Women Participation in Small & Medium Enterprises and Their Role in Poverty Alleviation: An Islamic Microfinance Perspective

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Abstract
This paper aims at exploring into the women participation in micro & small credits and savings programme and their role in poverty alleviation as well as to investigate into the issues affect their role. Informal interviews had been conducted to collect data for the study and both primary and secondary data were used. Study shows that small women entrepreneur plays a vital role in family education, health and wellbeing and help their neighbours in informal education, raise awareness on health & hygiene issues, give advices on the income generating activities and increase awareness on other social issues. However, study reveals that there are number of factors those affect the role of women entrepreneurs in their family and the community in particular and poverty alleviation in general. The paper has suggested some recommendations as well for those areas needs to be developed to foster the role of women in poverty alleviation and socio-economic development.

Keywords: Quran, Women, SMEs, Credits, Poverty

1. Introduction:
Islam gives clear message for establishing genuine and complete equality in man and woman. The Holy Quran states: Allah has created all mankind from a single soul; and from it He created its mate (male & female) [4:1]. It also states that: Mankind, we have created you out of male and female [49:13]. According to the verse of the Quran, it is crystal clear that both man and women has got equal responsibility for human kind. Islam has tied up the relationships and supports for each other’s on the same footings. Allah Almighty says: the believers, men and women, are close allies to one another. They enjoin what is right and forbid what is wrong [9:71]. Therefore, in family and social life men and women are not two separate entity rather
both are equally responsible for family and socio-economic development. Both have equal responsibility for family livelihoods, education, health and wellbeing. In fact in today’s world, in regard to the livelihood concerns women are playing very significant role both in developing and developed countries. Their participation in micro and small enterprise is phenomenal particularly in developing countries.

Micro and small credit scheme is a phenomenon that, while it did not set out to be “for women,” has mainly turned out to be so. If we look across the client bases of the microfinance institutions in Africa, Asia, Eastern Europe, Latin America, and the Middle East, 82 percent of their clients are poor women entrepreneurs (Balogun O L and Yusuf S A 2011, 7: 41-48). Whereas in Bangladesh more than 95% beneficiaries are women. Therefore, women participation in micro and small businesses has remarkably seen as a major contributing factor in social and economic development particularly in developing countries. A substantial percentage of women participation in the workforce over the past three decades has produced profound transformations in the organisation of families, society, and the economy as a whole in both rural and urban settings (Luise and Jose 1995, 282p). It has been seen that since the late 1950s, women's economic activities have been steadily increasing. Women have always actively participated in their local economies and contributed remarkably in poverty alleviation. For example, in Africa, women produce 80 percent of the food and in Asia 60 percent and in Latin America 40 percent (Balogun O L and Yusuf S A 2011). Bangladesh, is also a good example of that, where women’s participation in small scale manufacturing is phenomenal.

Development of microcredit in Bangladesh is a remarkable story in contemporary development sermon, that both because of its origins within the country and because of its reach in the population. The agricultural, small scale manufacturing and trading in Bangladesh has always been persuade to the provision of small credit. Traditionally, small cultivators, traders and manufacturer has relied on money-lenders for agricultural inputs and capital for small businesses or consumption requirements for their family (Pitt M and Khandker S 1998). As a result, provision of formal microcredit, with goals of sustainable poverty reduction, began by two primary providers of microcredit in Bangladesh are the Grameen Bank and BRAC, both of which started their operations in the late 1970s (Hadi A, 2002). These organizations work to tie social development goals with provision of credit mainly through the group-lending approach. The main attribute of the group-lending model of microcredit is the use of social rather than
material collateral. Loans are made to small groups or cooperatives, and peer pressure is used for ensuring that repayments are made. In Bangladesh, women are the primary beneficiaries of microcredit programmes and has already proved that they are more sensitive to peer pressure and so are more reliable debtors (Pitt M and Khandker S 1998). This sincerity and reliability of women has created trust in microfinance industries which has in turn opened up the opportunities for women to contribute effectively in their family and community. However, women entrepreneurs are still facing some significant challenges otherwise they could have contributed more in social and economic development.

2. Objectives of the study

The main objective of this paper is to explore the participation of women in Small & Medium Enterprises (SMEs programme) and their role in poverty alleviation. This paper has taken the particular case of the micro-credit and SMEs programme of Muslim Aid Bangladesh. This paper will specifically study on the following objectives:

- To explore present scenario of women participation in the micro and small credits
- To demonstrate the message of Islam regarding the importance of women participation in small businesses
- To find out role of women entrepreneur in their family and community in terms of socio-economic development and poverty alleviation.
- To investigate the factors affecting the role of women in family, community and economic development
- To recommend for necessary policy measures.

3. Methodology

In order to gather the required data, this paper has used an informal interviews to collect the data. Both secondary data and primary data has been used in this paper. No formal instruments were used to collect data rather some informal interviews had been conducted both with Muslim Aid Bangladesh staff members working in the micro-credit & SMEs programme and the beneficiaries of the programme. Jessore branch of Muslim Aid Bangladesh microfinance programme had been taken as sample to analyse the data for the study. Due to the resources and time constraint more informal interviews have been conducted which was one of the limitations
of this paper.

4. Findings and discussions

Women's participation in development is essential not only for achieving social justice but also for reducing poverty and increasing wellbeing. While in the regime of Prophet and Hazrat Omar, the importance of women participation in development and social activities were fully recognised. He had appointed Al-Shifa Bint Abduallah in a highly public position. As an educated women she had taken leadership of teaching the women to read and write. HafsaBint Omar, the Prophet’s wife was her student and later she had been appointed as Market Supervisor in Madinah (Al Khayat M H, 2003).

Worldwide experience clearly shows that supporting a stronger role for women contributes to economic growth, it improves child survival and overall family health, and it reduces fertility, thus helping to slow population growth rates (Hulme D and Moore K, 2007). In short, investing in women is central to poverty alleviation and sustainable development. And yet, despite these are known returns, women are still facing many barriers in contributing to and benefiting from development. The barriers begin with comparatively low investment in female education and health, they continue with restricted access to services and assets, and they are made worse by legal and regulatory constraints on women's opportunities. As a result, the worldwide progress in development over the last three decades has not been translated into proportional gains for women (Kabeer N, 2001).

Considering the entrepreneurial environment and their role in poverty alleviation, women's roles are very interesting as they have a unique type of knowledge and innovation. Traditionally women have been marginalised. Thus, a high percentage of women are among the poorest of the poor (Littlefield et al, 2003). In this context, credit for microenterprise development has been a crucial issue over the past two decades. Research has shown that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards for families and consequently for the whole society (Hulme D and Moore K, 2007). Thus, a special support for women in both financial and non-financial services is essential. In many cases, women not only produce the food but market it as well, which gives them a well-developed knowledge of local markets and customers.
Study shows that many elements contribute to make it more difficult for women to success in small businesses. They are:

- Inadequate access to resources
- Training for financial literacy is not much available for women
- Less opportunity to take part in decision making process in family and business activities.
- Inadequate knowledge in bookkeeping.
- Lack of knowledge of the market and limited access to market
- Relatives are mostly employed that make the business management difficult.
- Lack of own seed capital thus sometimes they depend on loan that make the business risky
- High interest rates/profit rates.

While discussing with Muslim Aid Bangladesh staffs and beneficiaries many of the above mentioned problems were also found significant that hindering the women to contribute their full potential in the poverty alleviation process.

In Bangladesh, participation of women in microfinance and more particularly in SMEs programme has been remarkably seen in all credit providers of the country. It has been noted that more than 95% of borrowers of those MFIs are women and they are playing significant role in their society being the leader in a small group of credit programme in respect to the economic development and reduction of poverty.

Muslim Aid Bangladesh has lunched micro-finance programme in 1993 to lift the disadvantaged people of the society through the provision of credit and savings programme. Muslim Aid’s microfinance programme is based on Shariah principles, which aims to be an equitable and justifiable resource distribution as well as a means of social development. The programme is purely a social mission intended to economically empower poor and low income people in Bangladesh. Having the significant success in micro-credit, Muslim Aid Bangladesh has lunched SMEs programme in 2008 to make available the continuous support to the graduate beneficiaries of their micro-credit programme. Because the SMEs beneficiaries are mostly the graduate beneficiaries of microcredit programme, they are trained and skilled to lead & mobilise the vulnerable women group effectively in their local community to foster the economic development. Muslim Aid Bangladesh has served about 7,500 SMEs beneficiaries till August
2014 of which 99.5% are women. Along with SMEs beneficiaries Muslim Aid Bangladesh has served about 43,000 micro-credit clients those are defined as poor and Ultra-poor.

During discussing with staffs and beneficiaries regarding the socio-economic role of women entrepreneurs in their family and communities along with the issues that affect the role of women in poverty alleviation, a number of factors have been marked as significant.

- It was commonly understood that women access to resources are not enough to develop the small businesses to contribute more in the income generating activities and economic development. Access to resources is critical to improve in the family livelihoods and contribute to the economic development. Quran says that: Men shall have share in what parents and near relatives leave behind and women shall have a share in what parents and near relatives leave behind; whatever it be little or much. It has an obligatory apportionment. [4:7]. If women are properly given with their portion of inheritance then access to resources from the beginning could be ensured that ultimately can help them to develop their enterprise.

With small credit and skills training facilities the SMEs borrowers of Muslim Aid Bangladesh have been able to create their own resources for further expansion of their businesses. It has been seen that 95% of SMEs beneficiaries have been graduated from the microcredit scheme means they were able to accumulate some resources to scale up further in their business.

- Decision making has been seen a significant aspect in the control of family assets and livelihood activities. Mostly men take major types of decision in the family. However, in Jessore branch of Muslim Aid Bangladesh, it has been seen in the Kazipur Samitee that 13 women members out of 35 had been participated in the major decision making process of their family means women those operate income generating activities are most likely to take part in decision making process.

- SMEs beneficiaries of Muslim Aid Bangladesh has played remarkable role in employment creation. The data shows that on an average SMEs entrepreneurs have created 2-3 employment opportunities for their community.

- Small entrepreneurs of the Muslim Aid Bangladesh are also playing vital role in community savings creation that is helping to scale up their own businesses and contributing to the national economy and poverty alleviation efforts. About BDT 73 million has been saved by the SMEs beneficiaries in their accounts with Muslim Aid Bangladesh.
- Women beneficiaries of SMEs programme has been playing vital role in improving the education of their family. It has been seen that the result of children of SMEs beneficiaries have been better than that of the micro-credit beneficiaries.

- In Jessore branch SMEs beneficiaries, Shilpi Khatun of Chanpara Shamitee has been elected as the member of Union Parishad. Beyond that it has been seen that some of women leaders of our Jessore branch samitee help their community in health & hygiene awareness as well as awareness on other social issues.

- Those are the beneficiaries of Muslim Aid Bangladesh shows that their family and educational status better than those are not the beneficiary of Muslim Aid Bangladesh.

- Being Islamic Micro-credit and SMEs programme it has been seen that many of the programme beneficiaries have chosen this programme and subsequently been able to impact positively in the family and neighbours in respect to bonding and values.

Generally it has been seen that, participation in credit programme leads women taking a greater role in household decision making, access to financial and economic resources, greater social networks, greater bargaining power compared with their counterparts, and greater freedom in mobility. Microfinance activities have given them a means to climb out of poverty due to their proven entrepreneurial capacity. Credit for women has also tended to increase spousal communication in general in regard to family planning and parenting issues (Hadi A, 2002).

5. Concluding remarks and recommendations

Small credit and skills training undoubtedly contribute the women to extend their horizon, empowerment and social recognition. Those women entrepreneurs participate in the credit and savings programmes contribute more in helping their neighbors in many aspects of their community people particularly in women’s informal education, advices on income generating activities, information on basic health care services and increase awareness on other social issues (Vimala, P 2009). Thus, both governments and NGOs should explore ways of developing innovative credit programmes for women entrepreneurs to unleash their potentials and help open widows for them. Savings and credit programmes should be designed in a way that promote the women to participate in the programme and help play more role in poverty alleviation.

In general the following can increase the access of women in to credit and savings
programme and help play greater role in poverty alleviation:

1. Ensure access to resources is vital for women. It is necessary to recognize the teaching of Quran and ensure the ownership of inherited property to the women and the policies that help them access to the financial facilities.

2. Offer loan products that best suit the need of the women borrowers otherwise the expected contribution from the women may not be expedited fully.

3. Facilitate women in decision making and consultation in the family and business matters. In the Quran Allah commends: Those who counsel one another to follow the truth and counsel one another to be steadfast [103:3]

4. Increase the availability of working capital because mostly women lacks this aspect to start and manage business.

5. Loan product should be collateral free.

6. Skills and small business management training is essential for women entrepreneur.

7. Savings and insurance schemes necessary to cover risks beyond the credits.

8. Promote credit policies that are open to both small-scale enterprises operating in trade, commerce and other small enterprise sectors where women have higher participation rates.

9. Ensure loan product with low costs.

It is generally understood that women participation in income generating activities and other social activities helps in community and overall economic development. This paper has tried to investigate how the small women entrepreneurs play their role in poverty alleviation and the issues that affect their role. However, further research on this area is recommended to explore more on the same issue.

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