

Chapter 2 Theoretical and Conceptual Framework

“People were poor not because they were stupid or lazy. They worked all day long, doing complex physical tasks. They were poor because the financial institution in the country did not help them widen their economic base.”

— Muhammad Yunus.

2.1 Conceptual Outline

The study includes some theoretical text with respect to the Concept of Empowerment, Concept of National Culture, Concept of Women's Empowerment and Concept of Poverty Alleviation. Thereafter these are related to the threefold approach in the context of Bangladesh, namely: the domestic money market in Bangladesh (pre-microfinance-era), inception of microfinance concept and its potential to provide a solution to the poor population (post microcredit era) and the various contextual issues related to women's empowerment in Bangladesh and the possible link with microfinance.

2.2 Concept of Empowerment

To examine women's empowerment, it is important to understand the concept of empowerment first, but literature review does not provide a standard definition of it. Empowerment may be viewed as a 'multi-dimensional social process' in order to facilitate people to achieve some positive control over their individual lives, and advocate for gaining the same over their community and society (Page 1999). Importantly, while trying to understand the concept of empowerment, one needs to conceive the idea of 'power' with the acceptance that power can change and power can expand. Furthermore, it is important to understand the theory of social empowerment by understanding the concepts of power and powerlessness (Lord and Hutchison 1993). What is power? Power is defined as the "capacity of some persons and organizations to produce intended, foreseen and unforeseen effects on others" ((Cornell Empowerment Group, 1989, p.2) cited by Lord and Hutchison 1993). What is powerlessness? There can be individual or collective powerlessness within a society. In a society, powerlessness is a consequence of financial inequity and domineering control enforced upon by systems and other people (cited by

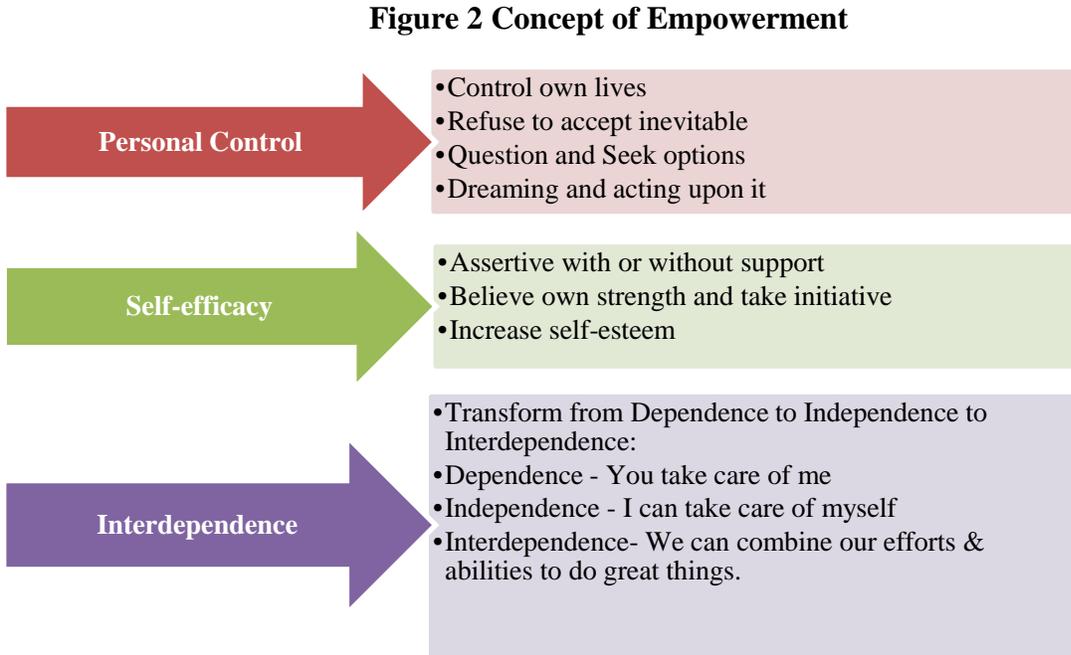
Lord & Hutchison 1993). For the purpose of this study, individual powerlessness is more relevant. To an individual, powerlessness can be defined as his expectation that his actions will be ineffective in persuading the outcome of the various events of his life. Where does the power come from? Sources of power can be many; but individual, financial, and organizational sources are considered as critical sources of power in the twentieth century (Lord and Hutchison 1993). In a class-dominated society, a small number of people exercise enormous economic or political power, conversely the vast majority lives without power. What does empowerment imply at individual level? Referring to Whitmore, Lord and Hutchison (1993) defined the concept of empowerment differently. She defined it with considerations upon some in-built assumptions:

- a. Empowerment is not limited to a short-term engagement but more relates to a lifelong endeavor to promote oneself.
- b. An individual is the best judge of own needs; hence ought to have the means to define own state and also decide on remedial measures to evacuate from the mire.
- c. Every individual is a source of enormous inner-strength that can serve as the cornerstone of one's effort to build-on.
- d. Individual need to have personal knowledge-base and combining with own experience can help rescue from the difficulties of lack of power.

Concept of Social Empowerment (Lord and Hutchison 1993) emphasizes on the achievement of three important aspects: Personal Control, Self-efficacy and Interdependence. First, the 'personal control'. It advocates that the people must be able to exercise some degree of control over their own lives. Those who refused to accept the inevitable and relentlessly exerted themselves in quest of answers and options to come out of their problems, were successful in the end. It is expected that people will have dreams to pursue and would venture to achieve them with courage and fortitude. Personal control therefore, is an active process of empowerment in the social world. Second, the empowerment relates to the relationship between empowerment and 'self-efficacy' (Lord 1993). One needs to remain assertive with or without being supported. One needs to have belief in one's strength, remain confident and take initiatives to change their lives. Through a process of empowerment one is expected to have increased self-esteem. The third aspect is interdependence which signifies maturity continuum that describes a transformation from

'dependence' to 'independence' to 'interdependence' which is an essential part of empowerment.

Figure 2 shows the comprehensive picture of the above explanations:



(Source: Created by author from Lord and Hutchison 1993)

2.3 Concept of National Cultural Dimensions

In order to implement women's empowerment within a particular society, it is important to study the nature of national culture, its dimensions and the cultural fabric of the country. This enables one to finetune the empowerment interventions more appropriately for its best outcome. The famous Dutch social psychologist, Professor Gerard Hendrik (Geert) Hofstede in 1973 (reviewed till 2010), posited his Cultural Dimensions Theory to show how values in the workplace are influenced by culture¹. His principal theme described the concept of dimensions of culture. The six dimensions of national culture are: Power Distance, Individualism versus Collectivism, Uncertainty Avoidance, Masculinity versus Femininity, Long Term Orientation, and Indulgence vs. Restraint. By factor analysis he could quantify the values of the national culture and also obtained a comparative picture of national culture between various countries of the world. The basic essence of these dimensions is:

¹ [Hofstede, G. Cultural Dimension Theory states, "Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others. \(The Hofstede Centre Webpage, 2017.](#)

- a. **Power Distance.** Power distance describes the degree of inequality prevailing within a social culture which is measured from the direction of least power-holders. It shows the extent to which the less powerful expect and accept the unequal distribution of power in the hierarchy. In a societal context, the lower the index, the greater the powerless population possess the voice to express ideas and views and exercise freedom. This dimension acknowledges that in a particular society, all individuals are not equal.
- b. **Individualism versus Collectivism.** Individualism advocates the individual's stance of 'I' and 'Me' while the collectivism advocates the stance of 'We' and 'Us'. Individualism indicates the degree of interdependence a society maintains among its members. In a highly individualistic society, people tend to be self-conscious and independent. They look after their individual needs first then those of their immediate extended family. Whereas in a collectivist society people possess the sense of belongingness to a group or community to remain loyal to the collective interest. They also believe that society will take care of them provided they retain their loyalty to it.
- c. **Uncertainty Avoidance.** Uncertainty Avoidance describes the level to which the members of a culture feel vulnerable by ambiguity or unknown circumstances. The ambiguity often causes anxieties and different cultures face this aspect in different ways. The uncertainty avoidant societies usually have structured and systematic approach to life and its challenges and there is less tendency to risk-prone activities. The societies that score low-on uncertainty avoidance usually are less formatted or unstructured and possess more tolerance to accommodate uncertainty and ambiguity.
- d. **Masculinity versus Femininity.** Hofstede explains masculinity in a society where gender roles are clearly distinct and men are assertive, ambitious, robust and focused on acquisition of material success. Female are possessed with the softer side of the traits like, caring and nurturing of human concerns. Femininity stands for a society

where there is an overlapping role of social gender, both men and women are expected to be humble, modest, tender and prioritizes the quality of life².

- e. **Long-term Orientation.** Long-term orientation describes that every society maintains the link as to how it would face the forthcoming and future challenges. The priority of approaches is apparently unique to a society. Long term orientation society (high score) is willing to defer the immediate successes and prepare for an ultimate long-term gain in the distant future. It values thrift, tenacity, perseverance, conservation and adaptation. In a short-term orientation society, present and past remains more important than indefinite future. This aspect is important to know because this aspect can help to determine the trend of negotiations and necessary steps before introducing a new issue.
- f. **Indulgence versus Restraint.** This dimension deals with national levels of subjective happiness and life-control. An indulgent society permits free gratification of basic and natural human desires and appreciates enjoyment in life. Restrained societies maintain strict social norms to suppress easy gratification of human needs and enjoyments. The young members of an indulgent society are sociable and experience minimum social control and restrictions. Whereas religious and social bindings are rather prominent and restrictive in a restraint society.

Table 3 Hofstede's Cultural Dimension 6-D Model

Dimensions*	USA	UK	India	China	Thailand	Bangladesh
Power Distance	40	35	77	80	64	80
Individualism vs Collectivism	91	89	48	20	20	20
Masculinity vs Femininity	62	66	56	66	34	55

² Hofstede, [The Hofstede Centre Webpage, 2017, cited from](#) Culture's Consequences - 2001, 2nd ed. p 297.

Uncertainty Avoidance	46	35	40	30	64	60
Long-term Orientation	26	51	51	87	32	47
Indulgence vs Restraint	68	69	26	24	45	20

(*Source: The Hofstede Centre, Operated by iTIM International, Finland, 2017)

The above table gives a comparative picture which is quite different from each other. The most developed countries like USA and the UK depict a society with dominance of masculinity, indulgence and low Power Distance index. The people are more independent, less concerned about long term gains and also have the expectation of transparency and accountability in the power of the administration. They also possess the freedom to voice their opinions and views if there are issue to ponder. Countries like China, India, and Bangladesh possess high power distance and collectivistic society with high restraint and pre-dominance of masculinity hinting towards significant resistance to change and relatively more conservative mindset.

2.4 Concept of Women's Empowerment

The empowerment of women needs to be carefully viewed in order to establish relevant link between the social empowerment concepts and how are the targeted women population on ground are reaping benefits from the programs and interventions. Women's empowerment may be considered to be effective when they are able to:

- a. Conveniently pursue education and are experiencing adequate amount of awareness.
- b. Experience some degree of control over their own lives.
- c. Enhance their financial solvency by having some personal income and possibly be able to maintain personal savings.
- d. Having own voice heard in the family decision-making and maintain a level of desired dignity with no abuse, quarrel or discrimination within own and extended family.
- e. Able to make independent decisions regarding own social mobility.

2.5 Poverty Alleviation

“I would define development by focusing on the quality of life of the lower 25 percent of the population.”
– Muhammad Yunus.

It is generally agreed that, poverty leads to social exclusion, powerlessness and marginalization. Amartya Sen, sees poverty not just as a deprivation of basic needs, but of elementary capabilities. According to him, ‘deprivations can result when people are denied the economic opportunities and favorable consequences that markets offer and support’. From the above definition, it may be stated that poverty needs to be viewed in wider perspective than scarcity of resources to fulfill basic physical needs, it should also include the absence of equal opportunities, social justice and willful participation. Poverty alleviation has also been placed on the high agenda by the United Nations. Professor Yunus interpreted poverty alleviation as the strategy to ensure well-being of the bottom segment of the population. Women constitute one-half of the world's population. Women being the weaker and more vulnerable in most parts of the world, their empowerment is essential to be a corollary to the efforts of poverty alleviation. In poverty-prone societies, the women often experience various forms of discrimination and inequality. Inferior status of women is an obstacle to empowerment. Mayoux (2005) describes women's empowerment as a participatory process that can help them achieve gender equality and equity. She further states that women, often are captivated inside a cultural perimeter fence in which they get used to their disempowerment to be just and proper.

2.6 Microfinance and Women's Empowerment

For the last 40 years, the microcredit concept of Professor Muhammad Yunus has contributed in improving the lives of the poor, particularly the women in the rural Bangladesh and beyond. His noble venture was acknowledged globally and fetched him and his Grameen Bank the Nobel Peace Prize in 2006. Thereafter many more microfinance institutions have been working in Bangladesh with an outreach in almost every part of Bangladesh making their number to 689³. This signifies the necessity and importance of examining how much the microfinance

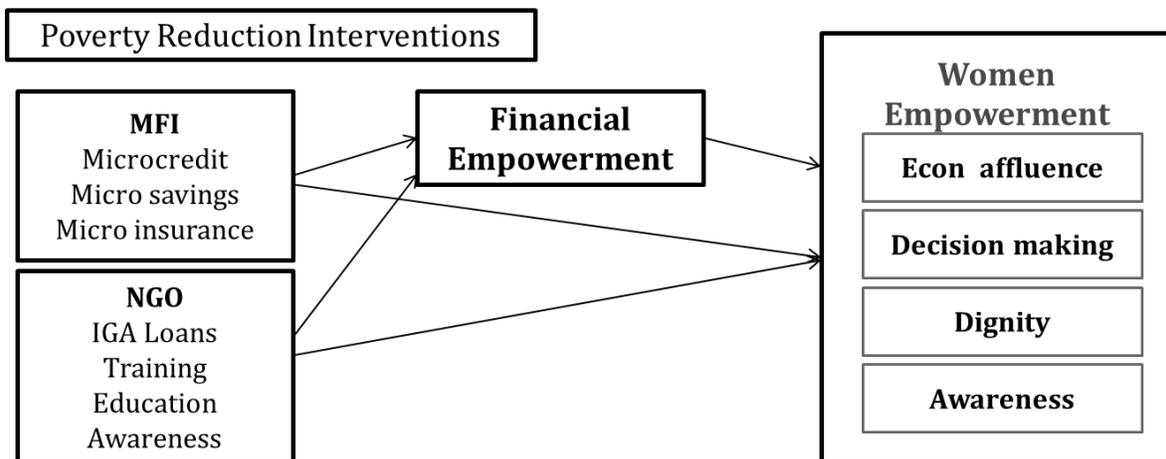
³ As per last record of Microcredit Regulatory Authority on 27 December 2016, there are 689 licensed Microfinance Institutions operating in Bangladesh.

interventions have contributed in women's empowerment in the process of changing the lives of these poverty-stricken rural women of Bangladesh. A number of studies were conducted in the past to examine various aspects of the microcredit system and impact assessment studies sometimes found contradictory results. This study seeks data from some previous studies in order to have a clearer picture.

2.7 Conceptual framework

The paper focuses on the impact of microfinance interventions by microfinance institutions (MFI) and NGOs on the socio-economic upliftment and empowerment of poor women in rural Bangladesh. The conceptual framework which is based on the review of previous literature is appended below in Figure 3. It considers the microfinance interventions (by MFIs and NGOs) in economical upliftment of the poor rural women, which is measured by a comparison on consumption power between borrowers and non-borrowers. It also examines the extent of empowerment of these women as a result of MFI interventions, measuring the following indicators, i.e. economic affluence, decision making, dignity and awareness. In the conceptual framework, the independent variable is poverty reduction interventions and, financial empowerment and women empowerment are the dependent variables. The borrowers of microcredit are considered the experimental group and non-borrowers are the control group.

Figure 3 Conceptual Framework



(Source: Designed by Author)

2.8 Hypotheses

2.8.1 Causal Relationship

It is predicted that there is a positive link between microfinance interventions and empowerment of the poor women of rural Bangladesh. It is also true that the primary focus of microfinance interventions is to reduce poverty, and empowerment is expected to be attained as a positive outcome of the programs. Here, in poverty reduction domain, microfinance is the cause and there are at least two significant effects: first, the financial empowerment of the microfinance customers (here in the context, they are called microcredit borrowers) over the non-borrowers (who may or may not be eligible to get the benefits of microcredit but have not resorted to); second, as an impact of the participation in the interventions, the empowerment of the rural women who are poor and came under the umbrella of microfinance and hence are called borrowers. This study therefore, shall endeavor to seek the following:

- a. **Hypothesis I (H₁):** The microfinance borrowers experience higher financial empowerment than the non-borrowers.
- b. **Hypothesis II (H₂):** Microfinance programs positively contribute to women's empowerment in rural Bangladesh.

This study shall focus to find the extent to which the interventions are impacting on above two effects.