

Chapter 3 Methodology

3.1 Method of Data Collection

This study was conducted by seeking data from available database, webpages of various government institutions, international organizations, microfinance institution reports and secondary data collection from previous researches on relevant topics. Data of major microcredit institutions of Bangladesh were collected from their annual reports. However various kinds of data from relevant studies were further collated and interpreted, and compared in order to draw the logical inferences. In connection with the economic activity and the performance of microcredit programs, data from relevant field studies are considered. For understanding the impediments and effectiveness of empowerment, case studies and interviews were further reviewed and interpreted. However, the collection of primary data based on an experimental design was not possible from the present location thus remains a constraint of the study. For testing viability of the hypotheses, secondary data was collected from several previous studies that compared the two major MFIs of Bangladesh - Grameen bank and BRAC with other MFIs. Annual reports and old and current databases helped to compare some performance over time. The districts located in the south, central and north have been utilized to have a varied socio-economic picture. Several villages from each targeted district were chosen and both borrowers and non-borrowers were randomly selected from each village during the selected researches.

3.2 Hypotheses Testing

3.2.1 Hypothesis I (H₁)

(The microfinance borrowers experience higher financial empowerment than the non-borrowers)

This hypothesis will be tested by comparing the consumption power between borrowers and non-borrowers. The difference between average total consumption per household borrowers and non-borrowers is considered as the indicator of financial empowerment: (i.e. $F_e = C_b - C_{nb}$); if F_e = Financial Empowerment, C_b = average total consumption of borrowers and C_{nb} = total consumption power of non-borrowers and $C_b - C_{nb} \neq 0$). Total consumption (C_b and C_{nb}) is

defined as the aggregated consumption of food and non-food items per household. So, the null hypothesis will be, H_{01} =non-borrowers have higher household consumption than the microcredit borrowers. Alternative hypothesis will be, H_{a1} = borrowers will have higher household consumption than the non-borrowers.

3.2.2 Hypothesis II (H_2)

(Microfinance programs positively contribute to women's empowerment in rural Bangladesh)

Empowerment of women will be examined on the following four indicators:

- a. Economic affluence.
- b. Taking decisions in the family matters like; small or big purchase without consulting the husband or male relatives.
- c. Dignity and peace in the family and society.
- d. Increased awareness.

So, the null hypothesis is, H_{02} = microfinance interventions do not empower the women in rural Bangladesh, and the alternative hypothesis is, H_{a2} = microfinance interventions contribute to the empowerment of women in rural Bangladesh.

3.3 Sample Size

Study of MFI customers of three districts (Rahman S. 2007) used sample size of 387 borrowers, 184 non-borrowers. Study of BRAC, Gazipur (Sultana et al 2011) used randomly selected data of 45 borrowers and 45 non-borrowers. Study of Tangail (Graflund 2013) used data of 190 women (126 borrowers, 64 eligible but not accepted). Study of two NGOs in Sylhet (Islam 2014) used 50 women borrowers. Study of Dinajpur (Abedin et al. 2013) used 134 women borrowers. Study of Rajshahi (Yuge 2011) used sample 569 women borrowers from ASA. Study of Village Payphones (Hultberg 2008) used 16 women payphone owners across the country as sample.

3.4 Approach, Scope and Limitations

The study is carried out as part of the dissertation of a Master's program at the Siam University, Bangkok, Thailand. The most striking constraints that the researcher has faced are the constraints of time and inability to conduct a field survey based on the well-thought research design. These constraints have been compensated as far as possible by undertaking a thorough review of the literature, and an objective approach read between the lines and to derive from the professional researches available as secondary data sources and reference.

3.4.1 Approach

To examine this important issue of empowerment, the author follows a three-pronged approach to this study as enumerated below:

- a. Comparing financial conditions of female borrowers versus non-borrowers in specific areas.
- b. Examine how the participating women are empowered based on some indicators.
- c. Identify possible challenges and impediments against successful empowerment of poor women in Bangladesh.

3.4.2 Scope and Limitations

The scope of this paper is confined to the study of the impact of microcredit interventions on the impoverished rural women in Bangladesh who are borrowers of microcredit on two broad parameters: financial empowerment compared to non-borrowers, and their empowerment as a positive impact of this intervention. The author examines the results of several previous studies on the impact of microcredit programs on domiciliary income and expenditure and women's empowerment from different points of view. The researcher builds upon available relevant studies and combines academic and expert's perspectives and experiences. The following aspects of empowerment have not been covered in the scope of this study:

- a. Empowerment indicators and how to measure those.
- b. Other microfinance interventions like micro-insurance and micro-savings.
- c. Effect of capacity building through vocational and technical training.

d. Relationship between microfinance and family planning.

The study does not cover an in-depth review of the success/failure of the microfinance interventions and the characteristics and overall performance of the numerous MFIs and NGOs presently operating to benefit the rural and urban poor of Bangladesh.