a superior way to bank since it results in high loan repayment rates and social development? And how has the Grameen Bank as a socially conscious capital enterprise lived up to the claim of successfully tackling a two-pronged business agenda of poverty alleviation for borrowers, and economic success for lending banks? Is this really a ‘win-win’ enterprise? And is credit participation for the purpose of funding small businesses really an effective way to combat poverty? Furthermore, how have women and their families been affected by the Grameen Bank’s programs? This thesis primarily sheds light on the last question, but also contributes to the debate on the viability of microlending as an egalitarian poverty reduction strategy.

Background: Globalization and Microcredit

To understand the microcredit movement we must first look at the ideological foundations it was built upon. This section reviews the globalization of neoliberal
ideology and policy and how the assumptions about market dependent development have legitimized the programs and policies of MFIs. The term ‘globalization’ in this thesis “is used as a shorthand label…for the worldwide sprawl of capitalist business organizations and flows of technology, labor, and capital designed to enhance the profits of those businesses” (Enloe, 2007, p. 3). It also refers to the spread of ideologies associated with global capitalism. Globalization’s impact on the material and political realities of developing nations can be illustrated in the discussion below of the structural adjustment programs (SAPs) that were initiated by the World Bank and the IMF. Repercussions and social consequences resulting from the SAPs include the transition to export-oriented development, the collapse of social welfare support in local governments, and the introduction and dependence on NGOs for welfare needs.

**Neoliberal Ideology and Policy**

Neoliberal ideology is reliant on the assumption that markets will inevitably work out their problems and yield economic gain provided that there is limited government intervention, open markets, and free trade. Individuals can help themselves through a form of individualism invoking “long held values of faith in free enterprise, the entrepreneurial spirit, self sufficiency, and pulling oneself up by one’s bootstraps” (Arnold 1937, 1941 as cited in Jurik, 2005, p. 9; Auwal & Singhal, 1992). Neoliberal agendas aggressively took the global stage with the policies of Margaret Thatcher in the United Kingdom and Ronald Regan in the United States (Calvert & Calvert 2007, p. 60; Klein, 2007). Klein (2007) writes that,

> When Reagan and Thatcher took power in the eighties, their highly ideological administrations were essentially able to harness the two institutions for their own
ends, [1] rapidly increasing their power and [2] turning into the primary vehicles for the advancement of the corporatist crusade. (p. 163)

Ong (as cited in Karim, 2006) views neoliberalism as “a rationality of governance… [which]…subjects citizens to act in accordance with the market principles of discipline, efficiency and competitiveness” (p. 4). Karim adds that “neoliberalism is about the subjection of targeted populations to certain rules that inform and regulate behavior” (2008, p. 6). In other words, the globalization of neoliberal ideals subjects average people to the interests of global corporations and political elites. The microcredit borrowers of the Grameen Bank also become subjected to the ideologies and practices of private enterprise.

The neoliberal view of how the global economy should operate has led to a particular set of economic and patriarchal policies (Jurik, 2005; Karim, 2008; Klein, 2007). Tickner (2006) asserts that “values such as individualism and free markets have historically been based on a male norm of rational atomistic individuals maximizing monetarized welfare through market exchange” (p. 391). Pyle and Ward (2003) point out that men have dominated world policy because there are very few women decision makers “on the Boards of Governors and Directors of International Financial Institutions” such as the IMF and the World Bank (p. 10). Thus, the conditions of women have been a largely ignored aspect of global policy.

Feminists and other critics of uneven development argue that some nations have experienced an unequal integration into world markets whereby they are subjected to the will of powerful developed nations, male influence in the global arena, and the spread of market-dependent economic ideology and policy (Pyle & Ward, 2003). “This
has resulted in rising inequality and tensions, which are increasingly considered the flip side of the increased reliance on market forces and the changes in the international power structure” (Pyle & Ward, 2003, p. 6). The forces of globalization and ‘modernization’ have consequently led to a loss of traditional sources of resources and influence in developing nations. Economic displacement is a common outcome of ‘developments.’ From this perspective, we can begin to understand the role that microlending and NGOs play as a band-aid fix to the social problems in developing nations.

The next section highlights global restructuring trends over the past forty years, and the corresponding politics and policies that led to the increased reliance on NGOs. This landscape has set the stage for the microcredit movement.

Global Restructuring Trends: Structural Adjustment Programs

In response to a worldwide recessionary period during the late 1970s, many industrialized banks demanded repayment on the outstanding debts of many Southern developing nations. Unable to pay back their loans, interest began to build, and in some cases the interest became larger than the original loans (Jurik, 2005). Under these conditions, the World Bank and the IMF enabled Northern nations to manipulate the global economy in their self interest by using the debt of Southern nations as a method of socio-economic control (Scholl & Arrizabalaga, 2004).

In the 1980s and into 1990s, the World Bank and the IMF imposed structural adjustment programs (SAPs) on nations in debt “as a condition for the renegotiation of their external debt” (Chossudovsky, 2003, p. 453; Jurik 2005). SAPs were built on neoliberal political and ideological foundations which called for reduced government
spending, support for big business, open markets, curtailing of social investment, and privatization of public institutions and publicly held resources. SAPs were promoted by the World Bank and the IMF as a necessary tool to stabilize the global economy.

Proponents of the SAPs “predicted that the liberalization of trade and financial markets and the expansion of private banking would eventually counter the ill effects of shrinking state expenditures and loss of jobs” (Jurik, 2005, p. 21). “The ‘one correct answer’ came to mean ‘free markets,’ and for the poor world, it was defined as doing whatever the IMF and World Bank tell you to do” (Easterly, 2007, p. 1).

In Naomi Klein’s *The Shock Doctrine* (2007), Harvard economist Dani Rodrik, who worked extensively with the World Bank, described the entire construct of ‘structural adjustment’ as an ingenious marketing strategy. Rodrik states,

> The World Bank must be given credit for having invented and successfully marketed the concept of structural adjustment, a concept that packaged together microeconomic and macroeconomic reforms. Structural adjustment was sold as the process that countries needed to undergo in order to save their economies from crises. (as cited in Klein, 2007, p. 164)

Critics of the SAPs argue however, that the economic restructuring policies forced upon poor Southern nations transferred wealth and power from the developing world to Northern industrialized nations, and that this had “disastrous results for the poor and especially for poor women and children” (Ehrenreich & Hochschild, 2002, p. 535; Pettman, 2006). The transfer of wealth occurred in a number of ways. First, developing nations were encouraged to be export-oriented (Pyle & Ward, 2003; Ward, Rahman, Islam, Akhter, & Kamal, 2004).

Calvert and Calvert (2007) explain that the export-oriented development imposed on Southern nations began in the late 1960s and early 1970s and was based on
the ideology of the free market and industrialized nations’ desire to consume and import cheap labor and resources (p. 47). This ideology and corresponding global policy altered the division of labor in Southern nations and as a result, greatly disadvantaged women, devalued their role as worker, and forced many into debt.

**Transition in the Gendered Division of Labor**

The transition in development for many southern nations and in Bangladesh specifically, changed the gendered division of labor, and the conceptions about women workers both locally and globally (Ward, Rahman, Islam, Akhter, & Kamal, 2004). New ideologies of gender and gender roles emerged with ‘gender specialized’ expectations and occupations. Ward and colleagues (2004) report that after the SAPs had taken effect in Bangladesh, the Bangladeshi government and other global agencies “publicized how women have overcome traditional barriers of purdah household seclusion to take formal work in garment factories and participate in microcredit” (p. 65). Pettman (1996) adds that export-oriented agendas and the demand for cheap labor have ‘feminized the labor force.’ She states that, “States’ attempts to promote export-oriented growth disorganize and feminize the labourforce, removing any protection from casual workers, who become super-exploitable and expendable labour” (p. 438).

Ward, Rahman, Islam, Akhter, and Kamal’s (2004) research in Bangladesh found that the change in the division of labor left women in vulnerable and exploitive working positions as garment factory workers, sex workers, domestic workers, and microcredit borrowers. Researchers point out that women have traditionally participated in the informal economy as domestic and sex workers, and as a result have experienced violence and abuse with little protective legislation. However, the increased dependence
of women as cheap laborers in garment factories and as microcredit entrepreneurs have
brought with it new threats of violence and increased tensions and complications (Goetz
& Gupta, 1996). For example, some women involved in microcredit programs were
found to be working *triple shifts* which included factory, microcredit, and household
benefit from entering the workforce, they continue to carry most of the responsibility for
household labor” (p. 391).

“Economic analysis alone cannot explain this gendered division of labor; it
also requires socially based interpretive understandings of gender role expectations about
what women do and the constraints that these expectations place on them” (Tickner,
2006, p. 392). The dependence on women workers is based on “patriarchal assumptions”
and “gendered constructions” of women as 1) naturally better at accomplishing
“monotonous tasks” in specialized women’s occupations, and 2) responsible for “earning
dowry money or providing added support for their families” rather than primary income
(Tickner, 2006, pp. 391-392). To limit women’s abilities, or reduce expectations of them
to fit gender specific jobs, women as workers will continue to be associated with their
femininity. By encouraging women workers to associate with their femininity instead of
identifying themselves as workers, superiors are able to use traditional patriarchal values
to “devalue women’s productive worth” (Hossfeld, 1990, p. 265).

Families also use patriarchal conceptions of women as ‘daughters’ and ‘future
wives’ to devalue their productive worth. Researchers found in Bangladesh that women
were participating in garment factory work as a strategy for securing future fiancées by
using their earnings as “dowry substitutes for potential husbands” (Enloe, 2000; Ward,
Rahman, Islam, Akhter, & Kamal, 2004, p. 82). Similarly, Enloe (2000) found in her research in South Korea that as a strategy to maintain the reputation as a ‘good daughter’ women were expected to work in factories for two reasons. First to send money back to their parents and provide them with income, and secondly, to “continue to put some money weekly into a savings account in order to accumulate enough to offer a suitable young man a dowry” (p. 274). In both cases, the message is clear that women are responsible for providing the family with income, and are also responsible for securing their future marriage. Enloe (2000) asserts that the global corporations that depend on women’s cheap labor and export oriented goods rely on “these women thinking of themselves as daughters and potential fiancées” (p. 274).

This researcher is curious to find out if a related dynamic operates within microlending. Do microlending institutions rely on families to pressure their daughters, wives and future wives to join the bank? If women are expected to contribute an income to the home and also pay for their dowries, women could be forced by their families to participate in microlending. Similarly, in order to secure financial gain, do microlending institutions depend on loan peer groups to pressure women borrowers to repay loans? If so, the Grameen Bank and other microfinance institutions would be relying on the vulnerable social status of women to make a profit.

Development and Dependence on Microfinance Institutions and Non-governmental Organizations

Another way that wealth has been transferred from Southern to Northern nations as a result of the SAPs is based on the ideology that poor nations can ‘help
themselves’ out of poverty. When individuals and institutions assume that the poor can help themselves out of poverty, it is implied that the poor remain poor because they are not working hard enough. Rostow’s (1960) ‘catching up development’ theory for example, drove economic development in the 1960s and 1970s, and asserts that societies will mature through a developmental process over time in a naturalistic way if all the necessary precursors are in place. Rostow’s development theory begins by manipulating a society from its ‘traditional’ state to its final stage of ‘beyond consumption.’ Rostow cites America as being in the ‘beyond consumption’ stage of development. This line of reasoning deflects criticism away from industrialized nations for imposing their economic interests globally by suggesting that it is poor people’s fault that they are poor. There are a great deal of global organizations and financial institutions including the World Bank, the IMF, The Grameen Bank, Grameen America, Kiva, FINCA, and many more, that financially benefit from the ideology that the poor have the ability to help themselves out of poverty (Jurik, 2005; Mies, 1993).

According to Mies (1993), the notion that developing nations can obtain the same standard of living as industrialized nations and essentially ‘catch up’ by using the same developmental techniques is a myth. Mies argues that as colonizers, affluent countries such as Europe, the United States, and Japan have reached their ‘high material standard of living’ by exploiting the natural resources and the people of colonized nations. Wallerstein (1976) asserts in his world-systems theory, that capitalism drives the “constant economic expansion of the world-systems” and creates “a very skewed distribution of its rewards” (p. 229).
For developing nations to experience the same advancement in technology and capital accumulation, they would have to embody the role of colonizer and some how exploit and colonize their own people. Mies (1993) claims that both the colonizer and the colonized would have to first, “accept the lifestyle of ‘those on top’ as the only model of good life.” This acceptance “is accompanied by a devaluation of one’s own culture, work, technology, lifestyle, and often also philosophy of life and social institutions...this devaluation is enforced by the colonizers and then reinforced by propaganda, educational programs, a change of laws, and economic dependency, for example through a debt trap” (p. 151).

To follow the hierarchal ‘catching up’ development model, labor would have to be altered in order to generate and accumulate wealth (Rostow, 1960). This has a detrimental effect on women “through the patriarchal-capitalistic sexual division of labour whereby women’s household labour is defined as non-productive or as non-work and as hence not remunerated” (Mies, 1993, p. 153). For Mies (1993) this results in women becoming a ‘colony’ from within their own nation, and thus a source to colonize and exploit.

The above critique of ‘catching up development’ offered by Mies is relevant in the discussion of globalization and microcredit because many people assume that nations such as Bangladesh are ‘lagging’ behind in development not because of the exploitation from industrialized nations (as in the case of the garment industry and microinvestment) but from their own shortcomings as a culture (Mies, 1993). This ideology about how the world works has led to an increased reliance on microfinance institutions and NGO membership as a way to climb the hierarchy to the good life. Under
these conditions, microlending institutions and their corresponding agendas and policies have become justified under the premise of eradicating the poor from poverty.

The creation, dependence and replication of microfinance institutions worldwide has been a direct result of globalized economic ideology based on the idea that individuals can, “pull themselves up by their boot straps,” and out of poverty by relying on hard work and market forces, rather than depending on governmental support or development (Jurik, 2005). As a consequence of the SAPs, however, the imposed reduction in social spending for developing nations has included the closure of many schools and hospitals, as well as the loss of many public sector jobs and services dominated by women. This has hindered women’s chances for upward mobility and thrown many into poverty.

The curtailing of social spending in developing nations left many women unable to provide for themselves and their children, when the closure of many public sector jobs left a great deal of women unemployed (Pettman, 1996). Additionally, not investing in social education and health programs that primarily benefit women and children’s quality of life, has resulted in a greater need for social welfare programs. Women are often the primary caretakers of their children, and also function as heads of households when husbands are deceased or gone doing migrant work. As such, women directly and harshly experience crises when their governments withdraw welfare supports. As Tickner (2001) notes, “women are more dependent on the state than men…[since they] have greater need of the state’s redistributive functions” (p. 120).

With Southern governments unable to offer social welfare and developmental support to its citizens, Karim (2008) claims that NGOs have the opportunity and the
power to act as a “shadow state,” imposing its rules and behavior mandates using “market-oriented discipline mechanisms” in place of the state (p. 8). One way that NGOs gain power as a shadow state is by using the “rhetoric of working for the poorest of poor,” such as the approach of the Grameen Bank (Karim, 2008, p. 8).

The Grameen Bank is part of the global economy and their actions as a multinational financial institution affect millions of people in many different countries. The bank fully acknowledges that there is dire need for social developmental assistance in many nations. It asserts itself as the provider of developmental support in place of local governments. Yunus (2003) states that the government, “should pull out of most things except for law enforcement, the justice system, national defense, and foreign policy, and let the private sector, a ‘Grameenized private sector’…take over its other functions” (p. 204). Other policy makers and reformers share Yunus’ belief and think it is the responsibility of the NGOs to tackle these “women development” issues such as, “environmental hazards caused by lack of cleanliness, garbage collection and disposal system and bad nutrition programs” (M. Helmy, personal communication, March 28, 2008).

In the absence of governmental intervention in the welfare needs of citizens, women use microlending as a social welfare support strategy. Funds are sometimes diverted from entrepreneurial ventures because women need to provide for the material well being of their children and families. “Women are the closest to their children. They are not going to let their children starve. They’re going to make sure that their children have clothing, and help them get educated” (M. Helmy, personal communication, March 28, 2008).
FINCA International is an NGO that provides financial services to low income entrepreneurs worldwide (www.villagebanking.org). FINCA founder John Hatch explains in the documentary Small Fortunes that, “The priority of the mother is not growing the [microenterprise] business, but growing the child’s education” (Van Wagenen & Whitaker, 2005). Women are concerned with providing clean water, food and educating their children, but they may not have the means to do so, nor do many poor countries have the ability to provide those services (M. Helmy, personal communication, March 28, 2008). By joining the Grameen Bank, women are offered access to ‘private sector’ support for their children.

The World Bank (Khandker, Khalily, & Khan, 1995) found that between 1985 and 1994, the number of schools in Grameen Bank villages increased 345%, and the number of children in schools in Grameen Bank villages increased 455%. Todd (1996) used height and weight of children as indicators of nutritional status, and found that children of Bank borrowers were somewhat taller and much heavier than children in the control group. Rahman and Hasnat (as cited in Wahid, 1994) found that Grameen Bank housing loans utilized by borrowers enabled them to build homes of improved quality with structures that stand on cement pillars, and homes were constructed with more square room than before the loan.

Despite the social welfare opportunities made available to members and their families, there are some negative consequences to relying on what Yunus refers to as ‘private sector’ social support. For one, microfinance may not be the right type of financial intervention to fit the welfare needs of women and children. Imran Marin the
director of research and evaluation for Bangladesh Rural Advancement Committee (BRAC) candidly explains in the documentary *Small Fortunes*,

There can be people for whom microcredit is not the right type of intervention but just because there is tremendous pressure from microcredit institutions to have a particular number of borrowers in the area. The fee level pressures can actually lead to adverse inclusion, attracting people for whom microcredit is not right kind of tool, by saying lots of things and getting them into the system. (Van Wagenen & Whitaker, 2005)

Secondly, unpaid loans can cause harmful debt and women and their children can end up worse off than before the loan. President of Unitus, Geoff Davis, discusses microlending examples from various countries. In *Small Fortunes* he states,

Often times in competitive environments a microfinance client will have multiple microfinance loans, and by doing that can become over debited. And if they have some kind of ‘shock’ to the system where they become sick, or their husband becomes sick or their cow dies or anything like this, and they all of a sudden can’t pay their loans back, the whole house of cards can crumble. (Van Wagenen & Whitaker, 2005)

Jennifer, for example, lost her microloan funded business of selling men’s shoes. She now works ten hours a day, seven days a week making 35 cents an hour just to re-pay a $400 loan. Jennifer lives in an undisclosed developing Latin American country (Van Wagenen & Whitaker, 2005).

Lastly, women may feel forced to participate in microcredit NGO programs to get the social welfare needs of her children met at all costs, because without government support women are left with no other option. Gladis, a single mother in Lima, Peru has been diverting her micro loans to care for her sick son Ricardo. She originally took the loans for her meal delivery service to local shop owners. Her business was doing well, but when Ricardo’s health condition began to worsen, she had difficulty balancing caretaking for her son’s muscular dystrophy and tending to her business. Gladis states,
My son started going downhill again. That’s the way it is with him. It’s up and down. The operation was very expensive, so I started to ask for help. I couldn’t work anymore, but when he’s doing better I can work again. (Van Wagenen & Whitaker, 2005)

At the time of her interview, she had just taken out her 9th microloan. Instead of investing the loan in her business, she used it to buy a hospital bed for Ricardo. With more and more time spent with Ricardo, Gladis’ sales dropped 70%, and she is now unable to make payments. She owes the bank $450 dollars, and is trying to restructure a new payment plan. She ends her interview by saying, “With Ricardo, I can’t leave him alone. I just can’t.”

Loans diverted to cover family needs, debt traps, and unwanted participation in microcredit programs are a few examples of how reduced social spending resulting from economic restructuring have resulted in women’s dependence on NGOs in general and microfinance institutions in particular. It seems obvious that state safety nets including health care are essential to women’s combined family and entrepreneurial needs. Yet Yunus promotes a more individualistic model, stating in an interview that the need of governmental social welfare support, “is an excuse…[people should] get out of welfare and become self-respecting individual[s] who can stand on their own two feet…everyone can care for themselves, you don’t need welfare” (Pimlott, 2008). That is not always the case—some children have needs beyond a mother’s capacity to care and provide for them.

Section Conclusion

The transition in the division of labor stemming from global restructuring trends has gendered consequences, with women more severely marginalized and
exploited than men. Also, assumptions about women’s capabilities and limitations are used to legitimize their diminished social worth in economic transitions (Enloe, 2007, p. 17). Questions surface as to the true motivations of international institutions that employ and offer membership to women. These institutions operate under the premise of empowering women, but how have they addressed the obstacles women face in a patriarchal society that depend on women as good daughters and financially attractive future wives?

The conclusion that the poor, especially poor women, can reach the good life by increased wealth and accumulation and the ‘pull yourself up by your bootstraps’ mentality, ignores questions about whether poor women and their families truly have the power to do so. Although it sounds good on paper, is it realistic to conclude that people can actually accomplish anti-poverty and women empowerment goals with catching up developmental ideals? Half of Bangladeshi citizens are living in poverty, and Bangladeshi women suffer from one of the highest rates of domestic abuse in the world. In light of these realities for the Bangladeshi people, is it probable that they will be able to alter their social problems by themselves? Shouldn’t the government have some responsibility to provide basic social development services such as water purification, adequate health care, and education programs for children?

While this thesis cannot hope to address these large questions, they are part of the larger context for considering the significance of microlending as a viable and socially responsible poverty-reduction policy. Despite some favorable indications, questions still remain about women’s potential for self-determination and increased mobility in their families and in the broader society through their participation in
microcredit programs. It is important then to explore how patriarchal power structures intersect with the functioning of microlending programs.

Feminist Analysis

The use of a feminist curiosity (Enloe, 2007) is a helpful analytic tool in understanding complex social phenomenon by using gender as a dominant variable. The world as seen by many feminists is one comprised of social constructions, the most closely examined being gender.

Feminists define gender, in the symbolic sense, as a set of variable but socially and culturally constructed characteristics—such as power, autonomy, rationality and public—that are stereotypically associated with masculinity. Their opposites—weakness, dependence and emotion, and private—are associated with femininity. (Tickner, 1997, p. 614)

The feminist scholar asks critical questions about the microcredit movement and how it affects gender roles and social power. A feminist approach gives voice to marginalized and ignored groups such as low-income women and their children, and also examines the conditions of women, relationships of women to other women, and the relationships between women and men. “Individual gender relations enter into, and are constituent elements in every aspect of human experience” (Flax as cited in Tickner, 1997, p. 615).

Interpreting the world in terms of patriarchal hierarchies provides scholars a framework to understand social phenomena. For example, Karim (2008) contends that NGOs are performing and operating within hierarchal power norms, which are reliant on women’s vulnerable status. As we will see in the evidence on the Grameen Bank, this analysis also applies to microfinance institutions.
Gender and Social Control: Family Honor, Shame and Purdah

Traditional Bangladeshi gender roles dictate that women are representative of family honor (Rahman, 1999; Bernasek, 2003; Karim, 2008). Karim (2008) asserts that the threat of family dis-honor acts as a form of social control whereby a woman’s behavior becomes a concern of the family. Because the family’s honor and moral social standing is at stake, strict restrictions and control are placed on women’s movement outside the home. “Men have a significant interest in ensuring the appropriate behavior of women, since ‘inappropriate’ behavior is often perceived as a man’s failure to provide for his family” (Bernasek, 2003, p. 371). Karim contends that the Grameen Bank and NGOs in Bangladesh utilize family honor and shame codes as a form of collateral for the repayment and microloans (p. 11).

Yunus (2003) explains that many conservative Bangladeshi communities practice purdah, which forbids women to leave their homes or to be seen by any men except their closest male relatives. Even where purdah is not strictly observed, custom, family, tradition and decorum combine to keep relations between women and men in rural Bangladesh extremely formal. (p. 74)

Amin, Becker, and Baynes (1998) research found that the Southern and Eastern regions of Bangladesh have a strong conservative Islamic history, and as a result, women are forced to adhere to highly restrictive seclusion practices. They claim that in their experience, women “have often been described as living in conditions of extreme isolation, deprivation, and gender subordination” (p. 233). Rahman (1999) found the seclusionary practices of women to occur across religious groups. “For example, a Bengali proverb, *laija narir vushan* (literally, ‘shame is like clothes for women,’ but
implying that women’s modesty is her nobility) is often expressed by both Muslim and Hindu women and men in the study area” (p. 74).

Rahman associates the practice of purdah with the broader conceptions of gender within Bengali culture. He explains that the seclusion of women (purdah) is expected in order to protect *ijjat* (honor) within the family. In order to maintain the family honor, Bengali women are expected to, “conform to ‘proper’ behavior such as shyness and passivity” (p. 75). Rahman’s interviews with Grameen Bank employees reveal that women have “positional vulnerability” within the culture, because they are expected to be kept secluded, shy, and passive. It is these gender norms that make women easy targets for Grameen participation because they are, more reliable, and are more disciplined—that is, passive and submissive—than men.

Women who inherit land are also expected to act in accordance with patriarchal family honor codes. In one of the most densely populated countries in the world, land by far is the most important asset in Bangladesh. Land is typically kept out of a woman’s hands, but there are rare cases where women can inherit land. Under Muslim law, a sister stands to inherit half a brother’s share. In practice, women often waive their rights to their land inheritance and sign it over to their male relatives. Sometimes this is done in tacit agreement that the male relative will take care of them and their children (Bernasek, 2003, p. 370).

Bornstein (2005) explains that from his experience in rural Bangladesh, sometimes land transferal is done for nothing in return. Women defer their land because it is viewed as “honorable and prudent” for her to do so. “When a woman marries and moves into her husband’s household, it is seen as a sign of disloyalty to her kin if she
takes land out of her father’s household. It is always risky for a woman to burn her bridge back home. She is always in danger of being abandoned by her husband or thrown out” (Bornstein, 1996, p. 152). Women then, as a method to avoid cultural sanctions or to prevent abandonment acquiesce to a power structure that keeps women dependent on men.

Marriage, Rights, Domestic Violence and Divorce

Societal marriage codes limit the ability of women to exercise their autonomy, and their livelihood as wives is dependent on the will and behaviors of their husbands. Two examples of this are pertinent to this thesis. First, within the patriarchal marriage structure men have the authority to “punish” or abuse their wives. And second, separation and divorce norms and laws favor husbands and disadvantage wives.

In Bangladesh, women’s rights are not being protected or guaranteed by government or law enforcement agencies. Men who sexually harass and physically abuse women are not held accountable according to the existing laws. The Bangladesh National Woman Lawyers Association [BNWLA] (2006-2007) reports that, “the frequency of sexual harassment is rampant in every sector across the country [Bangladesh].” They suggest that to eradicate occurrences of sexual harassment, “strict law” must be enforced along with widespread awareness and zero tolerance for such behavior.

The women in Schuler, Bates, and Islam’s (2008) study on women’s rights, domestic violence, and resource seeking in rural Bangladesh, were mainly suggesting the need for government intervention in domestic violence and gaining equal rights. Many of the study participants equated domestic violence with dowry practices. When interviewed
over the three year period (2001-2004), women stated that domestic violence could not be, “stopped without stopping the giving and taking of dowry, and they believed that this would not happen without further government intervention, beyond existing anti dowry laws” (p. 340).

Although the Bangladeshi women in Schuler et al.’s (2008) study expressed a strong need for governmental intervention to ensure their protection and rights, those women also expressed their overwhelming distrust of police and other governmental agencies claiming that they are all, “part of the larger patriarchal structure” (Panchanadeswaran & Koverola as cited in Schuler et al.). Women believe that both shalish (informal village court) and the formal court system have been traditionally biased toward men, “and are often influenced by bribery” (Schuler et al., p. 336). Due to women’s lack of access to financial resources, Schuler et al.’s study group of women agree that “it can be prohibitively expensive for poor women to obtain a fair verdict” (p. 336). Even when women “seemed to be grappling with the concept of rights, [they suggested] that the concept of equal rights may be meaningless in the context of the traditional institution of marriage” (p. 334). And many women many hesitate to make formal complaints out of fear of violent repercussions from their husband or other relatives.

An additional hindrance to women gaining rights within marriage is that the majority of women never seek help or talk to anyone about their abuse. Research indicates that women conceal domestic violence abuse and continue to stay in the relationship out of shame, fear of retaliation, and fear of losing custody of their children.
(Schuler, Bates, & Islam, 2008). Many women in fact believe that husbands are justified in wife beating because they are “bad wives.”

Naved and Persson (2005) collected data from a population based survey of 2,553 women that had ever been pregnant ranging from age 15 to 49 years old. Research collection took place in between June and November 2001 in Bangladesh. They found that 66% of women who had experienced domestic violence never talked to anyone about the abuse. One participant explained to the researchers that she could not say anything to her abusive husband because he is a man, and women have no authority to speak up.

Divorce is not an escape route for abused wives in Bangladesh, and only 2% of women are divorced (Niport, Mitra and Associates, & ORC Macro, 2005 as cited in Schuler, Bates, & Islam, 2008). It is not in women’s best interest to be divorced as they will be scorned and ostracized, nor do they have the choice because existing divorce laws favor husbands and grant them the right to unilateral divorce.

Financial security for divorced women is rare, despite the Muslim marriage contract *den mohor*. Den mohor is a religious tradition in which the groom and his family promise property or payment to the bride (Almeida, 2007). This tradition is intended and formally designed to counteract and discourage a husband’s arbitrary use of unilateral divorce, and provide wives with some sort of economic security (Schuler, Bates, & Islam, 2008, p. 329). The conditions of den mohor must “specify the amount in writing at the time of marriage… [w]ives supposedly may claim this payment at any time. In practice they rarely do so…” (Schuler et al., 2008, p. 329). If the recipient remarries, however, she looses her rights to not only the den mohor, but also to child custody (BNWL as cited in Schuler et al.).
In Schuler, Bates, and Islam’s (2008) research, many women believed they had no rights whatsoever over their children in the case of divorce and women are reluctant to seek divorce for the following main reasons:

1. Lack of economic resources.
2. Fear of social stigma.
3. Inadequate knowledge of the laws governing divorce.
4. Fear of losing custody of their children.

The threat of separation and loss of custody over their children is enough to keep women away from divorce proceedings. The Bangladesh National Woman Lawyers Association (as cited in Schuler, Bates, & Islam, 2008) reports that a divorced mother has custody rights over sons until the age of 7, and daughters until menarche, at which point the father can demand that the children be transferred to him. Furthermore, “The father is designated as the legal guardian and is responsible for the children’s maintenance regardless of who has custody” (Schuler et al., 2008, p. 329). In practice, of course, it is mothers who primarily maintain their children’s welfare. Men can desert their wives with little to no explanation if they desire to do so. Women’s role as a wife and mother is to always wait for the return of their husband and to tend to their children. “He [the husband] can disappear for a year, for two, or forever—or a month and come back” (M. Helmy, personal communication, March 28, 2008). Many times husbands desert their families because they cannot afford to support them, or because they choose to live with another woman (Van Wagenen & Whitaker, 2005; M. Helmy, personal communication, March 28, 2008).
This section highlights the overwhelming difficulties women experience under the legal and cultural laws and customs in Bangladesh in asserting any type of autonomy within the institution of marriage. Even when women are not ‘wives,’ they are not allowed to do as they wish without family approval, especially in connection to purdah. It is a wonder then how the Grameen Bank can get millions of women to participate in programs that require them to leave the home under these extremely patriarchal conditions.

Women and Empowerment: The Power of Ideology

The Grameen Bank ideology of women’s empowerment involves women’s ability to participate in the formal economy, in other words “women’s empowerment” can be interpreted as “economic empowerment.” Yunus theorizes that when women gain access to the formal economy through the Grameen Bank microcredit system, they have the tools for social empowerment both within the home and in the broader social structure. Yunus is not alone in this idea. Greely (2009) highlights that in the pre-documentation of The Micro Credit Summit Campaign meeting in 1997 that the empowerment of women was an expected corollary to the availability of credit services to women.

Increasingly, “women’s empowerment” has become the buzzword for microcredit programs, participants, and investors around the world. We look at pictures, watch documentaries, and read books all on the Grameen Bank microcredit phenomenon and how women are becoming “empowered.” The stories we see give us comfort that social change is happening, one microloan at a time, woman by woman. Some scholars
however, claim that the bank tries to maintain the integrity of this ideology by “silencing public scripts,” that may contradict the bank’s public façade of women’s empowerment (Karim, 2008, p. 15).

Karim (2008) found in his research that NGO employees and researchers involved with microcredit programs in Bangladesh knew first hand that men were taking control of women’s loans, but they purposely censored this “vital information” about who really uses the money (p. 15). He offers two reasons why credit NGOs keep this secret. First, having women as the face of microfinance, “fulfills the Western aid mandate of targeting women in development. NGOs can show their Western donors that women are participating…” and following institutional regulations. The majority of published images of Grameen Bank members are those depicting groups of smiling Bangladeshi women at a bank meeting. Since women must take the loans out in their names, the bank also has proof that women are in fact the ones taking out the loans.

The second reason Karim (2008) claims that credit NGOs suppress evidence about men taking and using loans is because, “NGOs seek out women because they are seen as docile subjects who can be subjected to their codes and more easily manipulated than men” (p. 16). Karim’s argument then is that it is in the best interest of credit NGOs and microfinance institutions to claim that their programs are a means to empower women. In doing this, microlending institutions can continue to impose their agendas and gain power. They will also have a steady supply of new women borrowers looking to become empowered. But what does ‘empower’ mean in the context of microlending? In other words, how are we to discern if these programs are truly empowering women, or if these institutions are just claiming to empower for their own self interest?
Defining what constitutes “women’s empowerment” has been a difficult task for researchers and scholars in the microcredit and gender studies fields, because not all researchers operate from the same definition. Even more daunting are the various social indicators used to measure women’s empowerment. Goetz and Gupta (1996) for example state that empowerment “is a term which is rarely precisely defined.” They struggle to discern if “empowerment” alludes to “a demonstrated capacity to invest loans [with] profitability. Or does it imply changed gender relations, such as women’s greater control over household decision making, greater physical security, [and] reproductive control?” (p. 47).

This thesis uses Schuler and Hashemi’s (as cited in Bernasek, 2003) definition of “empowerment” as women’s “relative mobility, economic security, ability to make various purchases on her own, freedom from domination and violence within her family, political and legal awareness, and participation in public protests and political campaigning” (p. 67).

Section Conclusion

Bangladeshi women have a long way to go in order to reach the ‘empowerment’ that Schuler and Hashemi (as cited in Bernasek, 2003) describe. Yunus’ definition of empowerment, which is based on women’s ability to generate an income and contribute that income to the family, is much more simplistic. Is it the case that the Grameen Bank’s definition of women’s empowerment is simplistic in nature so that it is easier for the institution to reach that goal and look good doing it? It seems likely that women can earn an income, but also continue to experience patriarchal domination. It
appears that the ability to earn an income and being social controlled based on gender are not mutually exclusive.

It is still yet to be known if the Grameen Bank is aware of the domestic violence women experience. It seems plausible that families and husbands might have mixed and conflicted feelings about wives and other female family members leaving the house and thus traditional conceptions about a woman’s ‘place’ in society will be challenged. Also, if Karim (2008) is correct in his assertion that microcredit institutions depend on the vulnerable social status of women to make money, then microlending actually has disempowering effects on women.

Chapter Conclusion

The review of this literature reveals many differing aspects of the microcredit movement over the past thirty years. The analysis of microfinance must be painted with a much bigger brush than just relying on performance indicators such as the increased number of children in schools, nutritional standards, improved housing, and increased incomes. While those are some of the benefits of microlending for women and their children, it cannot be denied that women continue to experience difficulty exercising their autonomy and mobility in the home and in the broader social structure. Bangladeshi laws both national and religious place restrictions on women in ways that microcredit alone will not fix, such as in the case of divorce and child custody. Should women then continue to strive for more and more microloans or rather fight for more equitable rights and public social services? Certainly, the pressure for more governmental support would
also have a beneficial effect on women as there would be more employment opportunities in areas like health care and education.

Conceptions about how the economy should work and how others should function under those conditions subjects individuals and local populations to the interests of those who stand to benefit. Ideologies of catching up development and the entrepreneurial spirit sound good on paper, but as Mies suggests this method and way of theorizing about development is a myth. The global manipulation of economic structures has gendered consequences, including the transformation in the division of labor that devalues women’s productive worth. Although the bank operates from the platform of empowering women through increased incomes, have they encouraged women members to identify with their femininity to do so? And how are women employees at the Grameen Bank expected to perform, shy and passive or assertive and ‘empowered’?

This study is designed to assess the factors involved with microcredit membership and women’s empowerment. What we know about the positive effects that microlending has on women and their families is limited in that many other factors are left un-addressed and even silenced by institutions which stand to benefit from the glowing reputation of microfinance. This limitation in the available data suggests that research is needed to address the questions raised in this review of the literature. For this thesis, research methods were designed to review the current data on microenterprise and the Grameen Bank with an emphasis on women’s empowerment, and compare those studies and scholarly work to whatever qualitative data this researcher could collect.

This thesis’ main concern is to discern if microlending in general and the Grameen Bank in particular truly improves the lives of women in families and in the
broader society through their microcredit membership and increased incomes. For example, how have women borrowers been affected by the Grameen Bank’s operational business model in their mobility outside the home, personal efficacy and economic independence? How has the Grameen Bank as a socially conscious capital enterprise lived up to their claims of successfully tackling a two-pronged business agenda of poverty alleviation and empowerment for women borrowers, and economic success for lending banks? How does microlending affect fertility and domestic violence rates? Is the Grameen Bank a model of institutional change as Yunus claims? How do husbands and other male relatives impact women’s ability to make economic and family decisions? How do women’s responsibilities to care for their children impact their business and loan repayment decisions?
CHAPTER III

METHODS

This thesis is an analysis using both existing and original data sources. To systematically address my research questions about the dynamics of microlending in Bangladeshi women’s lives, I first conducted a thorough examination of data from the only large-scale quantitative study of the Grameen Bank in Bangladesh (Khandker, Khalily, & Khan, 1995) and the several publications developed from that World Bank funded study (Jurik, 2005; Pitt & Khandker, 1998; Rahman, 1999). The longitudinal study examined the bank’s performance and sustainability. I also examined Grameen Bank’s home website for additional data (www.grameen-info.org). From these sources of information, I identified trends from “performance indicators” such as the gender of participants, repayment rates, income levels, education, and infrastructure development. These performance indicators are significant for my study because they address some of my questions about how Grameen Bank microlending programs and policies affect borrowers and their families. I then identified the following broader themes, which shaped the dynamics and outcomes of microlending for women in the context of their marriages and families:

- Grameen Bank policies and programs
- Grameen Bank and other agencies’ social development policies and programs
- Claims and evidence regarding “women’s empowerment”
• Laws, practices, and norms influencing gender relations within marriages, families and communities

• Norms and practices influencing the threat and reality of domestic violence against women.

Next, an exhaustive internet, academic journal, and book search was conducted using the terms microcredit, microfinance, Grameen Bank, microcredit and women, Grameen Bank and women, and Grameen Bank and women’s empowerment using the California State University, Chico, library and data bases. Sources addressing the following topics were examined:

• Microcredit

• The Grameen Bank

• NGOs and microcredit programs

• MFIs

• Global restructuring

• Women’s work strategies in Bangladesh

• Gender, power and control in rural Bangladesh

• Domestic violence in Bangladesh

• Women’s empowerment

Using spreadsheets, research data were added to the original themed data outline, and new subject content resulted in the expansion of the outline. Additional sources included the World Health Organization’s (WHO) country report on Bangladesh (WHO, 2008) and The State of the Microcredit Summit Campaign Report (Daley-Harris,
Websites provided information about Grameen America, a microlending branch office of the Grameen Bank which is located in Queens, New York. The Grameen Foundation’s website provided information on their non-profit organization’s funding, technology, technical assistance, training and information services to microfinance institutions in 23 countries (www.grameenfoundation.org). An additional organization also provided an interesting example of microlending. Grameen Shakti in Bangladesh, modeled after the Grameen Banking system, offers renewable energy technologies to its borrowers, the rural poor, mainly women (www.gshakti.org). Email correspondence with ten Bangladeshi women was made using a blog site (www.narijibon.com).

Interviews in the documentary film Small Fortunes (Van Wagenen & Whitaker, 2005) highlighted microfinance institutions, and the experiences of borrowers, employees, and investors from around the world, with a specific emphasis on the Grameen Bank. The film provided a view into the many aspects, agencies, and people involved in microlending. Interviews with women borrowers included displays of their enterprises and discussions of their experiences. For example, one woman demonstrated how she used her sewing machine, and another the cow she bought with their loans. While the women had varied stories about their businesses, some also talked about the domestic abuse they had experienced. Women discussed their extreme poverty before joining the bank, and one expressed her frustration with its rules. The filmmakers interviewed directors and bank representatives of microlending organizations world wide, and they described starting up and maintaining a microlending business. One director described her trouble with loaning money to men because they did not follow the bank rules or pay back their installments on time, as compared to women borrowers. A group
of American investors described having meetings at their home to collect money from their friends to send to South America for a microcredit program. They had pictures and were given specific detail of how their investments were used in developing communities. Another view was offered by an American independent financial advisor who candidly admitted that many of his investors had little idea of how their money was being spent.

To supplement the available data on the Grameen Bank and microfinance mentioned above, I conducted original qualitative research, using formal interviews and informal discussions with seven individuals involved with microcredit. Blogs and interpretation of available documents and media were also used. These included:

- A formal [face-to-face] interview and follow-up correspondence with Dr. Magued Helmy, an independent consultant with 24 years of project program design, management, monitoring, evaluation, and fund raising experience in both urban and rural settings. He has worked with United Nations Children’s Fund (UNICEF), the World Bank, the Egyptian Swiss Development Fund, and numerous other poverty relief service organizations. His program specialties include comprehensive community and child protection, and emergency food management.

- An interview by phone and email with “Nandita Gani,” program director for Grameen America.

- An interview by email with “Abdul,” a manager in the Grameen Shakti organization was secured via informed consent, but his participation in this study stopped after research questions were submitted.

- Phone conversations with Grameen America employee, Hasan.
• Email correspondence with two Grameen Foundation employees, Runa and Sabanna with invitations to be interviewed that did not result in interviews.

• Email correspondence with Kathryn Ward Ph.D., Professor of Sociology and Women’s Studies at Southern Illinois University at Carbondale and the creator of the Nari Jibon (Women’s life) School for girls in Bangladesh.

• Examination of ten Bangladeshi women’s blog sites (www.narijibon.com).

• Field research visit to the Grameen America offices in New York, June 2008.

Research interviewees, except for Dr. M. Helmy, have been given pseudonyms to insure their anonymity. Three study participants gave formal consent to participate in this study. However, the third participant discontinued participation after research questions were submitted to him as noted above. The first interview was done face-to-face with Dr. M. Helmy, lasting about an hour and a half. He was introduced to this study by California State University, Chico political science Professor Robert Jackson Ph.D. Dr. M. Helmy is an Egyptian, who has extensive knowledge of Bangladeshi culture and experience instituting three Grameen Banking systems in Egyptian communities. Dr. M. Helmy has worked with UNICEF for over twenty years with a focus on women and children and has played a pivotal role in the implementation of The United Nations Convention on The Rights of the Child. The interview was digitally recorded as well as audio taped. The digitally recorded interview was uploaded to a computer file and transcribed. Portions of the interview were organized and added to categorized research outlines, after which the interview was erased from the digital recorder as well as from the computer file containing the interview. The audio tape was
then kept in a locked file cabinet. Informed consent was given orally and approved by Dr. M. Helmy, as was his consent to use his name and work history in this study.

“Nandita Gani,” the program director for Grameen America was first contacted by phone. Nandita, requested that all matters pertaining to this study be conducted via email. As such informed consent was approved and the interview correspondence continued for a little over a month’s time. The interview emails were saved on my personal computer and were later burned onto a CD and kept in a locked file cabinet, after which the computer file containing the interview was erased.

The third participant “Abdul,” is the general manager of Grameen Shakti. Abdul and I exchanged a few emails back and forth in regard to my study topic, and he expressed interest in my research. Abdul gave his approval to participate in this study via informed consent in an email, but abruptly ended our correspondence after the research questions had been submitted to him for his review. A follow-up phone interview could not be administered due to an error in contact information between American and Bangladeshi phone codes, and Abdul never responded to further emails.

One potential research participant was “Hasan,” a friendly Grameen America employee. He was initially contacted by phone and we spoke on three separate occasions very generally about Grameen America’s programs and clients. Hasan, was willing to comply with the terms of this project, and even suggested I visit a branch meeting to observe. Due to Grameen America employee policy however, Hasan had to first get approval to participate in this study from his supervisor, Nandita, the project director described above.
Grameen America employees are not allowed to offer any information for independent research, unless it has been approved by management. Nandita denied Hasan’s participation in this study and explained to me that the New York branch as a developing office had no spare time for interviews with either employees or borrowers.

Two other potential study participants were employees from the Grameen Foundation. Contact to both employees was established through email. “Runa,” the first correspondent was a promising connection because she was actively networking to find individuals within the organization who might be interested in taking part in this study; however, after a few sample questions from the study were sent to Runa, as per her request, she abruptly dropped correspondence.

Three months later, the second email correspondence to the Grameen Foundation was developed with a woman named “Sabanna.” Sabanna appeared to be a strong connection as well. She replied to emails very quickly, and she seemed enthusiastic about this study’s curiosity regarding women’s empowerment and the focus on Grameen organizations. Unfortunately, however, Sabanna discontinued correspondence following my questions about the funding sources for their programs.

Despite these difficulties, both Runa and Sabanna did offer basic information about the Grameen Foundation’s affiliation to the Grameen Bank. For example, although the Grameen Foundation carries the “Grameen” name, it was not founded by the Grameen Bank in Bangladesh. The Foundation does however raise money for Grameen Banking ventures and Muhammad Yunus is on their Board of Directors.

Upon suggestion from Kathryn Ward Ph.D., a blog site entitled Nari jibon Blogspot was introduced to this study. Kathryn Ward co-authored the article, “The
Effects of Global Economic Restructuring on Urban Women’s Work and Income-Generating Strategies in Dhaka, Bangladesh” (Ward, Rahman, Islam, Akhter, & Kamal, 2004) and started the Nari Jibon training program in 2005 in Bangladesh. The programs offer women Bangla and English literacy training, as well as computer and tailoring skills (www.narijibon.com/). The blog site offered correspondence with approximately ten Bangladeshi women students through their personalized blog pages. The blog pages I reviewed included narratives of their lived experiences, their art, poetry, and photos. The Nari Jibon blog postings offered anecdotal information and insight into the lives of Bangladeshi women. It was not clear from their blog pages if any of these women participated in microcredit or Grameen programs and I did not ask.

The data were first organized by grouping similar findings by themes in spreadsheet and outline forms. For example, under the theme “social development and education,” the relevant data was listed. As more and more data were collected and my review expanded, I divided the spreadsheet and outline bilaterally, so that evidence supporting the bank’s claim of an improved standard of living for borrowers and their families—and “women’s empowerment”—could be examined alongside detracting evidence which called into question these claims. Using this method allowed me to examine data and examples that supported the claims of the Grameen Bank and other advocates of microlending. Interpreting and weighing both quantitative and qualitative evidence, my analysis emerged. In addition, examination of data under the themes listed above yielded elaboration on the question of “women’s empowerment” from the perspective of Grameen Bank and “social development” agendas. I kept the analysis of
the data embedded in the cultural context of gender norms, issues of patriarchal authority and control over resources, and the threat and reality of domestic violence against wives.

An unanticipated limitation to data collection was that employees and directors were under strict policy not to reveal information that was integral to this study. Therefore, I had to work around that limitation looking for whatever information I could find—statistical, anecdotal or inferential.

A perfect example of how I was turned away from both phone interviews and on-site research was my attempt to visit Grameen America in New York. I was invited by Hasan, an employee at Grameen America to observe in a weekly meeting, and he said that during my visit he would be willing to answer any questions approved by his supervisor, “Nandita Gani.” I was literally on my way from New Jersey to the New York office when I was finally able to reach her by phone. She said I was not allowed to come to the office, or interview any of the employees. In an email dated July 16, 2008 regarding this incident, she stated: “we normally do not welcome questions from students working on research papers as they tend to take up much of our time.”

Rahman (1999) encountered a similar experience in his attempts to conduct research on the Grameen Bank in Bangladesh. He explains that gaining access to study participants is a “lengthy and complicated process,” and was “frustrating” (p. 24). Researchers wanting to conduct a study in any of the Grameen Bank program areas must first have an approved formal consent (permission) from the bank itself. Rahman requested a formal consent from Yunus to initiate his study. Six months passed and he still had no response from the Grameen Bank. Rahman traveled to Bangladesh and contacted the Grameen Bank in Dhaka right away. He explains that the deputy general
manager, “listened to my explanation of the purpose of my visit and showed interest in my research but expressed his inability to give me permission,” because approval had to come from Yunus himself (p. 24). After continuing in his painstaking efforts to get Grameen Bank approval, he was finally issued a letter of approval. Rahman states that he became concerned about the centralization of decision making power in the Grameen Bank. Over the course of my field work in Bangladesh and with my work with the Grameen Bank, I came to realize that not only is the permission for research on the Grameen Bank left to Yunus, but most decisions are left to the founder of the Bank. (pp. 24-25)

Chapter IV presents the data collected for this study, and includes a discussion of the findings. It is organized by research questions that are posed to direct this analysis of the Grameen Bank and the impact that microcredit has on women’s lives. Chapter IV contributes to the assessment of whether women have experienced increased levels of mobility both within the family structure, and in rural Bangladeshi communities through their microcredit membership.
CHAPTER IV

RESULTS AND DISCUSSION

Findings of interest for this study are those which fall into the broad categories of ‘supporting’ evidence and ‘detracting’ evidence on the performance and outcomes of the microcredit model and the Grameen Bank. Supporting evidence is data that supports the claims of microcredit success for borrowers, their families, and communities. Detracting evidence is data that challenges those success story assumptions and conclusions. Gendered power structures are examined in order to have a better understanding of Bangladeshi culture and how that interplays with the functionality of the microcredit model. Conceptions about gender and gender expectations in rural Bangladesh influence women’s experiences as microfinance borrowers. For example, in Bangladesh women are representative of family honor. In order for the family to maintain their honor, strict restrictions are placed on women’s behaviors especially when it comes to women’s potential for mobility outside the home. Social institutions and norms pertaining to marriage have an effect on how the Grameen Bank must go about conducting its business. After all, microfinance does not occur in a vacuum. There are cultural rules and boundaries at play and they need to be considered in the assessment of the Grameen Bank and women’s potential for increased mobility both in the home and in the broader society.
The main research question for this study asks if microlending in general and the Grameen Bank in particular truly improve the lives of women through their microcredit membership and increased incomes. Ancillary research questions are posed to examine issues related to the main research question. For example, how have women borrowers been affected by the microcredit operational business model in their mobility outside the home? And in their personal efficacy and economic decision making within marriages and families? How has the Grameen Bank as a socially conscious capital enterprise lived up to their claims of successfully tackling a two-pronged business agenda of poverty alleviation and empowerment for women borrowers and economic success for lending banks? How does microlending affect fertility and domestic violence rates? Is the Grameen Bank a model of institutional change as Yunus claims? Evidence is presented in this chapter to address these questions and to bring to light some unexplored and silenced outcomes of microcredit membership for women and their families.

How Does Microlending Improve the Lives of Women and their Children?

Supporting Evidence

The Grameen Bank and other microfinance institutions claim that with microcredit program participation women will experience heightened levels of empowerment, and increased mobility outside the home, and as a result, the entire household will benefit. Data on income levels, poverty rates, and socioeconomic status of women members indicates that women have been able to improve the standard of living for their household through increased mobility outside the home.
**Income.** The *Grameen Bank: Performance and sustainability* (Khandker, Khalily, & Kahn, 1995) report was funded by the World Bank, which set out to analyze the financial and economic efficiency of the bank’s credit programs. Among the many research findings, those which involve women and income levels are some of the most popular. Data collected from 1985-1994 indicated that wage levels were higher in the bank villages as opposed to non-bank villages, and economic activity fueled by Grameen credit tightened the labor market and increased labor income (Khandker et al., 1995).

Alam’s productivity growth study (as cited in Wahid, 1994) of Grameen Bank members found that small and marginal farmers increased their incomes by utilizing Grameen Bank credit programs. Farmers were able to allocate a higher percentage of their land for the cultivation of high-yielding varieties (HYV), and thus improved their agricultural productivity.

Hossain (as cited in Wahid, 1994) found in his rural development study that in comparison to four other poverty alleviation NGO programs offered in Bangladesh, the Grameen Bank ranked second in per capita income rise for all members. Male Grameen Bank members specifically ranked second, and women members were ranked first in per capita income rise in comparison to the other NGOs.

**Poverty Rates.** Todd (1996) conducted a comparative study of a group of Grameen Bank borrowers who had ten years of membership with a control group on non-borrowers in the district of Tangail, Bangladesh. Her research indicates that poverty rates were significantly lower among Grameen Bank borrowers than among non-borrowers.

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1 Bangladesh Rural Advancement Committee (BRAC), Swanirbhar Bangladesh (SB), Grameen Bank (GB), Bangladesh Rural Development Board (BRDB), Proshika.
Over a one year period, 57.5% of borrowers were no longer poor based on the official poverty measure compared to 18% of non members. Results in this study also indicate that there are higher rates of extreme poverty for non-members, 54.5%, as opposed to lower rates for Grameen Bank members with 15%.

**Socioeconomic Status.** Amin, Becker, and Baynes (1998) found in their quantitative study that women microcredit NGO members have higher socioeconomic status than non-members, and in 1995, members had an average annual income of US $763 vs. US$ 584 for non-members. Study participants were comprised of 2,364 women who lived in NGO credit areas and 1,200 who lived in non-program areas.

Women microcredit members have also been able to improve the lives of their children as a result of greater freedom outside the home. The following are data on child education, nutrition, immunizations, infant mortality rates, overall health, quality of housing, and age at marriage.

**Education.** Findings from the longitudinal World Bank study (Khandker, Khalily, & Kahn, 1995) indicate that women’s Grameen Bank membership within villages results in increased student attendance, especially for girls. Between 1985 and 1994, the number of children in schools increased 454.5% in Grameen Bank villages (Figure 1).

Todd (1996) found that in Grameen villages, 81% of boys in Grameen borrowing households that had 10 or more years of membership had some schooling compared to 54% in the control group. Additionally, all girls in the Grameen group had some education compared to 60% in the control group.
Figure 1. Number of children in schools in Grameen Bank villages 1985 and 1994.


Pitt and Khandker’s (1998) study of group-based credit programs in Bangladesh was also funded by The World Bank. Their objective was to decipher if the gender of the participant in group-based credit programs had an impact on poor households in Bangladesh. They found that women have a larger effect on the behavior of poor households when they are the program participants. For example, researchers found a significantly strong positive relationship between Grameen Bank membership and the education of girls. An increase in Grameen Bank credit to *women only*, increases the probability of girls’ school enrollment by 1.86%, but there were no significant correlations between women credit membership and boys’ enrollment in school. They did however find that an increase in Grameen credit to men *and* women increases the probability of boys’ school enrollment by 2.4% to 2.8%, only a slight .4% increase.

The number of schools in member villages also increased in Bangladesh. Between 1985 (N=3326) and 1994 (N= 14,804), there was a 345.1% increase in total

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schools in Grameen Bank villages. Also significant is the increase in schools run by women. In 1985, there were 2,223 schools run by women, but by 1994 the number of schools grew to 14,413. Consequently, schools run by men decreased from $N=1,103$ in 1985 to $N=391$ in 1994 (Khandker, Khalily, & Kahn, 1995, p. 100) (Figure 2).

**Figure 2.** Number of schools in Grameen villages in Bangladesh run by gender 1985 and 1994


*Nutrition.* Amin, St. Pierre, Ahmed, and Haq (2001) found in phase two of their study that, compared to non-members, microcredit NGO members in Bangladesh have higher use of health clinics for the purpose of nutritional supplements. Todd (1996) used height and weight of children as indicators of nutritional status and found that children of Grameen Bank borrowers were somewhat taller and much heavier than children in the control group. Rahman (as cited in Wahid, 1994) also found members of Grameen Bank poor households to be better off in terms of food intake than fellow
nonmembers. Rahman attributes these findings to the Grameen Bank members’ emphasis on eating quality food rather than quantity.

**Immunization.** The influence that microcredit NGOs have had on the child immunization rates in Bangladesh is difficult to measure. Child immunizations increased slightly in the microcredit NGO group area that received door-to-door family planning education during 1992-97, but no “systematic difference” between the NGO group and control groups emerged by the end of 1997 (Amin, St. Pierre, Ahmed, & Haq, 2001). Results suggest that child immunization rates rose independent of microcredit NGO membership. Therefore, a spurious relationship between the two is likely. Also, to be noted is the absence of data on women (usually at childbearing ages) regarding whether or not they receive immunizations for the benefit of their future pregnancies/children.

**Infant Mortality.** Bangladesh as a nation has experienced an overall decrease in infant mortality. The United Nations (UN, 2005) reports that the infant mortality rate has declined from 92 per thousand live births in 1992, to 53 per thousand live births in 2002. Amin, St. Pierre, Ahmed, and Haq’s (2001) research during the 1992 to 1995/6 period parallels the UN findings that there was a significant decrease in infant mortality. They report that the national infant mortality rate for Bangladesh in 1992 was 87 per live births and in 1995/6 it decreased to 66 per live births. More recently, the Central Intelligence Agency (2009) reported that there are 59 infant deaths per thousand live births in Bangladesh. Due to the fact that national infant mortality rates are decreasing over time in Bangladesh, what impact does microcredit membership have on those decreasing rates? In other words, is there a correlation between microcredit membership and infant mortality rates?
Researchers found that family planning education and the length of Grameen Bank membership had an affect on infant mortality rates in Grameen Bank and other NGO credit program villages. In phase one of Amin, St. Pierre, Ahmed, and Haq’s study (2001), surveys indicate that the infant mortality rate had declined in the areas that received family planning education from about 88 per thousand live births in 1992, to about 62 in 1995-96. Todd (1996) found in her one year study in the district of Tangail, Bangladesh, that Grameen Bank members with ten years of membership (as opposed to non-members in the same district) experienced fewer infant deaths.

Although Amin, St. Pierre, Ahmed, and Haq (2001) found that the infant mortality rate dropped in villages that received family planning education, they also found that the infant mortality rate dropped in the control area, and at a slightly higher rate. For example, the infant mortality rate declined in the microcredit NGO experimental area from about 88 per thousand live births in 1992 to about 62 in 1995-96 (a difference of 26). The infant mortality rate dropped in the control area that did not receive family planning education from 81 per thousand live births in 1992 to about 54 per thousand live births in 1995-96 (a difference of 27) (Amin et al., 2001, p. 3). In addition, due to the national decline of infant deaths between 1992 and 1995/6, from 87 to 54 per thousand live births respectively, microcredit NGO program participation cannot be used as a single factor explanation for such a phenomenon since there are many people whom are not members or participants in microcredit NGO programs and/or Grameen Bank programs (Figure 3). A spurious relationship between infant mortality and microcredit NGO membership is likely.
Figure 3. Comparison graph of infant mortality rates per thousand live births in Bangladesh: National rates, NGO family planning education area rates, and control group 1992 and 1995/6


**Overall Health.** Studies indicate that members in NGO and Grameen Bank credit programs are more likely to see private doctors and static clinicians for most illnesses as well as for overall health concerns. Younger women and women with larger numbers of children are also found to be more likely to seek medical services (Amin, St. Pierre, Ahmed, & Haq, 2001; Todd, 1996).

It is important to note that researchers found an overwhelming availability of traditional providers of health care services such as homeopaths or herbalists. The use of traditional services is widespread in both the experimental and control areas (Amin, St. Pierre, Ahmed, & Haq, 2001).
**Quality of Housing.** Rahman and Hasnat (as cited in Auwal & Singhal, 1992) conducted a comparative analysis on the quality of housing of Grameen Bank borrowers before and after taking loans from the bank. They found that 90% of housing borrowers used to live in housing units with thatched straw roofs and walls of straw and jutestick.² At the time of the study, nearly all of them (90%) were found to have tin roofs and walls of bamboo and jutestick. In addition, those who used Grameen Bank financing for housing structures have houses that stand on cement pillars and were also found to be constructed with more room per square foot than before the loan.

**Age at Marriage.** Todd’s (1996) study indicates that the average age at marriage for the daughters of the Grameen bank borrowers with 10 years membership is 15 years old. Non-members in the same district (Tangail, Bangladesh) in comparison had the average age of marriage for daughters at 14 years old. Without additional studies, we cannot conclude that the year’s delay in marriage is related to Grameen Bank membership.

Although some women have been able to improve the standard of living for their households by participating in microcredit programs, other factors also are at work. Assessing how household resources are allocated is a good measure for looking into whether or not women are experiencing greater economic independence from microcredit membership. For example, just because women bring income into the home, does not mean that they have the ability to allocate those resources as they wish. Research confirms that families benefit when women contribute an income, but once the money

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² Jute is a crop grown for the purpose of extracting a textile fiber called jute stick. Jute stick, among other things, is used to make particle board (Juteproductsindia.com, 2009).
enters the home resources are not allocated equally. For this reason, it is important to look at who has control over household resources and who benefits from that power structure in the home.

Research gathered for this thesis indicates that overwhelmingly, across cultures and nations, in comparison to men, women generally are found to have a closer relationship to their children and take more responsibility for their care (M. Helmy, personal communication, March 28, 2008; Nandita Gani, personal communication, August, 2008; Nari Jibon, blog communication, 2008; Pitt & Khandker, 1998; Van Wagenen & Whitaker, 2005). Because of a mother’s close relationship to their children, women are found to spend more on household resources for improving the standard of living for their children. As the data suggests though, it is not always easy for women, even in the context of microcredit membership to contribute their incomes to the wellbeing of their children. Husbands play a pivotal role in women’s decision-making inside and outside the home, and also how their incomes are to be used.

Mother’s Relationships To Their Children. Mike Murray is the chairman of Unitus, a self-defined international NGO dedicated to advancing innovative market-based solutions to global poverty. In the Small Fortunes Documentary, which explores the issue of poverty and microcredit, Chairman Murray explains that in his experience, “Women are the closest to their children. They are not going to let their children starve. They’re going to make sure that their children have clothing, and help them get educated” (Van Wagenen & Whitaker, 2005). A Bangladeshi woman on the Nari Jibon blog page (www.narijibon.com) posts, “As the mother of two daughters, I had to bear the pain of
giving birth of them. So I feel that mothers have to worry about their children more than fathers.”

When interviewed for this thesis, Dr. M. Helmy (March 28, 2008) explains that mothers care more about the wellbeing of their children than fathers do. Mothers need to make sure that their children can survive, and with microcredit membership this leads mothers to tend to “her business to be sure that she can create income, keep her children at school, or in the best possible shape.”

Women view microcredit as an avenue to improve the lives of their children. A mother’s need to care for the welfare of her children makes her a better credit risk because the survival of her children may depend on any amount of income she may generate from her microenterprise participation. When asked about this Dr. M. Helmy (personal interview, March 28, 2008) stated that,

Women are better credit risks than men because of stability. Women have strong links to her children. She cares for the children in every way…woman stick to [their] children, which means that they [women] stick to their place.

In my interview with Nandita Gani (August, 2008), the project manager for Grameen America, she offered insight into the role children play in microfinance.

Studies have gone to show that giving microcredit to women leads to the benefit of children, because a woman is more likely to spend her income for the welfare and betterment of her children than a man is. Children also play a role in that many of the Grameen America borrowers are single mothers who are looking to increase their incomes in order to better support and provide for their children.

The sources cited above indicates that mothers take more responsibility in the care of their children and also invest more in their wellbeing than husbands do, but what resources are available for mothers to allocate to their children? Do mothers and fathers
have equal access to household resources, or does gender influence how resources are distributed in the home?

Limitations and Constraints on Wives as Microloan Borrowers

Detracting Evidence

In nearly all of the cases of microcredit participation in this study, Bangladeshi women have been found to have very limited access to household resources. Although access to household resources is limited, research finds that women employ strategies for obtaining some agency over domestic capital. For example, resources in kind such as livestock, rice, and homestead vegetables or animal products can come under women’s control, and at times this can be done without their husband’s knowledge. Some women save a hand full of rice—“musntichal”—before cooking every meal, and this accumulated rice can be traded for other necessities (Goetz & Gupta, 1996).

“Informal credit exchanges between women often take the form of loans in kind, particularly rice, as women are able to retain control over this resource and can often bring it into the household without alerting male household members” (Blanchet cited in Goetz & Gupta, 1996; Haque cited in Goetz & Gupta, 1996).

Although women have limited access to income or domestic capital, women as compared to men have a higher household expenditure on goods, (Pitt & Khandker, 1998) and women are found to invest more financially in their families for food, schooling and shelter (Amin, Becker, & Baynes, 1998; Auwal & Singhal 1992). This indicates that women do not have equal access to household resources, and gender does affect how resources are allocated in that men invest less in the household.
It seems obvious that with the opportunity of microcredit women will be able to have a greater impact on the wellbeing of their families because they will have more money to contribute. Research suggests that is not always the case. The next section presents data on women’s efforts and abilities to retain some level of control over their microcredit loans and participation. Some findings indicate that there are a few factors involved with loan control such as the size of the loan, and the duration of the microcredit program in villages. This evidence can be used to assess the levels of economic self-determination women have within marriages and families and the obstacles women have to overcome in order to keep control over their loans. Also important to highlight are the consequences for women and their children when resources resulting from their microcredit membership are controlled and reallocated by husbands and other relatives.

**Loan Control.** Goetz and Gupta’s (1996) research of 275 loans (22 of those to men) across four microcredit organizations\(^3\) in rural Bangladesh found that more times than not, male family members took control of women’s loans. Some women in fact, had no knowledge of how their loans were being used by their male family members. On average, women only retained full or significant control over loan use in 37% of cases. Sixty-three percent of the cases fall into women’s “partial,” “very limited,” or “no control” categories (Figure 4). These findings indicate that there is a significant pattern of loss over loan control. Most startling is that 22% of respondents were either unable to give details of loan use, or were unaware of how their husbands or other male household members had used their loans. In these latter cases, women end up alienated from

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\(^3\) Bangladesh Rural Advancement Committee (BRAC), Grameen Bank, Thengamara Mohila Sabuj Sangha (TMSS), and Rural Development project (RD-12).
Figure 4. Women’s rate of control over loan use across four NGOs in Bangladesh: Percent of full or significant control vs. Partial, very limited or no control


participating in the productive process promised to them in microcredit membership due to the male intervention and control over their loans.

Research focused on microcredit loan control indicates that both marital status and loan size have a significant effect. Only 10% of married Grameen Bank women borrowers were found to have “full control,” while another 20% had “very limited control” over their loans (Goetz & Gupta, 1996). Rahman’s study (cited in Goetz & Gupta, 1996) uncovered that, “12% of [married] women surrendered the entire loan to their husbands or other male guardians” (p. 49).

In contrast, Hashemi, Schuler and Riley (1996) found that 70% of borrowers used all their loans to fund an enterprise that they carried out alone or in conjunction with their husband. However, we cannot discern how much the women actually controlled use
of the funds, versus how much was actually controlled by husbands. On this topic, Dr. M. Helmy (personal communication, March 28, 2008) claims that, “Sometimes the woman has no say if the husband is imposing [his will over her loan] and he wants her [loan]. Then she cannot say ‘no’ in fact in many cases.”

Outside marriages there is a much clearer pattern of women’s control over loans. Sixty percent of widowed, single, or divorced women maintained “full control” over their Grameen Bank microloans, with only 5% having “very limited” control. Goetz and Gupta (1996) found, however, that in some instances the female head of the household, “had given over their loans to male relatives beyond the immediate household, for example nephews and sons-in-law, in exchange for a guarantee of a regular food supply” (p. 50).

Women’s loss of direct control over loans has been related to the size of the microloan (Goetz & Gupta, 1996). Rahman’s study (cited in Goetz & Gupta, 1996) of loan use patterns found that women borrowers were more likely to retain full control over small loans as opposed to larger ones. Grameen Bank borrowers in his study retained control over 100% of the cash amount of their loans up to 1,000 taka. In comparison, only 46% of women had control of the total amount when the loans exceeded 4,000 taka.

The following story illustrates the common occurrence of husbands imposing their control over wives’ loans, and also how the cash amount can influence the loan activity and balance of power in the home. For five years, Rafiya’s husband had pressured her to ask her father to give him the cassette player that was promised to him in her dowry, which he had not yet received. She knew her father did not have the money to buy the cassette player and as a result she never asked him for it. During this five year
period, Rafiya’s husband demanded that she become a member of the Grameen Bank and get loans for him to start his oil vending business. “In 1995 when Rafiya received her second loan from the Bank, her husband spent the total amount of 4,000 [taka] to buy a cassette player. Rafiya was aware of the consequences of debt imposed on her because of her husband’s use of the loan for a luxurious item, but silently consented to it to save her marriage” (Rahman, 1999, p. 112).

Rafiya’s story reveals that loan size may be an aspect of loss of loan control, but there are additional obstacles women experience in trying to retain control. The life span of microcredit programs in villages is linked to women’s loss of loan control, and this is a factor in the bank’s business model. Multiple studies indicate that the less time the bank had been operating in a village, the more control a woman member had over her loan. In other words, women face diminishing loan control over time. Hashemi, Schuler, and Riley’s (1996) study of Grameen Bank borrowers in six villages found that 63% of women borrowers had significant or full control of loans in the early stages of program development compared to 27% of women in the older villages. Rahman (cited in Goetz & Gupta, 1996) found that 86.6% of women retained control of their loans in their first year of membership, and 66% control in their fifth year. Goetz and Gupta (1996) found that high degrees of women borrowers’ loan control are evident in credit societies with 3 to 5 years of institutional life, with degrees of loan control increasing steadily with each year of organizational membership up to that point (5 years). After that point control appears to diminish.

It is important to take a look at the various hurdles that make it difficult for women to keep control over their loans, because it demonstrates how hard it is for women
to gain economic self-determination. Not only are women faced with husbands’ impositions on their loans, but the bank’s programs in relation to loan size and program duration in villages also are factors. Now that we have explored some of the roadblocks women face in their attempt to maintain control over their loans, the next step is to find out what happens when the loans change hands and are directed to husbands. Does the Grameen Bank and other credit NGOs have knowledge of men taking control of women’s loans? Additionally, for what purposes and activities are men investing women’s loans?

Grameen Bank Loans Directed To Husbands. Findings indicate that husbands play a pivotal role in the process of taking out and managing microloans. In Karim’s (2008) research, “the rural men laughed when they were asked whether the [loan] money belonged to their wives. They pointedly remarked that, “since their wives belonged to them, the money rightfully belongs to them” (p. 15). Yunus explains in the documentary Small Fortunes, “It’s not a loan for only her purpose; it’s a loan for any member of the family as a collective. She can borrow for her husband. If her husband wants a rickshaw, she borrows money for a rickshaw. We know she’s not the one who will be pulling the rickshaw, but the loan goes through her” (Van Wagenen & Whitaker, 2005).

Bank field workers admit to consulting husbands first in loan targeting, and claimed that due to the increasing pressure to assess the credit worthiness of borrowers, they were more likely to screen the productivity of the husbands rather than the women themselves. Fieldworkers as bank employees operate with the same ideology as Yunus, that the loans are “collective” in the home. As such, fieldworkers assumed a priori that loans would be used by other family members. “Some field workers were quite candid
about this process, admitting that when forming groups, husbands were approached first, and were persuaded to let their wives join in return for the promise of credit—implicitly for the husband” (Goetz & Gupta, 1996, p. 52).

In Rahman’s two-year research of 120 women Grameen Bank members and 12 Bank employees, he observed that the bank managers’ interview questions are always the same and asked in the same sequence. At the loan disbursement interview which takes place directly before the manager hands over the microfunds to women members, the bank manager’s first question to the women loan recipient is, “What’s your husband’s name?” (Rahman, 1999, p. 105).

It has been made clear that Bangladeshi microlending banks, and the Grameen Bank in particular, participate and condone the transferal of women’s loans to husbands and in some cases other male family members. It is still unclear however, what the social consequences are of this practice on women and the household. More specifically, does the gender of the individual that has loan control matter?

**Impacts of Loans Diverted To Husbands.** Studies suggest that loans diverted to husbands and male relatives can be less beneficial to the well-being of children and the household unit, and that loans controlled by women are more favorable to the family because women invest more in the care of their family (Amin, Becker, & Baynes, 1998; Auwal & Singhal, 1992; M. Helmy, personal communication, March 28, 2008). Rita Lugogo from the Yehu Bank in Africa, interviewed for the documentary film *Small Fortunes*, claims that in her experience in loaning money to the poor, women invest more than husbands in the household (Van Wagenen & Whitaker, 2005).
The Yehu Bank is a microfinance NGO that serves the rural poor, mainly women, in Kenya, east Africa. Yehu was created using the principles and procedures of the Grameen Bank. In 1993, Rita Lugogo became the CEO of the Yehu Bank and now serves as director. In *Small Fortunes* she states that, “There’s been a lot of studies done that show that if a woman gets an education, if the woman gets additional income, the whole family benefits. If it’s the man then it’s the man that benefits, and maybe there might be some trickle down effect to the rest of the family” (Van Wagenen & Whitaker, 2005). Lugogo has first hand knowledge of the imbalance of household investing based on gender because the men in the Yehu Bank would use the money for personal expenses and not necessarily for microenterprise. This was problematic because the bank was finding it difficult to get repayment from male borrowers, or get them to even show up at bank meetings.

Goetz and Gupta (1996) found that in Bangladeshi cases where husbands were either “unable, unwilling or refused to provide weekly installments for [women’s] loan payments that they themselves had invested,” women borrowers felt pressure to acquire installments in other ways (p. 54). Mainly this involved strategic utilization of domestic capital. In order to gain access to money for installments, women described selling eggs, fruit and home grown vegetables. Others used, “their regular savings habit [musnitchal] of reserving a handful of rice before each meal” (p. 54). Women’s use of these various forms of income generation can reduce family resources in both daily food consumption, and resources intended to be kept for savings. This can have the reverse effect from the goals of Grameen Bank microlending.
This evidence suggests that men using microfunds for their personal expenses, and their difficulty following the rules of microlending programs, are some of the social consequences that come with loan diversion practices. In sum, the gender of the individual that has loan control does matter.

**Diversion of Microcredit Participation.** Goetz and Gupta, (1996) found that in some cases women were not allowed to participate in loan activities such as attending weekly meetings. Mothers-in-law were found to be attending meetings in place of their young daughters-in-law to make loan installments. The authors found this to be due to cultural restrictions that forbid their new household members’ contact with strangers, “especially when the field worker in question was male.” In other cases, men were found in attendance at the women’s group meetings to submit their wives’ loan installments.

One of the main tenets of the Grameen Bank is that women are offered the benefits of regular group attendance and social contact with other women. Here we find evidence that in practice some women are denied their basic right as members to attend group meetings, and Grameen employees are permitting this occurrence. This is another example of gender rules placing constraints on women’s mobility within Grameen Bank activities.

**Section Conclusion**

Findings indicate that women have experienced a significant increase in their mobility outside the home judging from their ability to improve the standard of living, overall health, infrastructure, socioeconomic status, education opportunities, and nutritional standards of their household members by generating income through microcredit membership. However, there are methodological limitations to some of the
studies. For example, there appears to be spurious relationships in the cases of infant mortality and child immunization and microcredit NGO membership. Microcredit participation alone cannot be used as a single factor explanation for improvements in social development.

The Grameen Bank assumes that microloans are collective and thus will benefit the entire family regardless of who in the family uses the loan for their purpose. There is evidence, however, to challenge that assumption. Loans cannot be viewed strictly as “collective,” because research indicates that women spend more on household expenditures than men do, and all members of the household do not exercise equal influence over how funds are spent. Therefore, households that grant women the mobility and the ability to use the loans for their purposes may benefit more than when male family members take control over loans. Evidence indicates that although women are taking out loans, more often than not, it is husbands and other male family members who take control of loans and are using the funds for their own purpose. Some women even reported having absolutely no knowledge of how their loans were being used. This indicates that women are still struggling to have economic self-determination in their marriages and families even with the opportunity of microcredit.

When men take control over loans women are forced to find repayment funds elsewhere, especially by scrimping from the household food supply. This may be to the detriment of the family, especially children. This raises more questions about the impact that microlending has on families. Furthermore, when the bank addresses husbands before loaning funds to their wives, the bank cannot truly make the claim that loans are
contributing to an increase in women’s personal efficacy. For single women, the picture is simpler. They may be poorer, but they have greater control over their loans.

Also of importance in this section is the evidence that indicates that married women (as opposed to widows, single or divorced women) are still experiencing significant restrictions on their mobility outside the home even though loans are intended to increase their mobility. When family members prevent women members from attending weekly bank meetings, the claims made by the Grameen Bank about empowering women via group meeting solidarity are hollow. Overall, the evidence in this section calls into question whether the loans led to greater mobility, personal efficacy, and increased economic self-determination. Can we say with any certainty that the credit programs offered by the Grameen Bank truly empower women? We will have to dig deeper and look at more data available on the Grameen Bank to explore this question further.

Has the Grameen Bank Lived Up To Its Claims?

Yunus has been praised for instituting a socially conscious capital enterprise in his creation of the Grameen Bank. This ‘socially conscious’ type of investing is designed to help the poor and specifically to empower women and to produce financial return for investors. Although this economic model has been replicated world wide, it is yet to be seen how the Grameen Bank has lived up to their claims of successfully tackling a two-pronged business agenda of poverty alleviation for borrowers and economic success for lending banks. Is it possible for the bank to successfully address both goals?
There are a number of ways to go about answering this question. We can start by looking into bank viability and loan repayment. In order for the bank to be successful, they must recover their loans. To do this, some level of pressure must be exerted on borrowers to make their payments. Here we look at some of the factors involved in repayment and installment collection techniques. We consider the role of bank employees who are ultimately responsible for getting the loan installments each week. What are the consequences of this model and particular practices for borrowers and bank employees?

**Pressure on Women Borrowers**

This research finds that varieties of pressures are imposed on women because of Grameen Bank membership. Pressure is exerted by husbands, loan peer groups, bank employees, families and within Bangladeshi culture in general. As previously noted, women may experience pressure to find funds from household domestic income in order to make repayment installments when their husbands (or other male relatives) have taken control of their loans, and are unable or unwilling to contribute financially to weekly repayments (Goetz & Gupta, 1996). Women also experience pressure from the loan peer group to make installments, and hostility and/or verbal aggression occurs in some cases (Rahman, 1999). Women are subjected to personal humiliation from peers and bank workers in the loan center if they fail to make installments on time, and such “humiliation of women in a public place gives males in the household and in the lineage a bad reputation [durnam]” (Rahman, 1999, p. 80).

Vanu, a Grameen Bank member heard a story about one woman who could not make her payment. “She was locked from the outside in a room at the branch office. The woman felt so humiliated that she hung herself from the ceiling fan with her sari”
Whether or not a bank worker actually locked a member inside a Grameen Bank office which led to her suicide, the story serves to pressure and scare women to make installments at any cost to avoid harsh sanctions. Families in Rahman’s (1999) study for example, admit to imposing strong pressure on women to repay, because as Muslims they believe that if they die with debt, they will be punished in the after life (p. 142). Jodimon Khan shares in *Small Fortunes* that she was scared to take out a microloan. People told me that if I didn’t repay it, the bank people would kill me for the money. I was very scared” (Van Wagenen & Whitaker, 2005). Such pressures are hardly empowering!

**Pressure on Employees To Get Installments**

Rahman’s (1999) research offers candid insight into the lives of bank employees. Employees interviewed expressed feeling immense pressure from the bank to secure a set profit margin for both loan disbursements and loan recovery. One bank worker in the study branch explained that, “In the Grameen bank system there is always a hidden agenda” (p. 136). Another adds that when they “have questions or concerns about the system, [they] are unable to express their concerns” (p. 138).

The business expansion of the Grameen Bank has caused employees to complain about their “enormous” work load, and the increasing pressure they feel from superior officers to collect installments. Some employees mention the emotional difficulty of demanding installments from very poor people but, “believe that their ‘credibility’ as bank workers depends on his/her successful collection of installments from borrowers, not in their supervision of the loan use” (Rahman, 1999, p. 117). A
worker confides that, “The over burden of our work at the branch and in the loan centers is hindering proper orientation of borrowers” (Rahman, 1999, p. 105).

These reports suggest that there is tremendous pressure exerted on borrowers to repay, and on employees to collect installments in order to tend to the bank’s financial agendas. Additionally Bangladeshi cultural norms have a large impact on how borrowers and employees interpret bank operations. The threat of public humiliation, shaming ones own household, and fear of being punished in the afterlife are some of the consequences that may come with participating in an organization that has a vested interest in the profitability of its members. Demanding work loads and emotional difficulties carrying out work tasks are consequences of working for an institution that pressures employees to meet set profit margins. It seems that the consequences borrowers and employees experience from being involved with a profit seeking enterprise may greatly inhibit the social development efforts of the bank. Can the Grameen Bank still address their social development goals?

Bernasek (2003) found that Grameen Bank workers feel that the emphasis on financial viability and high recovery rates override the social development agenda. The following monthly report was given to Yunus as the managing director of the Grameen Bank by a field manager (Rahman, 1999, p. 140):

We have been educated by the Grameen Bank that our primary consideration is the welfare of our members, but in many instances investment has become prime and members are becoming secondary. If we continue with our present attitude, then the result will be serious for a poor country like Bangladesh.

Hafiza, who joined the bank in 1980, speaks on the transition away from a heavy emphasis on the Sixteen Decisions to the current emphasis on repayment. “Unlike
now, every weekly meeting of the center had to start with slogans of four Grameen principles: discipline, unity, courage, and hard-work.” “Sir” [bank worker] spent a good portion of his time in the center discussing the importance of practicing the *sholo shidhanto* [Sixteen Decisions]. Hafiza emphasized that the Grameen Bank has now become a *kistir* bank (having the main objective of collecting installments) and has lost its agenda regarding the *sholo shidhanto* (Rahman, 1999, p. 90).

Afzal is a senior bank officer with 15 years of experience in the Grameen Bank. After he graduated from university, he joined the Grameen Bank to help the poor. Afzal states, “[During] the last 15 years the bank has changed tremendously. Now you find many well-off people in the program. School teachers and college students are borrowers. I feel myself poorer than Grameen borrowers” (Rahman, 1999, p. 139). The Grameen Bank inclusion of well-off clients in microcredit programs became so obvious in 1994-5 that the matter was discussed at the 1995 annual conference of the Grameen Bank zonal managers. They concluded that well-off borrowers must be phased out of the credit program (Rahman, 1999, p. 140).

Rahman (1999) observed during his two-year study that bank workers preferred extending loans to clients who already had existing income or assets, over extending loans to the extremely poor. When recruiting possible borrowers, bank employees were found to inquire about how many earning male members were in the household, and whether the household would be able to make re-payment installments from earnings other than their microenterprise venture.

The above reports suggests that there are inherent tensions and conflicting interests in Yunus’ socially conscious business model in that bank profitability has been
found to outweigh the social developmental goals that the bank claims they are addressing equally. It is important to continue to dig deeper into what happens when this model is enacted by the bank and carried out by employees. What we know is that members and their investments are not being monitored properly because of the immense pressure that is exerted on employees to get installments. The following data on the lack of loan supervision by employees, and the loan diversion practices of members, uncovers some of the further complications that arise when the social development of members takes a back seat to the financial objectives of the bank.

**Loan Supervision**

The supervision of loan activity by field employees is a difficult task. Employees have numerous villages to cover and many women to encounter every week. Haq, a bank worker explains loan supervision:

> In the center meeting our main concern is *kisti* collection and we do not have time to consider how they are paying. Collecting *kisti* from poor people is not an easy job; most days after returning to the bank from the field I feel guilty in my conscience [*bibek*] for becoming harsh with poor people. But this is our job and we have to do it. (Rahman, 1999, p. 116)

Both borrowers and bank workers are aware of loan diversion practices but justify this on the grounds of ‘convenience of the loan operation.’ It is a timely process for borrowers to report and show evidence of alterations to the original loan investments. Investment changes also cause increased paper work for employees. A member states, “Everybody in the system knows where borrowers use their loans; reporting to ‘sir’ [the bank worker] is just a formality” (Rahman, 1999, p.116).

Yunus, in the *Grameen Reader* (as cited in Rahman, 1999), explains the importance of employee supervision. “Borrowers would have to be constantly observed.
The moment you [the lender] stopped supervising, there would be a risk for abuse of the loan” (p. 115). Yunus’ statement is true, without supervision it is probable that some loans will be misused, but the company’s strong emphasis on loan collection leaves employees little opportunity to monitor every member’s loan activity at weekly meetings. Due to these demanding work conditions, employees cannot be expected to supervise members the way Yunus suggests. It seems rather that employees have learned in their field experience to prioritize what the bank expects of them, and as such, installment collection is a primary concern and everything else is secondary.

**Loan Diversion**

Many loans are not used for the purpose they have been taken for, and are diverted to cover household needs or personal purchases. The practice of loan diversion is common, and bank workers admit to tacitly agreeing with loan diversion for the sake of ease in the microloan process. Household needs include the purchase of medicine, payment of dowry, or cost of travel for migrating family members. Rahman (1999) found that when women bring microloans into the home, the money is renegotiated according to the priorities of the household (p. 106).

The husband of a Grameen Bank borrower tells Karim (2008) in her ethnographic study in rural Bangladesh that since bank workers often do not have time, or simply do not monitor loan activity, borrowers have figured out how to hide their loan diversion practices and deceive bank employees. The borrower states, “We took a cow loan. Fifty percent will be spent to pay off old debts, and another fifty percent will be invested in moneylending. If the manager comes to see our cow, we can easily borrow one from our neighbors” (p. 17).
Borrowers are aware of the discrepancy between the bank’s public claims of
addressing social development and the reality that the bank’s main concern is financial
viability. Due to this realization, borrowers and their family members have learned how
to manipulate the loan process. The research below elaborates on the loan diversion
practices of members by looking into what areas of investment the bank has approved
those loans for, and what members are truly investing in. This thesis is interested in what
activities women are claiming they are investing in, and what activities they or their
family members are actually using their loans for. This information can tell us two things:
first how far members can deviate from the bank’s social development agenda and
requirements without getting caught; and second, this information can be used to assess
how women’s mobility has been affected by Yunus’ business model. For example, the
bank claims that micro investment will lead to social development, but if the bank is not
monitoring members efficiently, then how will they know if women are actually
investing in small businesses? If members are not investing in their ‘bank approved’
activity, then Grameenized social development and empowerment are just concepts,
while loan repayment and bank viability are realities.

Loan Investment and Actual Use

Goetz and Gupta’s (1996) research in Bangladeshi villages where multiple
microcredit institutions[^4] were operating, found that women were investing their
microloans in what they refer to as ‘women’s work,’ such as “livestock and poultry

[^4]: Bangladesh Rural Advancement Committee (BRAC), Grameen Bank, Thengamara Mohila
Sabuj Sangha (TMSS), Rural Development project (RD-12).
rearing…sericulture,\textsuperscript{5} and fish culture” (p. 50). The first two “of these activities involve products [such as] eggs [and] milk…all of which can be marketed from the home.” This study also found that women invested in various other activities listed in Figure 5.

- Livestock and milch cow rearing 31.6%
- Paddy husking and rice trade 18.5%
- Small business and rural trade 16%
- Rickshaw purchase 8%
- Crop farming and land mortgaging 7.9%
- Homestead cultivation 5.5%
- Construction activities including house building and installing latrines and tube wells 5.5%
- Poultry, sericulture, and fish culture 4%
- Expenditures for illness and dowries 3%

\textit{Figure 5.} Investments of women belonging to microcredit programs in Bangladesh


Rahman’s (1999) study, however, indicates that although some loans are taken out for what Goetz and Gupta (1996) refer to as “women’s work” purposes, women may actually invest their loans in other areas. Rahman’s (1999) study compares the activities for which the bank has approved loans for, and the actual investment activity of the loan. His results are presented in Figures 6 and 7.

Although there is some differentiation between Rahman and Goetz’s studies as to how the women are actually investing their loans, both studies reveal spending and

\textsuperscript{5} Sericulture is raising silkworms to obtain raw silk.
investing in medical and dowry expenses. Both of these expenses are prohibited by the Grameen Bank.

To refine the analysis of microloan activity, researchers were curious to determine the degree to which women were able to retain control over their loans in respect to the investment activity. Goetz and Gupta (1996) found that women had the most control over their loan investments when they were able to use their funds for traditional “women’s work” activities. Women’s work activities include poultry rearing,
sericulture and fish culture ventures, followed by livestock and milch cow rearing,\cite{footnote217} paddy husking and rice trade. These researchers assert that these activities “can be marketed from the home, thus allowing women to retain control over the marketing process” (p. 50).

Goetz and Gupta also claim that since the above categories have higher rates of investment in the first place (see Figure 8) women are strategically investing in categories that they have the opportunity to control. It is also the case that women’s role as caretaker leaves them with few options for enterprise activities outside of the home? Without further research on why women choose certain activities over others, we can only speculate as to their motivation for investing in home based businesses.

\begin{itemize}
  \item 217 loans to women were approved by the bank in study village. 149 (70\%) were actually used for purposes other than the approved loan projects.
  \item The bank approved 84 loans (39\%) to women for \textit{dhekk}i (rice husking) projects, but none of the women used loans for this purpose.
  \item 81 loans (32\%) were switched from bank approved income generating projects to other entrepreneurial ventures such as rice husking and money loaning.
\end{itemize}

\textit{Figure 7.} Comparison of bank approved loans and women’s actual use of loans in study village 1994-95.


\footnote{6 Milch cows are a domesticated breed of cattle.}
The source of repayment installments for loans is an additional area of concern. It has been made clear above that some loans are invested in activities that do not yield profit, such as funding dowries and paying for medical expenses. In these cases, where do borrowers get money to make weekly repayments to pay back their loans? Should the bank have a responsibility to monitor the repayment sources of its members?

If the idea is that entrepreneurship results in increased incomes, and those incomes give members a better quality of life and empowers them, isn’t it important to make sure that members are investing in entrepreneurial ventures and earning incomes from those ventures?

On one hand, the bank requires repayment on loans for it to survive as a financial lending institution. On the other hand, as a socially conscious business, Yunus claims that the Grameen Bank has a moral obligation to help people as well as make money. Yunus walks a fine line in attempting to paint the two objectives of the Grameen Bank with the same brush. As has been described above, the bank’s focus on financial

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**Figure 8.** Grameen Bank members’ rates of repayment sources.


<table>
<thead>
<tr>
<th>Source of Repayment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatives</td>
<td>39.5%</td>
</tr>
<tr>
<td>Profit</td>
<td>36.0%</td>
</tr>
<tr>
<td>Others and Peers</td>
<td>8.8%</td>
</tr>
<tr>
<td>Money Lenders</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

*General loans (N=114)*
gain and sustainability has taken attention and focus away from monitoring members and helping them make the most out of Grameen programs which were intended to empower and increase their social development.

The bank claims that social development is made possible through the entrepreneurial efforts of its members, but the findings uncover that repayment funds are not necessarily coming from business profits.

**Repayment Sources**

Rahman’s study (1999) reports that over 50% of repayment installments are made using family funds and borrowing, and not from loan profit (p. 119) these are presented in Figure 8.

Several issues in this section have been raised in the assessment of whether the Grameen Bank has truly lived up to its claims of successfully tackling the two-pronged agenda. Data suggests that the bank may be more focused on their financial goals as opposed to their social development and empowerment goals. How are we to discern the extent to which the bank is successfully addressing their empowerment goals? The first step in answering this question is to have an idea about the empowerment levels of women before the bank agendas, policies and business operations have been enacted in their villages, and then to compare those findings to how bank intervention has altered those levels. Furthermore, this analysis in values looking at how the bank choose which villages to operate in.
Targeting Villages That Are Conducive to Microlending

The Grameen Bank claims to bring empowerment to women via microcredit participation. However, it is not openly discussed by the bank that some women coming into the bank may already be ‘empowered’ in being allowed to engage in business outside the home. Conversely, husbands in culturally strict areas may not permit wives to join the bank. Because of the low potential for the bank to recruit in those areas, the bank strategically does not target those areas for microcredit programs. This improves the bank’s success by side stepping the most traditionally patriarchal and restrictive regions and villages.

Measuring levels of “empowerment” in a research population must be understood within a cultural context. Bangladesh is one of the most Islamic nations in the world. The Bangladeshi population is 80% Muslim (Bangla2000, n.d.), and as such, religion must be taken into consideration. Amin, Becker, and Baynes (1998) took care to analyze the cultural power structure of the women they were researching. They hypothesized that southern and eastern regions that are traditionally more conservative and have strong Islamic cultural mores would be less conducive to women’s empowerment because those areas would be more likely to impose “restrictions on women’s movements outside the home, their sharing in household decision making, and their participation in economic activities outside the home” (p. 223). Their research confirmed that a positive relationship exists between a woman’s residence in an NGO credit program area and in a non-southern and non-eastern region and higher levels of empowerment.
This study (Amin, Becker, & Baynes, 1998) also found positive relationships between the following attributes and greater levels of empowerment:

- Residence in a NGO credit program area
- Residence in central, north-central, and northern regions (and NOT in northeastern or southern regions...no eastern regions)
- The higher their socioeconomic status
- Age
- Non-agricultural occupations
- Respondents’ education
- Concrete or corrugated building

Additionally, Amin, Becker, and Baynes’s (1998) study points out that there is a large concentration of microcredit NGOs in the north and central north regions of Bangladesh. These northern areas are known for having a weaker Islamic influence. They theorized that independent of NGO credit activity, due to the less restrictive religious practices in the North, women in these areas have pre-existing higher levels of female autonomy. Amin et al. (1998) state,

The relatively lower concentration of [microcredit] NGO activities in the north-eastern and southern regions together with the traditional restrictions existing there against women’s movement outside the home and against women’s involvement in household decision making may have been both working as obstacles to female empowerment. (p. 229)

The significance of this section on preconditioned levels of empowerment and geographic and cultural factors is that the bank’s accomplishments are in part related to its selective engagement of regions that are more culturally conducive to its programs. As pointed out earlier in this chapter, microlending is just one aspect of social development
in Bangladesh. And as some villages and regions move forward, others are left behind. In this instance, it looks on the surface as if the bank is tending to both of their business agendas equally and successfully since loans are being repaid and women are engaging in business enterprises. However, some women may already have a substantial amount of agency before joining the bank in comparison to other women that live in culturally restrictive areas where they are not allowed by husbands to join the bank. And more importantly, the bank strategically chooses the geographic areas that are less culturally restrictive and thus the bank does not target the women in villages that need the most help in gaining economic enterprises and empowerment. This area of research uncovers an untold aspect of the microcredit story, and the lived experiences of the women who are not targeted for microcredit participation.

**Section Conclusion**

Loans are often diverted from their original bank approved purpose, and some are used to fund non-approved bank activities such as dowries, migration, and or household medical expenses. Employees admit that they know about the loan diversion practices of members, but for the ease of conducting banking business, and because employees feel pressure to primarily tend to the financial goals of the bank, these discretions are overlooked. Also, studies report that loan repayment installments are not necessarily coming from the capital gain of entrepreneurial business ventures. In these cases, bank policies that were originally created to initiate social development fall by the wayside as the Grameen Bank’s financial objectives take priority. This is also true in the case of loan repayment. The research indicates that often times the repayment installments are made from other sources such as borrowing from family members or
peers. In sum, the bank uses the high loan recovery rate (98%) of borrowers to claim that their socially conscious financial institution is successful at accomplishing their two-pronged business model of making money for investors as well as contributing in social development. This evidence, however, calls into question the bank’s claims and even suggests that the bank enables members to deviate from policy and regulations because the bank does not take care to tend to each agenda with equal concern. In the process, members (and their family members) have learned how to manipulate Grameen programs and procedures because they can get away with disobeying the terms of their loan as long as they are able to make loan repayments.

Furthermore, research suggests that villages may be targeted specifically because there is already some level of empowerment for women. And vice versa, villages that are more culturally repressive for women are not targeted. This is demonstrated by the large concentration of credit NGOs in more progressive areas of Bangladesh, and the low concentration in more repressive areas. If this is the case, conclusions that the Grameen Bank is accomplishing both agendas, especially claims of empowering women with such success are made without giving voice to the many women who need Grameen programs the most. In light of this, Grameen Bank empowerment research may be conducted without attention to preexisting levels of empowerment, and geographic selection of program placement. In sum, this evidence suggests that the financial interests of the bank and its public image are the bank’s prime concerns. Social development and the proper orientation and monitoring of members by employees are secondary.
The Private Sphere: How Does Microlending Affect Fertility and Domestic Violence Rates?

Yunus believes that microcredit membership will improve the lives of women, particularly in regard to women having more independence within marriages. What areas of tension and restrictions between men and women has Yunus considered in the creation and institutionalization of the Grameen Bank? How do gender norms interplay with the business operations of the bank? How has the Grameen Bank addressed the political, social, and material realities of Bangladeshi women in their credit programs and as employees both in the private and public spheres?

A woman’s ability to affect family planning is a key determinant in assessing her level of self-determination within the home. Contraceptive use, fertility, and infant mortality rates are common variables for measuring such inquiries. In Bangladesh and elsewhere, there are important additional factors to consider in the discussion of wives’ relative control within families. These include risk factors for experiencing domestic violence, reporting instances of domestic violence, interventions in domestic disputes by third parties, and the range of responses women receive when they request help.

Women’s Reproductive Rights and Fertility

Amin, St. Pierre, Ahmed, and Haq (2001) conducted a two-phased study focusing on child and reproductive health and family planning in micro-credit programs for poor women in Bangladesh. They found that, overall, NGO credit members as compared to non-members were receiving and utilizing more services, which led to their improved control over reproductive and health matters.
Phase One of the study lasted five years between 1992-1997. Study participants include 2,105 women NGO credit members (ages 15-50), and 1,721 women in the control area. Research participants over the five-year period were offered door-to-door education on health and family planning. Results indicate that the prevalence of contraceptive use for these NGO credit members in Bangladesh increased from 28% in 1992 to 53% in 1997.

Phase Two was comprised of a seven-month household survey in the year 1998, of 1,068 women in experimental areas, and 700 others in a control group. Results indicate that overall Bangladeshi women NGO credit members sought out and used clinicians located in health clinics more than non-members for family planning. Researchers found that NGO credit members who more readily sought out health clinics received more care from modern doctors, pharmacies, health centers, and gynecological and nursing services.

Along the same lines, Schuler and Hashemi (1994) found that contraceptive use for Grameen borrowers is 11 percentage points higher in Grameen villages than in comparison villages where Grameen programs are not offered. Borrowers’ rate of contraception use was found to be 59% compared to 43% of the control group in non Grameen villages. Interestingly, they also found that non borrowers in Grameen villages had a higher rate of contraceptive use than those in the control group villages. This suggests that there is some spill over effect from the Grameen Bank operating in villages whereby non-members are also affected by bank programs. However, it also may be the case as noted above that communities selected for microcredit are already experiencing improvements in women’s resources and positions.
Findings from fertility research are less clear. Amin, St. Pierre, Ahmed, and Haq (2001) study reports that the fertility rate and the number of children born declined for NGO credit program members between 1992 and 1997. Fertility rates were 4.6 in 1992, and 3.66 in 1997, and the number of children born dropped from 4.51 to 3.66 respectively. However, another study (Amin, Becker, & Baynes, 1998) found that women members had more children than non-members. In 1995, Amin et al. (1998) conducted a quantitative study funded by USAID which involved 3,564 married women in NGO credit program areas, and 1,200 women in non-program areas. Program areas were those where five microcredit NGOs were offered. Members as opposed to non-members had higher numbers of living children. Members were found to have 3.6 children while non-members had 2.7 children. These data raise questions about the impact that NGO credit programs have on fertility rates and numbers of children born. Bernasek (2003) explains that “women generally express a greater desire than men to limit the number of children they have and to space them further apart” (p. 379). Why is it then that NGO women credit participants were found to have more children than non-members? Do these women truly value having more children, or have they been pressured by families to have more children as more resources enter the home from NGO credit membership? If so, NGO credit programs could result in a rise in fertility.

Amin, Becker, and Baynes’s (1998) critical research draws some conclusions about cultural factors that may influence different fertility patterns in different villages. They attribute higher fertility rates to the conservative Islamic influence in the North-

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Eastern and Southern regions of Bangladesh. Assuming this is the case, villages located in regions with strict pro-fertility cultural mores will have more of an influence on reproductive control than program participation. A limiting factor for this study is the failure of Amin and colleagues to include the fertility rates and number of children born to non-members for comparison.

**Violence Against Women**

Violence against women is another key determinant in assessing women’s quality of life and independence within marriages. Exploring the domestic violence rates in Bangladesh is the first step to understanding women’s day-to-day experiences and structural position in the home and in the community. The second step is to explore the effect that microcredit membership has on violence against women, and lastly to examine the measures taken by the Grameen Bank to address domestic violence issues and to protect women.

The United Nations Populations Fund (UNFPA) conducted a study of male attitudes on violence against women. The study reports that Bangladesh ranks fourth in the world in violence committed against women, and that “sixty-five percent of males think it’s justified to beat up their wives” (“Textbooks Should Cover Violence,” 2003). Schuler, Bates, and Islam’s (2008) article entitled, “Women’s rights, domestic violence, and resource seeking in rural Bangladesh,” presents various studies that have found a pattern of risk factors for ever experiencing domestic violence. They include:

2. Less educated women (Bates, Shuler, & Islam, 2004; Bangladesh Institute of Development Studies [BIDS], 2004; Islam et al., 2004; Koenig et al., 2003; Schuler, Hashemi, Riley, & Akhter, 1996).

3. Women with less educated husbands (Koenig et al.).

4. Women from lower socioeconomic status (Bates et al., 2004; BIDS, 2004; Koenig et al.).

5. Women with dowry agreements or demands on the husband’s side (Bates et al.; Naved & Persson, 2005).

6. Women whose husbands have a history of family abuse (Naved & Persson, 2005).

7. Women who earn an income and contribute to income to the family (Bates et al.; Naved & Persson, 2005).

A big concern for this thesis are the research findings that indicate that women who contribute financially to the household are more at risk for experiencing domestic violence. The violence women experience as a result of earning and contributing an income seem to be a byproduct of strict patriarchal family relations. Quite possibly women’s empowerment through income generation is viewed as a potential or real threat to her husband and the gender hierarchy.

**Domestic Violence Rates in Bangladesh**

Author David Bornstein has extensive knowledge of the Grameen Bank and the microfinance movement. He has traveled extensively throughout Bangladesh and has spent time with numerous Grameen borrowers and employees. His research for the book,

Wife abuse is prevalent in Bangladesh....It has been estimated that half the murders in Bangladesh involve women killed by their husbands. Though Bangladesh is not a religious state, the authorities are often reluctant to prosecute men for crimes against their wives, particularly if it means fighting the decisions of an informal village court which may follow Islamic law….Some wives, seeing no escape choose suicide; the most common method is eating rat poison. (Bornstein, 2005, p. 139-140)

Despite variations in methodological approaches, Schuler, Bates, and Islam’s (2008) research finds that almost all studies of married women in Bangladesh reveal that domestic violence prevalence rates range from 32% - 72%. Of the six domestic violence surveys cited in Schuler et al. (2008; Table 1), the average rate for ever experiencing domestic violence in their marital relationships is 50.5%.

Rahman’s (1999) findings on domestic violence rates were based on his anthropological and qualitative research on Grameen Bank members and employees during 1994 and 1995 in the village of Tangail, Bangladesh. His study participants included 120 women, and 12 Grameen bank workers. In his two year research he found that women belonging to a microcredit Grameen Bank program experienced greater violence against them. Rahman claims that his findings on the rates of domestic violence in the context of the Grameen Bank are the most reliable compared to other researchers studying the same phenomenon, because he was able to build a strong rapport with respondents. Although he is Canadian, his mother is from Bangladesh. He claims that by having familial connections and familiarity with the Bengali language he was able to be seen by his research subjects as an “insider.” He was thereby granted access to the private lives of women and their families. This advantage provided greater understanding of the
Table 1.

*Reported Domestic Violence Rates in Bangladesh*

<table>
<thead>
<tr>
<th>Author</th>
<th>Year Published</th>
<th>Domestic Violence Rates</th>
</tr>
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<tbody>
<tr>
<td>Steele, Amin, and Naved</td>
<td>1998</td>
<td>32%</td>
</tr>
<tr>
<td>Koenig, Ahmed, Hossain, and Mozumder</td>
<td>2003</td>
<td>42%</td>
</tr>
<tr>
<td>Khan, Rob, and Hossain</td>
<td>2001</td>
<td>43%</td>
</tr>
<tr>
<td>Schuler, Hashemi, Riley, and Akhter</td>
<td>1996</td>
<td>47%</td>
</tr>
<tr>
<td>Bates, Schuler, and Islam</td>
<td>2004</td>
<td>67%</td>
</tr>
<tr>
<td>Bangladesh Institute of Development Studies (BIDS)</td>
<td>2004</td>
<td>72%</td>
</tr>
</tbody>
</table>


culture, and helped him uncover many implicit meanings in the information provided by respondents (p. 29).

Rahman found that in general all women in his study had experienced verbal aggression and/or physical assault, but that Grameen Bank membership was a specific risk factor for experiencing domestic violence (p. 12). After joining the Grameen Bank, 57% of women in his study reported increased verbal aggression and another 13% reported an increase in both verbal and physical assault as a result of their membership (Figure 9). Rahman’s (1999) findings coincide with other studies on domestic violence
Experiences of Domestic Violence

Details about domestic violence experiences are most often kept secret by women in strongly patriarchal societies such as Bangladesh. In discussing the cultural environment surrounding women in the microcredit context, the director of the Micro Credit Summit Campaign, Sam Daley-Harris states, “We’re talking about patriarchal societies. We’re talking about societies where machismo is the rule of the day” (Van Wagenen & Whitaker, 2005). As noted in Chapter II, women conceal domestic violence abuse and continue to stay in relationships out of shame, fear of retaliation, and fear of losing custody of their children (Schuler, Bates, & Islam, 2008).

**Figure 9.** Domestic Violence Rates of Women after joining the Grameen Bank


- 18% (21 women) claim a decrease in verbal aggression and physical assault because of their involvement in the bank
- 57% (69 women) report increased verbal aggression after joining the bank
- Another 13% (16 women) recall an increase in both verbal aggression and physical assault
- 6 women reported encountering men’s violence because of their refusal to give their loan funds to men, or for challenging men’s proposals for using women’s loans.
Experiences of domestic violence range in causation and in severity, but many women believe that domestic violence is a form of justifiable punishment. In Ahmed’s study (as cited in Rahman, 1999) of 120 Grameen Bank borrowers, 19% believed that physical violence against them was justified as a controlling mechanism for disobedience and slowness in household chores. A twenty-five year old Bengali wife states that her husband “beats me whenever I protest, and as of now I protest rarely if ever, [so] he beats me less frequently.” Another women adds that, “A man may beat his wife to the point where she can no longer walk, but everyone will say that she herself was guilty, she was a shrew” (woman #3, Schuler, Bates, & Islam, 2008).

Wives who are Grameen Bank borrowers, or earn an income, are at increased risk for experiencing domestic violence. Romeza is one such woman. Romeza took out a Grameen Bank microloan at the request of her husband for his business. At one of the weekly bank meetings she was forced to remain at the meeting until all the members of her loan group were in attendance. Hours went by until the late member arrived from a neighboring village. The delay Romeza had encountered made her husband enraged. Since she was not home to cook him breakfast he beat her and left the house without eating breakfast. “Romeza was sympathetic towards his frustration and rationalized that ‘a man in the village is not supposed to prepare his own meal” (Rahman, 1999, p. 124).

Savama, an Indian woman spent her days away from her home and village begging in the city for money. It was her family’s only form of income, but any money she did bring into the home her husband used to gamble and drink. Her desperation to feed her children kept her out of the home begging to survive. “I would spend the day
begging in the city. When I came home late my husband would burn my fingers in oil” (Van Wagenen & Whitaker, 2005).

Overwhelmingly findings indicate that domestic violence in Bangladesh is a very common occurrence. What are the responses to violence against women both in the private sphere, in the home and within families, or in the public sphere from the Grameen Bank? Since the Grameen Bank operates from a platform of empowering women, it is reasonable to expect the bank to take note of their members’ vulnerability to and experience of domestic violence. Are there any formal measures taken by the bank to protect women borrowers and employees from violence? This researcher could not find any evidence of the Grameen Bank addressing the issue of domestic violence in their policies, literature, or procedures. It remains to be seen as to how the Grameen Bank will respond to the issue of domestic violence, but as of now there are no protective measures enacted by the bank to combat violence against women. The bank’s lack of attention to violence against women conforms to Bangladeshi culture—there is no protection of women in the case of domestic violence.

Schuler, Bates, and Islam’s (2008) research suggests that intervention in domestic violence by neighbors and family is unlikely to occur and narrow instances and attempts at intervention are often made in vain. A twenty-one year old Bengali wife puts it simply when she explains why neighbors and family stay clear of domestic violence disputes. “If you want to rebuke abusive husbands, they will scold you in return. They will say, It is my business whether I beat my wife…Who are you to poke your nose into our affairs?” (p. 332).
The Center for Reproductive Rights (2004) explains that in Bangladesh there is no specific legislation regarding domestic violence. They do mention, however, that instances of domestic violence can be prosecuted under other penal codes such as the Prevention of Oppression Against Women and Children Act, and the Dowry Prohibition Act. Despite these ‘back door’ methods for prosecuting a domestic violence case, it is evident that women will continue to feel powerless, because in practice abusive husbands are rarely arrested (Schuler, Bates, & Islam, 2008). In a study group discussion on domestic violence rights, two women offer their thoughts: “There is no niyom [provision law] that a husband can beat his wife. Even then they beat” (woman #2). “Does one need a law to beat? Husbands beat their wives for their wrong doing or even without their wrong doing” (woman #3 in Schuler et al., 2008).

Cultural norms that support a man’s right to “discipline” his wife, as well as grant him possession over dowry, can leave a woman’s family powerless to intervene on her behalf. One woman recants that her husband had brutally beaten her with a club. Her mother came to the house and said, “Give me back my daughter—I will take her back to my house.” Her son-in-law replied, “If you want her back then take her, but you can’t have her dowry back.” The mother went home alone (Schuler, Bates, & Islam, 2008, p. 333).

In some cases, the husband’s family attempts to advocate for the abused wife. The father-in-law in the following case tried to get his son formally prosecuted for the abuse inflicted on his daughter-in-law. The nineteen-year-old wife had been chronically
beaten with sticks and a sickle. As a result, she ended up with a serious head injury. On another occasion, and seven months pregnant, “her husband had become enraged and repeatedly kicked her in the abdomen” (Schuler, Bates, & Islam, 2008, p. 332). Neighbors saved her from the incident and called her mother to take her to the hospital. Upon examination, the doctor recommended that the wife and her mother file charges with the police and gave them a formal letter to use in the complaint. The woman’s mother never went to the police. The father-in-law, in an attempt to “teach his son a lesson,” tried to get the woman’s father to file a wife beating case against the husband. The father-in-law was limited to appealing to the women’s family because, “society does not accept” fathers filing complaints against their sons.

Grameen women borrowers in Ahmed’s 1985 study (N=120) found that although they were aware of social issues such as the negative effects of dowry, repression, desertion and violence against women, only 48% supported equal rights between men and women (as cited in Rahman, 1999, p. 9). This is perhaps a result of the widespread ideology which serves to give men entitlement to their rights, while women are subjected to patriarchal dominance. A woman credit member explains in Schuler, Bates, and Islam’s study (2008), “Nobody can say anything to these men because they are the husbands. A man can do anything as he wishes, but I should endure everything because I am his wife? If the situation is so, then what is the use of husbands and wives having equal rights?” (p. 334).

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8 A sickle is an agricultural implement consisting of a curved metal blade with a short handle fitted on a tang (Merriam-Webster Online, 2009).
Study participants express ambivalence about their equal rights, but continue to conform to the existing power structures out of the belief that even the government cannot truly enforce equal rights. In a group discussion of 25-45 year old NGO credit women, woman #1 states that, “Although everybody has equal rights, whether male or female, even then, men have more rights than women.” A 20-year-old mother explains, “Sister the government says that both the husband and wife have equal rights, but we see that husbands alone have all the rights…Wives are meant only for serving the family” (Schuler, Bates, & Islam, 2008, p. 334).

The range of women’s responses or options for recourse in the case of domestic violence is limited by cultural norms that both reinforce and legitimize the use of husbands’ violence against their wives. Ninety-four percent of NGO credit women in Schuler, Bates, and Islam’s (2008) study never sought help from anyone in response to domestic violence. This rate is far higher than in any of the seven countries for which the Demographic Health Surveys (Kishor & Johnson, 2004) data were available (Cambodia, Columbia, Dominican Republic, Egypt, Haiti, Nicaragua, and Peru). Other scholars researching domestic violence in Bangladesh report that 66% of domestic violence victims said they never even talked to anyone about the violence, and 51% of those in rural areas said no one had ever helped them (Naved & Persson, 2005). Proponents of the Grameen Bank suggest its programs will reduce the problem (Brant, n.d.). However, it does little to recognize the tensions introduced by wives’ new access to resources. And the bank does not play a role in addressing abuse and violence when it occurs.
Dowry: Is Microlending Modernizing the Marriage Contract?

Although the giving and accepting of dowry in Bangladesh is illegal, the reality is that the practice of dowry is very common and the most severe cases of domestic violence occur in connection with attempts to extort dowry (Ameen as cited in Schuler, Bates, & Islam, 2008; Bangladesh National Woman Lawyers Association [BNWLA], 2006-2007). Some women have the misconception that a marriage registration makes it possible to reclaim any dowry that was paid through the formal legal system. This of course is not true since the giving and taking of dowry is “illegal” (Shuler et. al. 2008, p. 338).

The World Bank (Khandker, Khalily, & Kahn, 1995) reported that Grameen Bank members’ number of marriages without dowries had increased over time (Figure 10).

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>1994</th>
</tr>
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<tbody>
<tr>
<td>Women</td>
<td>1,807</td>
<td>27,798</td>
</tr>
<tr>
<td>Men</td>
<td>931</td>
<td>2,329</td>
</tr>
<tr>
<td>N</td>
<td>2,738</td>
<td>30,127</td>
</tr>
</tbody>
</table>

Figure 10. Grameen Bank members’ reported marriages without dowries, 1985 and 1994.

Despite these World Bank results, Rahman (1999) responded to the World Bank findings by stating that, “I could not find evidence of a dowry free marriage. Moreover all Grameen borrowers [in the study village] reported giving dowries for their daughters, accepting them for their sons, or planning to follow the practice in the future” (p. 93). Milla, a woman in the study village shared a story about the Grameen Bank’s anti-dowry rule and an instance when a bank worker accepted dowry at his own wedding: “If we do not give dowry no one would marry our daughters. If the bank asks us not to pay dowries then our sirs [bank workers] should marry our daughters. Sirs themselves demand and accept dowries in their marriages and ask us not to practice it!” During Rahman’s stay in the village he and all the other villagers knew that the bank worker in question accepted dowry from the bride’s family. “Milla rationalized the use of her entire loan to pay dowry by situating it in the context of the marriage of the bank worker” (p. 94).

Section Conclusion

Reproductive control and domestic violence are viewed here as indicators of women’s social and material positions in the home and community. Has microlending by the Grameen Bank had a positive impact on reducing fertility rates and preventing domestic violence?

One of the behavioral mandates in the Sixteen Decisions states that members should keep their families small. Although some findings indicate that Bangladeshi NGO credit villages and Grameen borrowers in particular have higher rates of contraceptive use, members in some locations were found to have more children. A possible reason for the larger number of children in Grameen households could be a result of husbands’
pressure to expand the family as more resources enter the home. Some researchers (Amin, Becker, & Baynes, 1998) assert that the increase in the number of children in Grameen households is strictly a result of traditional religious practices which override any NGO credit program intervention to increase women’s status in the home. In either case, there are strong social pressures on women to have more children, which indicates wives’ low levels of reproductive control. The bank should be given credit for addressing fertility concerns in their behavior codes. However, some microcredit members are having more children, suggesting that cultural factors and patriarchal influence are stronger influence than bank membership.

Women’s independence and mobility outside the home is greatly limited by strongly held patriarchal values at the family, community and national levels. This is illustrated by current legislation as well as cultural practices in Bangladesh. Due to the imbalance of power within the institution of marriage, and in the culture in general, it is not realistic or desirable for women to pursue formal divorce proceedings or to prosecute husbands for domestic violence. And currently, there are no programs offered at the Grameen Bank to assist women wanting to retain rights to their children or to escape domestic violence.

Findings that Grameen membership is a risk factor for experiencing domestic violence especially in cases where women try to assert control over their loans, suggests that even with microcredit membership, there is still a great likelihood that women will continue to be dominated in the home. The bank must be aware that domestic violence is rampant in Bangladesh and especially in the more traditional rural areas. When the Grameen Bank and other Bangladeshi NGOs fail to address the reality that millions of
their borrowers have experienced domestic violence, they ignore important day-to-day social and material realities for their members. Strictly as a financial institution, the bank has no real obligation to report on domestic violence, but as a socially conscious institution that strives to improve the standard of living and quality of life for its members, domestic violence should be high on its agenda.

When it comes to dowry practices, women’s rights are somewhere “between a rock and a hard place.” When laws declare dowry illegal, they simultaneously silence women’s chances to formally dispute violations, or to report or seek help in response to dowry impositions forced upon them. The Grameen Bank also has regulations against participating in dowry related practices as is stated in the Sixteen Decisions. In spite of the World Bank findings that Grameen Bank marriages without dowries has increased over time, we know that members are diverting loans to cover dowry expenses, and that bank employees are also participating in dowry practices. This calls into question the World Bank’s findings, and pose a dilemma for the Grameen Bank. The bank publicly addresses the dowry issue by denouncing the practice. In reality however, the bank does not monitor members or employees properly to make sure they are not participating in this nationally illegal, and company prohibited practice. While publicly it seems that the bank is addressing the dowry issue, in practice it gives tacit acceptance to the practice by looking the other way when it occurs.

These findings expose some of the social, material and political realities for Bangladeshi women in general and microcredit borrowers in particular. They can be used to discern whether or not the Grameen Bank is addressing these realities in their programs and policies. This study could not find evidence of the Grameen Bank publicly
or in practice addressing the severity of unequal rights and abuses experienced by Bangladeshi women, despite the fact that they have over 7.6 million women members. By not responding to these issues, and not taking measures to assist women, the Grameen Bank ignores the experiences of Bangladeshi women, and also its own stated goals of social development and the empowerment of women.

**Is Grameen Bank a Model of Institutional Change?**

It is important to look at the dynamics of Grameen Bank employment and the impacts that Grameen policies and business operations have on employees. The bank prides itself as a model of institutional change in challenging traditional banking and empowering women. Is the Grameen Bank a model of institutional change as an employer? Do the conditions for employment reflect the stated moral convictions of the bank in regard to gender equity and women’s empowerment?

In 1991, only 4% of Grameen Bank branch managers were women (Khandker, Khalily, & Kahn, 1995, p. 53). Today, finding the gender demographics of Grameen Bank employees is much more challenging. Although the Grameen Bank home webpage (www.grameen-info.org) reports data for the number of centers, villages covered, branches of service, and number of employees, there is no specific data available on the gender of employees. For the purpose of this thesis, employee gender data is dependent on the now dated World Bank study (Khandker et al., 1995).

The gender of Grameen Bank employees is an important variable when understanding the business operations of the bank at ground level. Yunus states, “Early on in the process of trying to convince women to become Grameen Bank borrowers, we
realized that having female bank workers made the deal a great deal easier” (2003, p. 77).

In Dr. M. Helmy’s experience instituting three Grameen Banking systems in Egyptian communities he explains that, “It is better to be a woman” extension officer, because many of the women in these rural communities have home-based businesses.

Employees have “to get into the house. They have to talk to the woman [borrower]. In many cases she [the extension officer] must be a woman. It depends on the kind of community. If you take Pakistan for example, or some place Middle Eastern, or in many developed countries, they may not allow men to get in and talk to the woman at the home while the husband is not there. (personal communication, March 28, 2008)

Despite the fact that there were so few women employed by the Grameen Bank as evidenced by the World Bank (Khandker, Khalily, & Kahn, 1995) study, it seems that there is a significant demand for women employees because they are allowed to enter the homes of borrowers and carry out banking business. What measures does the Grameen Bank take to recruit, train and hire women for employment?

Khandker, Khalily, and Kahn (1995) used the Grameen Bank branch survey data for the years 1986-91 to report and analyze the *Grameen Bank officers and workers: training, appointments and dropouts*. “The Grameen Bank recruits people either as bank employees or trainee branch managers…training is a predominantly hands on process. They, [trainees] are expected to act self-reliantly and flexibly within the general rules and regulations” (p. 51). Findings indicate that men are more likely to be recruited and trained both as bank workers and officers. “Out of 11,858 employees in training during the 1986-91 period, only 1,134 (10.6 percent) were women” (p. 52). It is important in light of this data to figure out how exactly the bank selectively recruits people as either entry-level employees, or trainees for branch manager jobs. In other words, what are their criteria for
selection, and are they targeting men and women equally? It seems that there is more to the story of employee recruitment and training because so few women are being trained for employment. This topic will be explored further below, but the next area of data presented covers employee attrition rates.

Officer trainee dropout rates by gender indicate that women officers have the highest levels of dropouts, “averaging 57.6 percent during the 1989-91 year period, as opposed to 27.9 percent for male officers in the same period” (Khandker, Khalily, & Kahn, 1995, p. 52). After training, bank officer dropout rates indicate that over time, the dropout rates for men declined, and dropout rates for women increased (Figure 11).

In sum, during the 1986-1991 period:

1. More men are recruited and trained for employee positions
2. More women drop out of training
3. More women officers drop out of employee positions than men.

Figure 11. Grameen Bank officer trainee dropout rates by gender, 1986 and 1991

Researchers involved in the World Bank study concluded that, “Given the smaller number of women recruits, these high dropout rates suggest that the staff remains predominantly male in an organization serving mostly women” (p. 52). It seems plausible that there are several social and cultural reasons for the high rate of women dropouts in Grameen Bank training and employee positions. Families expect women to marry and start families. Additionally, it is most often the case that families oppose their daughters and wives working outside the home, and families want to avoid social stigma and cultural backlash in their villages (Karim, 2008).

**Gender Differentiated Employee Pay Structure and Difficulty in the Field**

The data on branch manager employees is provided by the World Bank study (Khandker, Khalily, & Kahn, 1995), which finds that the Grameen Bank has a “very competitive pay structure,” and a hierarchal model for employee advancement in the company (p. 53). Branch managers are typically college graduates with ground level experience in the bank’s services and business operations. Education and experience are a requirement for bank employment consideration, but education is valued more than experience, and as such, there is a higher pay return for education (7%) than experience (2%) (p. 54). In 1991, only 4% of bank managers were women. The women bank managers had an average of sixteen years of education and four years experience with the Grameen Bank.

The World Bank study found that there was 61% variance in the salaries of managers, and the variance was dependent on education, experience, and gender (Khandker, Khalily, & Kahn, 1995, p. 54). Women managers were found to have lower
wages, about 4% lower than their male counterparts. Researchers were quick to add, “This [pay differentiation] does not necessarily imply that the Grameen Bank’s salary structure is gender-biased, but it reveals qualitative differences between male and female managers” (p. 54). Two explanations for the wage discrepancy between genders are offered. The report claims that, “female managers are mostly junior officers, while male managers are senior officers,” meaning that under the hierarchal employee pay structure, men are in positions to receive higher wages than women. And, “female managers earned lower pay and emoluments because many rose through the ranks, unlike most of their male counterparts who were directly recruited and had university degrees” (p. 54).

The evidence presented in this section has brought to light some important factors to consider in assessing how the Bank functions as an employer. Does gender also play a role in the working conditions of employment? How do working conditions differ for men and women as Grameen Bank employees?

Findings indicate that women experience greater resistance and more difficulty as Grameen Bank employees in the field than do men in the same job, especially as managers (Yunus, 2003). Cultural impediments limit women’s mobility in the public sphere. For example, women are not allowed to travel alone or to ride a bicycle. These restrictions stand in the way of women doing their job efficiently and successfully. Yunus explains in his book, Banker to the poor: Micro-lending and the battle against world poverty (2003), “Even today, 25 years later when 94 percent of borrowers [are] women, our female bank employees still face hostility and discrimination on a regular basis in the villages where they work” (p. 78).
The World Bank researchers (Khandker, Khalily, & Kahn, 1995) found that in order for the bank to ‘alleviate poverty,’ most of the employees have to remain in rural areas (p. 53). Employees are responsible for visiting multiple lending groups in various rural villages each week. When women employees have to travel alone in rural communities they experience resistance or abuse for being un-chaperoned, or for using unacceptable modes of transportation. Yunus writes, “The nature of a bank worker’s job requires that he or she walk alone in rural areas, sometimes for distances as long as 5 miles in each direction. Men can ride bicycles in Bangladesh but it is considered improper for women to do so. In some places locals would attack them” (p. 78).

Saleha, a Grameen Bank branch manager explains to Bornstein (1996) her difficulties as an employee when she had to establish a new branch by herself.

Do you know what it was like?” she exclaimed. “I arrived in this bazaar and I knew no one. There was no hotel. I thought, ‘where will I stay? Where will I eat? How should I travel from one place to another? I am a woman. I had to create a whole office. I felt helpless. I wanted advice. I wanted to quit. (p. 185)

After several hours, Saleha discovered a shop bazaar owned by a Buddhist. Buddhists do not follow purdah.

Saleha: “I need a place to stay the night” she told the man.
He was incredulous.
Buddhist: “You, a Muslim woman alone?”
Saleha: “I’m not a woman anymore, I’m a manager” (p. 185).

Saleha reflects on her situation and realizes that in order to carry out her duties as a bank worker she had to lose her womanhood and forsake the practices of her religion. Her seclusion in a rural area left her with few options, and she experienced moments of desolation. Saleha’s story may be much like other female bank workers in
that they are often times left to fend for themselves and are more likely to experience
difficulty in the field then their male colleagues.

**Difficulty in the Organization**

Female bank employees must have and exhibit great strength to overcome the
difficulties in accomplishing their banking duties. A woman Grameen Bank employee not
only faces obstacles in the field as discussed above, but also within the organization.
Findings for this section suggest that male employees are valued more in the organization
because women borrowers are required to show respect to male employees at all times,
and women employees in the same villages often face hostility. Women employees in the
Grameen Bank have to battle against cultural norms which depict them as weak
employees, weak installment collectors, and weak candidates for promotion.

In encounters between women bank borrowers and male bank workers, “the
borrower must address this person as ‘sir’ and must salute to show respect” (Rahman,
1999, p. 30). Male bank workers believe that the levels of respect they receive from the
borrowers is appropriate, while respect of being female workers may not be.
Consequently, male colleagues have accused their female counterparts as less effective in
collecting installments. The branch manager in the village Rahman (1999) studied stated:
“Women bank workers cannot be as rigid as men workers when it comes to collection of
installments” (p. 84).

The interpretation and ideology that men are superior to women as branch
managers creates additional obstacles in women’s potential for promotion since
employees believe their “creditability” in loan collection is the main determinant for
promotion. When women are perceived as weak this gives them less of a chance for
promotion and as a result they are less likely to earn higher incomes as Grameen Bank employees.

Dr. M. Helmy (personal communication, March 28, 2008) explains the difficulty women Grameen Bank employees experience in relation to men:

Let’s be realistic, this is happening everywhere. The big guys are the men. For a woman to get whatever a man gets, he could be at the average category, but for her to reach what she deserves, she has to be on the above average category. She’s got to work ten times more than him in order for her to get her equality…this happens a lot.

Section Conclusion

The Grameen Bank is built on the ideological foundation of being different, non-traditional, and a model for institutional change that provides economic and gender equity and empowerment to the poor. In reviewing this data on bank employees, it seems that the Grameen Bank has a long way to go to implement these ideals in its own employment practices. It is hard to know if the Grameen Bank has made improvements in the gendered dynamics of employment because they do not currently make public any data on the subject. The presented findings suggest that women are seriously underrepresented in management positions, and face serious cultural and organizational obstacles. Furthermore, women employees will not be able to improve their socioeconomic status as quickly or as efficiently as the men, because they are paid less for doing the same job. This suggests that more research is needed to determine whether the Grameen Bank is a model for institutional change, or whether existing gender and economic structures are being reinforced.
Chapter Conclusion

This thesis concludes that as a result of microcredit membership, women have been able to provide their families with improved standards of health care, contraceptive use, nutrition, incomes, housing, and education (Amin, St. Pierre, Ahmed, & Haq, 2001; Khandker, Khalily, & Kahn, 1995; Schuler & Hashemi, 1994; Todd, 1996; Wahid, 1994). However, the impact microlending has on other areas of social development is unclear and evidence suggests that spurious relationships between microcredit membership and fertility, infant mortality and child immunization rates may be likely. Despite advancement in the standard of living members and their families have gained because of bank membership, there are some confounding factors and unintended consequences that should be considered.

There are findings that call into question the claims made by the Grameen Bank that they are addressing both bank viability and social developmental goals simultaneously. Evidence from employees indicates that bank behaviors toward members are not always directed at developing their social needs or empowering them. Rather, financial concerns are the main focus. Strong pressure is imposed on women and peer groups to repay loans even when the funds have been taken over by husbands or other family members. When husbands take control of loans, women are left to find repayment installments from other sources. Research indicates that often loan repayments are coming from sources other than business profit. There is also heavy pressure exerted on employees by the Grameen Bank to secure repayments, and because of this pressure, there are some adverse effects. When loan collection is the main concern, employees fall
short in the supervision of members’ loan use. Members are diverting funds, changing investments, and some are ending up with paralyzing debt as a result.

Researchers claim that some women are successful at their microenterprise by strategically investing in women’s work ventures that can be marketed from the home (Goetz & Gupta, 1996). They assert that when women have home based businesses they have more control over financial returns. Also important to highlight are the findings that loan funds are being diverted to cover household expenses and more specifically dowry expenses. Here we find clear indication that bank members are participating and financially investing in dowry practices by utilizing the Grameen Bank’s programs. When bank employees do not monitor the actual use of the loans, it increases the likelihood that they will be diverted to fund dowries. This is important because this means that the Grameen Bank is indirectly funding a cultural practice that compromises women’s influence in families, sidelines women’s business interests, and increases their vulnerability to domestic violence.

Findings indicate that microcredit NGOs are targeting areas that have a greater likelihood of permitting women to join the bank and to pursue business enterprises. For example, villages in the northeastern or southern areas of Bangladesh are less often selected by the bank. These villages are poorer and more culturally restrictive toward women. When the latter are chosen as comparison groups to Grameen Bank villages, it is not surprising that they show up as poorer and less favorable toward women. In terms of research methodology, there is no pre-post control in the comparison of how well villages are doing, and therefore the conclusions are misleading. Also, if families and geographic regions are targeted more readily because they have a greater
probability to repay loans, then research that implies that the ‘poorest of the poor’ are being targeted is not accurate. For example, a number of case studies compare the standard of living between women in NGO credit areas to a control group of women that live in non-program areas. These studies do not always disclose the geographic location of the control group (Amin, Becker, & Baynes, 1998; Amin, St. Pierre, Ahmed, & Haq, 2001). If the control group of women happen to live in a northeastern or southern more culturally restrictive area, comparative analysis would be affected by the preexisting cultural differences and thus made in error. This methodological error has contributed to questionable assumptions about the improvements that microfinance makes in women’s lives.

Grameen Bank employment is also important to examine when considering the dynamics of microlending. Although there is a demand for women employees because they must be able to speak with borrowers and enter their homes, the Grameen bank staff remains predominantly male in an organization serving mostly women. Furthermore, women employees have to battle against cultural norms that depict them as weak employees, weak installment collectors, and weak candidates for promotion. The fact that women employees receive lower wages than their male counterparts in an organization that promotes itself as a facilitator of women’s empowerment is perplexing, and an unaddressed aspect of Grameen Bank company policy.

This chapter has taken care to address the cultural environment in which the Grameen Bank operates. Cultural values and acceptable codes of behavior for women in Bangladesh are important tools for understanding how the economic structuring of the microcredit model interplays with patriarchy. Chapter five expands on issues that have
been raised above, and conclusions are made regarding the evidence presented in this chapter and the theories outlined in Chapter II.
CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Microfinance is a complex story. There are many layers to interpret in order to understand the various aspects and dynamics of the microcredit model. When money comes into the home, good things happen in general. However, the rest is complicated, especially amidst the cultural conditions in Bangladesh. A woman’s potential for empowerment is dependent upon the institutions and practices that guide economic decision-making and gender-appropriate behavior. The gendered division of labor must be taken into consideration when assessing the potential for increased independence for women vis-à-vis husbands and other family members when they take out loans. In a broader context, the market forces of economic globalization often do not operate favorably for women in less developed countries. However, praise for microlending draws upon its apparent success to both serve the interests of women and to advance the “social development” of their families and communities. In this thesis, this researcher has been skeptical of the first claim, and also raised questions about the selection of communities for microlending programs as influenced by their favorable conditions for success. For example, bank workers preferred extending loans to clients who already had existing income or assets, over extending loans to the extremely poor households (Rahman, 1999). Often the most disadvantaged, remote, and extremely patriarchal
communities are often not selected for participation (Amin, Becker, & Baynes, 1998). Additionally, the Central and North-Central regions of Bangladesh which are known for having less of an Islamic influence also have a heavy concentration of NGO credit activity, while the North-Eastern and Southern conservative Islamic territories have lower NGO credit activity (Amin et al., 1998). This evidence directly challenges the Grameen Bank’s claim of ‘working for the poorest of poor’ (Karim, 2008).

To an extent, neoliberal ideologies shape the public relations campaigns for the Grameen Bank in particular, and microlending in general (Jurik, 2005; Karim, 2008). Yunus has harnessed neoliberal ideals in his poverty alleviation scheme whereby women’s empowerment has become the main claim to fame for the Grameen Bank (Karim, 2008). Bank programs and policies have been justified under the premise of empowering women. However, the ‘woman empowerment’ issue is not going to be fixed by small loans. The loans are merely a band-aid and quick fix to disguise the real problem. The problems are the dominating patriarchal structure and poverty, both of which disadvantage women from all angles (Bernasek, 2003).

The purpose of this study is to explore microfinance in general and the Grameen Bank’s business model specifically, to decipher how women borrowers have been impacted by microlending programs and policies. Have the lives of women truly been improved through microcredit participation? To the extent possible, given the limited data available from the bank and existing studies, this thesis has examined women’s potential for mobility both inside and outside the home as microcredit borrowers. Using the older quantitative measures and more recent anecdotal studies, this researcher has suggested that bank members’ experiences cannot be interpreted apart
from the patriarchal practices and social structures at the local and national levels in Bangladesh. Additionally, this research has called into question the social consequences of microcredit programs in light of an overwhelming consensus among political and policy-making organizations and spokespersons that microcredit is a ‘win-win’ enterprise for members and lenders (Grameen Bank, IMF, USAID, World Bank). In addition, the examination of employees as actors in the microcredit model has been largely ignored in studies of microlending. This study brings attention to the dynamics of employee behavior toward members, as well as the gender-stratified conditions of their employment (Khandker, Khalily, & Khan, 1995; Rahman, 1999).

This thesis asks—how have women borrowers been affected by the microcredit business model in their mobility outside the home, their personal efficacy, and economic self determination within marriages and families? As shown in this study, there is a great deal of evidence to support many of the positive conclusions about microcredit, including examples of women’s successful businesses and growth of income (Amin, Becker, & Baynes, 1998; Khandker, Khalily, & Khan, 1995; M. Helmy, personal communication, March 28, 2008; Nandita Gani, personal communication, August 2008; Van Wagenen & Whitaker, 2005; Wahid, 1994). Children and communities benefit as well from these successful enterprises. More specifically, the ability for women to improve the standard of living, overall health, infrastructure, socioeconomic status, education opportunities and nutritional standards of their household members through microcredit membership demonstrates a significant increase in women’s mobilization (Amin et al., 2001; Alam cited in Wahid, 1994; Auwal & Singhal 1992; Khandker et al.,
However, there are other aspects to mobility. Women’s economic self-determination within marriages and families remains greatly limited despite the opportunities provided by microlending, and unintended and less desirable outcomes have at times reinforced and legitimized patriarchal structures that are unfavorable to women (Karim, 2008; Rahman, 1999).

The adverse consequences of microcredit participation in some women’s lives are best understood in terms of the inherent tensions and contradictions in the microcredit model as applied in a patriarchal society. For example, Yunus’ assumption that Grameen loans are collective for any member of the family, especially husbands. This concept illustrates Yunus’ willingness to overlook how patriarchal structures truly limit a woman’s potential for empowerment (Bernasek, 2003). The mere conception that a microloan can be collective within the patriarchal family structure is flawed because in patriarchy there is no balance of power in the family (Tickner, 1997). In patriarchal family structures, at best, resources ‘trickle down’ with men reaping the greatest benefit since the resources flow from the top (Van Wagenen & Whitaker, 2005). Women occupy the bottom of this gendered structure, and they most often willingly put their children’s needs before their own. And although women have limited access to household resources, they spend more on household expenditures than men do (Amin, Becker, & Baynes, 1998; Auwal & Singhal, 1992; Pitt & Khandker, 1998). Therefore, loans controlled by women will better benefit the overall household.
Research indicates that husbands and other male family members often take control of women’s loans, with some women having little or no knowledge of how their loans were being used (Goetz & Gupta, 1996). This reveals that women are still struggling to have some economic self-determination in their marriages and families even with the advantages of microcredit membership. Yunus’s Grameen Bank confounds these struggles and makes it more difficult for women to provide for their children with microloan membership when he openly consents to men taking control of women’s loans.

This thesis was not intended to downplay the positive impacts that microfinance is having on many women’s lives, or even to deny that some women are experiencing greater levels of mobility and self-sufficiency in their homes and in the broader community. This study does however present evidence to challenge the general claims of increased mobility, personal efficacy, and increased economic independence through microcredit participation (Bernasek, 2003; Goetz & Gupta, 1996; Ward, Rahman, Islam, Akhter, & Kamal, 2004).

The Grameen Bank, as a socially conscious capital enterprise, claims that it has been able to successfully tackle two business agendas simultaneously—poverty alleviation and empowerment for women, and economic success for lending banks. This thesis investigates the Grameen Bank’s claim, and questions its priorities. Is it really possible for the bank to successfully address these two different agendas?

This study concludes that the financial viability and sustainability of the bank are of prime concern, and the social development of members and their families is secondary. The Grameen Bank exerts strong pressure on employees to recover existing
loan installments, and to continue to recruit new borrowers. For a number of reasons this thesis finds that employees cannot truly facilitate the social development of bank members when they are under such pressure. First, employees experience heavy workloads and express that the demands from the bank to collect loan installments results in the improper orientation and supervision of borrowers (Rahman, 1999). For example, members have been found to divert their loan funds from their original bank approved purpose, and some loans are directed to cover non-approved bank activities such as dowries, migration, or and household medical expenses (Goetz & Gupta, 1996; Rahman, 1999). Even when employees become privy to a member investing in an endeavor that has not been approved by the bank, they do not always address the issue (Rahman, 1999). These matters take time, and in employees’ busy schedules, they may opt out of completing the paper work. In practice, the bank’s attention is paid more to loan collection than to members’ social needs or empowerment.

This study concludes that Grameen financial concerns are the main focus, because in order for employees to insure successful loan repayments, they tend to favor giving loans to individuals who are more likely to pay them back (Rahman, 1999). Employees may go to great lengths to attract individuals for bank membership even when microcredit is not the right type of intervention for the borrower’s needs because of the pressure on employees to meet set profit margins (Van Wagenen & Whitaker, 2005). Employees seek to move up in the organization and to protect their positions by getting new members and collecting repayments (Rahman, 1999). In both cases discussed above, social development is an afterthought.
The bank claims that social advancement and empowerment of members should be an equally high (or higher) priority than repayment at any cost. It is the Grameen Bank’s responsibility to closely monitor members to better combat loan diversion practices, and also to help protect women who experience violence as a result of their membership. The strong pressure imposed on women to repay loans, especially when the funds have been taken over by husbands or other family members, burdens women with the pressure to come up with repayment installments from other sources. This can be to the detriment of the family, because women find repayment funds from household resources such as the household food supply.

The bank should also take more of an active role in servicing members one-on-one instead of relying on peer groups to pressure women to repay. The peer group dynamic is a factor often overlooked. While presented as mutually supportive, these ‘peer’ groups can be quite disagreeable. The bank assumes that every peer group has the same interest, or always agrees. This thesis asserts that the Grameen Bank financially benefits from peer group relationships, because the peer groups apply pressure and sometimes coercion to secure repayment of loans. Group members are in the villages day after day pressuring women to pay their loans back, and it works.

The Grameen Bank cites their high loan recovery rate (98%) to claim that their socially conscious capital enterprise business model is successful at accomplishing two divergent goals. They claim to make money for investors and contribute to the social development of their members. The evidence provided in this thesis, however, raises questions about the bank’s claims and even suggests that members have been able to
deviate from the bank’s policies and regulations because the business agenda takes precedence over the social development and equity agendas.

Furthermore, there are a number of outside factors that contribute to high repayment rates. Women are better credit risks than men across the board, but not because they are ‘innately’ better loan recipients. Rather, they have to be reliable for the survival of their families. Women are also in need of welfare support and will go to great lengths to obtain loans and remain eligible for new loans in order to provide for their children.

In some cases, women participate in microcredit programs strictly as a strategy to provide funds for household needs such as illness, dowries, and other household expenses, and not necessarily for growing their small business (Goetz & Gupta, 1996; Rahman, 1999). Women are aware that loan diversion to cover household needs is risky considering the high interest rates and possibility of accruing loan debt. However, the loan may suit a woman’s primary concern of caring for her children. In instances where male relatives and husbands assert their power over women’s loans, women are very concerned about being able to make loan installments at the weekly meetings (Rahman, 1999). This situation is most grave when women are forced to join the bank under threat of violence, and to hand over the entire loan to their husbands (Goetz & Gupta, 1996; Rahman, 1999). Women most often comply with their husbands’ demands because they have little choice other than to do so, and they want to avoid violent retribution (M. Helmy, personal communication, March 28, 2008).

This data shed light on some of the hidden factors involved with the functioning of the microloan process, and some of the social consequences that result
from the enactment of a socially conscious capital enterprise business model in patriarchal communities. This researcher contends that repayment rates cannot necessarily be used to substantiate claims of improving social development and should not be used as a proxy measure of microlending success.

The impact that microlending has on fertility and domestic violence rates is an integral part in this study, because reproductive control and domestic violence are used here as indicators of women’s social and material positions in the home and community. More specifically, has microlending by the Grameen Bank had a positive impact on reducing fertility rates and preventing domestic violence?

The fertility findings for this study are less clear than other areas of research. The Grameen Bank includes a behavior mandate in the Sixteen Decisions which states that members should keep their families small, but the available data are conflicting. Contradictory data on fertility rates makes it hard for social scientists, to reach conclusions about the impact that microlending participation has on fertility. It may vary depending on the circumstances and fertility goals of the family and local culture. This thesis formulates a conclusion similar to the work of Amin, Becker, and Baynes (1998), that traditional cultural and religious practices in Bangladesh have a larger effect on fertility rates and women’s low levels of reproductive control, than does microcredit participation. Especially in the context of strongly held patriarchal beliefs.

The influence that microcredit participation has on domestic violence is much clearer. Women as borrowers have experienced greater levels of verbal and physical aggression related to their microcredit membership (Goetz & Gupta, 1996; Rahman, 1999).Women are not allowed to say ‘no’ or challenge husbands regarding the use of
their loans (M. Helmy, personal communication, March 28, 2008). Findings indicate that Grameen membership is a risk factor for experiencing domestic violence, especially in cases where women try to assert control over their loans (Goetz & Gupta, 1996; Rahman, 1999). In cases where women are able to retain some control of their loans, and are able to make a profit from their business, they are still vulnerable because contributing income is a risk factor to women for experiencing violence in the home (Naved & Persson, 2005; Schuler, Bates, & Islam, 2008).

When this study was presented at 2009 Pacific Sociological Association meeting, a few sociologists claimed that they understood the situation to be opposite stating that they ‘heard’ that the bank was monitoring women in weekly meetings and if it became known that she was experiencing domestic violence then the bank would take back the loan. This method was supposed to deter husbands from wife abuse because they would not want to lose her microcredit funds. The evidence presented in this study uncovers no such domestic violence monitoring. In fact, research indicates that neighbors and family members rarely intervene in domestic violence disputes and often women do not tell anyone about the abuse. Furthermore, employees let many of the behaviors of members slip through the cracks to prevent more work for them. The cycle of domestic abuse is likely to continue unabated for Grameen Bank members as long as the bank does not address the issue or institute policy to protect abused women.

The Grameen Bank purports to be a model of institutional change that provides economic and gender equity and empowerment to the poor. But do the conditions for employment reflect the moral convictions of the bank in regard to gender equity and women’s empowerment? Although this thesis cannot hope to answer this
question because there is not any current data available on the dynamics of Grameen Bank employment, inferences can be made using the World Bank (Khandker, Khalily, & Khan, 1995) report and some more recent anecdotal evidence regarding the abuse women employees experience in the field. For example, Khandker et al. (1995) found that the Grameen Bank has been able to hire women to work at lower wages, than men for the same jobs, even though this wage discrepancy does not reflect the bank’s principles and ‘social equity ideals.’ This researcher believes that the Grameen Bank can pay women less, and even pressure them to endure abusive working conditions, because women must provide for the welfare of their children. Women are often willing to sacrifice their comfort and be underpaid for their labor because they feel this financial pressure. Also, the bank can rest assured about the viability and growth of their institution as long as employees are successful in pressuring borrowers to make their repayment installments (Rahman, 1999).

Women bank employees also experience abusive working conditions, in part because of Yunus’ postulation that by sending female workers into rural areas without a male chaperone, traditional gender norms will be challenged. He theorizes that this will result in an increase in women’s mobility in the long run. This researcher posits however, that he can use this method and also protect female employees. Why not send new employees into the villages with older more experienced female employees? Seasoned employees will have gained specific skills to diffuse and prevent abuse against them and most importantly know what to expect. It is harmful to women to make them challenge thousands of years of gender norms by themselves. Shouldn’t the Grameen Bank have the responsibility to make the working conditions for their women employees safe?
This researcher theorizes that the functionality of microfinance institutions generally, and the Grameen Bank in particular, are reliant on culturally assigned and enforced gender norms (Jurik, 2005; Karim, 2008; Rahman, 1999). As described, patriarchal norms and laws disadvantage women in their ability to keep control of the borrowed funds (Goetz & Gupta, 1996; M. Helmy, personal communication, March 28, 2008; Ward, Rahman, Islam, Akhter, & Kamal, 2004). Although women cannot question male authority they are still held accountable to pay loans back even when male family members have used the funds for their own purposes. Yunus should take notice of the dynamics surrounding women’s potential for economic freedom within marriages, because not all members of the household exercise equal influence over how funds are spent. And Yunus’ ‘collective loan’ theory does not take into consideration the power of patriarchal relationships in the home.

There are also gender stratification dynamics evident in the bank’s hiring, pay, and promotion of employees (Khandker, Khalily, & Khan, 1995; Rahman, 1999). Both women employees and borrower-members of the Grameen Bank are in vulnerable and easily exploited positions, subservient to husbands and male supervisors (Karim, 2008). These relationships are reinforced by laws, customs, and norms. The ability to apply pressure and to manipulate the behaviors of women has proven to benefit the Grameen Bank financially in a number of ways, as discussed above (Karim, 2008). The bank as a socially conscious institution should be held accountable for the heavy workloads it imposes on bank employees, and should make sure that pressure to bring in loan repayments does not result in abuses in the loan procedure and bank policy.
Furthermore, there are some major shortcomings of Yunus’ theories about microlending. And he has unrealistic assumptions about women’s potential for upward mobility through their bank participation and as bank employees. Although Yunus has good intentions, he underestimates the strength of patriarchal structures and women’s ability to alter strongly held conceptions of gender through income generation (Tickner, 2001). Yunus is the ultimate decision maker in an organization that has over 7.58 million borrowers in Bangladesh alone, and his assumptions and policies affect millions of women and families. As the global representative of microfinance, Yunus’ assumptions about manipulating economic forces as a prescription for poverty alleviation has been taken at face value and replicated worldwide. Issues surrounding the risk in depending on market forces and the difficulty financial institutions may have in investing equally in business profitability and social development are less popular topics of conversation (Grameen America, personal communication, 2008; Grameen Foundation, personal communication, 2008; Grameen Shakti, personal communication, 2008; Jurik, 2005; M. Helmy, personal communication, March 28, 2008).

The lack of organizational transparency is a major limitation to outside research and evaluation of the Grameen Bank. When presenting this thesis, this researcher often receives questions about the difficulties encountered in data collection. Peers are confused as to why I was not able to secure interviews with individuals involved with microlending and the Grameen Bank, because the bank is the most popular microfinance institution in the world. It is also the most researched. The problem lies in the fact that the bank is determined to protect its glowing image and in doing so manipulates public opinion of the institution, its programs and policies.
Yunus saw the error in the economic structure of capitalism, so he supposedly developed a new one, socially conscious capital enterprise. What he failed to see as an economist was the influence and power of gender structure and gender inequalities. Mohammad Yunus deserves credit, and he has been commended for his work in gender equity, but the troubled structure still remains. He knew that the impoverished would not improve their standard of living from money handouts alone. A new structure had to be developed. Just the same, women will not benefit from credit targeting alone.

Microcredit is not always the panacea to solving poverty and enhancing the social status of women. In assessing the extent to which microcredit has improved the lives of women, the answer is complicated. The data on microfinance is mixed. The microcredit model does not work in every situation. This researcher is not arguing, however, that microlending should be able to function in every case. The argument is that Yunus as the ‘father of microcredit,’ should acknowledge that his model has shortcomings, and be receptive to discuss those shortcomings publicly. Although the Grameen Bank has positive impacts on women and children, there are also some reasons for concern as social institutions foster cultural changes and some of the backlashes have disempowering effects on women (e.g., domestic violence).

In order for microcredit to truly improve the lives of women, new policies are needed where a woman’s loan stays with her, and her loan use and personal safety are closely monitored by the bank. Also, the Grameen employee structure must train, appoint and pay women the same as men for the same jobs, and humane working conditions must be guaranteed. If the Grameen banking system relies on the positional vulnerability of women, then the bank is not empowering women, they are reinforcing their
subordination. After all, a woman’s empowerment and potential for outward mobility can only go as far as the patriarchal structure will allow. So my question still remains, empowered compared to what?
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APPENDIX A
THE SIXTEEN DECISIONS OF

THE GRAMEEN BANK

1. We shall follow and advance the four principles of the Grameen Bank— Discipline, Unity, Courage and Hard Work in all walks of our lives
2. Prosperity we shall bring to our families
3. We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses at the earliest.
4. We shall grow vegetables all the year round. We shall eat plenty of them and plant the surplus.
5. During the plantation season, we shall plant as many seedlings as possible.
6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
7. We shall educate our children and ensure that they can earn to pay for their education.
8. We shall always keep our children and the environment clean.
9. We shall build and use pit-latrines.
10. We shall drink water from tubewells. If it is not available, we shall boil water or use alum.
11. We shall not take any dowry at our sons’ weddings; neither shall we give any dowry at our daughters wedding. We shall keep our centre free from the curse of dowry. We shall not practice child marriage.
12. We shall not inflict any injustice on anyone; neither shall we allow anyone to do so.
13. We shall collectively undertake bigger investments for higher incomes.
14. We shall always be ready to help each other. If anyone is in difficulty, we shall help him or her.
15. If we come to know of any breach of discipline in any centre, we shall all go there and help restore discipline.
16. We shall take part in all social activities collectively. (Grameen Bank. n.d.)

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