**WOMEN EMPOWERMENT THROUGH MICRO CREDIT**

**USING GRAMEEN BANK SYSTEM**

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**Abstract**

*This paper discussed the process of women empowerment through micro credit using Grameen Bank System. Poverty is not only in the sense of the condition of low income or economic inability, but furthermore is welfare resources exclusion which resulted in a group of people who unable to reach facilities of health, educational, are not able to obtain basic rights, have no pride, confidence, and so on. Women are mostly experience poverty and powerless to decide their own life’s choices. Women often have difficulty in getting facilities and a decent living as a man. This condition marginalizes women’s rights in case of social and economy. In addition to its economy background, women are also limited in gaining access to information, education and political participation. Microfinance is a tool that provides loans in a small amount to poor families in order to assist them doing productive activities and grow their small businesses. During this time, the poor do not have access to credit from conventional banks because they do not have money or goods that can be used as collateral or guarantee. Microcredit are usually offered without collateral to individuals or through group savings and loans. Microfinance clients are people with low incomes who do not have access to formal financial institutions such as conventional banking. Women empowerment through micro credit aimed to open women’s financial access. Women are the target of microfinance because of characteristic and her nature. Microcredit using Grameen Bank System is one form of microfinance institutions that distributes capital to the poor in order to be used as capital asset in running their productive activities where women as the target. Giving training and broaden skills to poor women are one of the stages of this program.*

***Keywords****: poverty, micro finance, women empowerment.*

**INTRODUCTION**

Indonesian poverty data that was taken in March 2016 published by Statistic Board Centre, stated that the number of poor citizen (the citizen with expenditure per capita per month under poverty) reaches 28, 01 billion people (10,86%) lessen 0,50 billion people compared to the condition on September 2015 in amount of 28,51 billion people (11,13%). Although it is decreasing, it is not running together with the decrease of main and daily needs. Prices increase in all commodities influences the quality of Indonesian people’s life. Therefore, the poor and the poorest people is getting poorer and poorer. They be more empower less in the effort to fulfill their family or households’ main needs.

Government still needs to pay attention and focuses to decrease and overcome the number of **poor people who are under poverty line**. It means that we still need to work hardly to decreasing the existing number of poor people and followed by increasing the quality of the people as well. It is because they are poor, uneducated, still weak or empowerless, and count on government’s assistance, they cannot be said as “go to the next class or level” as poor people. In other words, if their income increases up to $ 2 / day or Rp 26.000 per day, they are still poor if they cannot use the mean of it well. Therefore, it is important for poor people to be financial literacy (*melek keuangan*) in order that they are able to escape and free from poverty.

The effort to reduce poverty is a shared responsibility. A lot of programs to overcome the poverty are launched by government, private sector or non government organization. Rural community used to encouraged Small and Medium Enterprises (Usaha Kecil dan Menengah or UKM) through *Usaha Ekonomi Terpadu* or Integrated Economy Business. Where village institution manage amount of fund to implement various economy activity together with the citizen integratedly under Village Secretary. They use and managed various potential products available become a core competence or typical commodity, sell it to town and the results is used for the benefit or mutual interest, such as the development of public or social facilities and improve the welfare of poor people.

Poorest people can make some efforts at Small and Medium Sector. It means that using less capital, they can spend the money to buy various daily needs used by everyone, or vegetables that everyone needs it. Creativity owned by small entrepreneurs doesn’t stop at this point, the can expand the business by opening a bigger shop or opens other small shops that have permanent customers, and finally it can create job opportunity for their families.

The obstacle is how to get the capital, since fulfilling the daily necessary require extra efforts. Here, the role of government, private sector and communities are demanded to be more sensitive. The citizen can participate especially they, who are at the top level of social class to help poor people by giving financial aid without interest or conditional fiscal aid. It means that getting the fund must be attached with certain requirements, for example without amount of money without collateral, high interest that will ended with loan trap for the creditor.

Moreover, some groups of social community who involved in social activity perform groups of *arisan* (social activity where the member meet monthly and spend amount of money to be saved, the fund will be rotated and accepted by a member of the arisan group through lottery system). Arisan might be an association provides a periodical saving facility and credit facility for it members. In arisan, women (usually women are the member, but not closed for men, teens, or old people) can insert some empowerment programs such making some cakes or food, sewing or embroidery that can be a creative economy effort. The process of improving capacity by giving knowledge and skill must be ended with a productive activity, which is agreed by each member and other members can buy the products. It is automatically need assistance from skilled persons that have been trained previously. Social assistance attempts empower group of community by involving them directly in mapping their own potential, among others, by grouping the poorest and poor women to plan a productive activity in order to fulfill basic necessity for oneself and family. It is expected that through this activity, it will be a change of behavior in using money as the capital for a productive activity toward the change of a better prosperity level.

Transfer of fund or capital that is particularly for poor people or they who earn low income is known as micro financial. Poor people don’t have access to conventional banks, because they do not have credibility to propose credit to perform a small business. This reason becomes the background of Grameen Bank performed by Muhammad Yunus to offer a small loan to poor people so that they can build a self business. This loan provide a stating point for home industry and other activities to increase the income by using the skilled which have been owned by the people itself.

Micro credit is aimed to men and women who are under poverty line, but women are prioritized because of the character and nature which is thrifty, careful and exact in spending money. Besides, women have better track than men in returning micro credit fund. Women not only propose a venture capital but also gain financial literacy training where they can manage amount of fund to perform various activities such saving, education insurance, health, and so on, so that they get economy, social and politic benefits as well. Furthermore, women are also a strategic groups in the context of micro and small financial development. Of 40 billion micro and small entrepreneur in Indonesia in 2006, was estimated that 60% is performed by women (Muharram, 2008:1). It showed that national economy condition depends on women entrepreneurs. However, women in family not only bear double burden; reproductive and domestic.

Lower income household give one third contribution or more to household’s income. For example, the result of productive economy activity performed by wife using Rp 500.000 as the capital, could gain net profit in amount of Rp 150.000 (30%). If she has venture capital Rp 500.000 to Rp 1.000.000, then she has already out from poor line or said as poorest people), note that her husband work and earn Rp 1,2 billion per month.

Micro Credit Summit Campaign wrote in a study conducted in Bangladesh explained that the fund borrowed by women generate returns of 20% of expenditure for loan (2006). Moreover, microcredit has changed women and her family in case of income and change of economy status, increase of confident among the poorest women. Ability to propose loan and return it, and collect saving money is an empowerment experience for poor people. It cause groups’ support and courage offered through dynamic groups where they are empowered by means of participation or active involvement in family and community, especially the making of decision. Furthermore, they also able to overcome the obstacles of gender diversity between women and women (2006).

Explanation of the research that has been done before on micro-credit for women entrepreneurs above, have a positive impact for the culprit, which is to increase the economic prosperity and active involvement of women in the family and society, followed by an increase in our potential. However, this study is not only strives to illustrate the positive impact for women who becoming members of Grameen Bank's microcredit system, but also attempted to describe how the process of women empowerment and factors inhibiting and supporting the process.

**LITERATURE STUDY**

**Women and Poverty**

Women are the inhabitants of the planet that was the mostly of them are poor. Does not mean that men do not experience poverty, but for different reasons which cause poor men and poor women and capability to face the poverty itself. Poverty is a gender bias because of their disparities and access to power. As it is said by Catagay (2001) in Cahyono (2005: 12):

*Gender-based power relationship means that women experience poverty differently and more forcefully than man do and women are more vulnerable to chronic poverty because of gender inequality in the distribution of income, access to productive inputs, such as credit, command over property or control over earned income, as well as gender biased in labor market.*

There are some factors cause poverty experienced by women, among others are: First, poverty in economy or material perspective. Poverty experienced by women, can be seen in economy sector where they merely get limitedness or access limitation in getting resources or economy inputs. Many companies and offices do not admit and appreciate women’s job, for example, men’s chef job will be more considered compared to women’s chef because they are more neatly, precise and have good taste compare to women. In addition, women are more often rewarded half than that earned by men, even though the working hours and production are made the same amount. Second, poverty on the political perspective in which women are not proportionally represented among the poor and do not have power. This looks at the pattern of traditional leadership are applied in areas as leadership traits were inherited from male parent. If an indigenous village head men do not have a son, but had a daughter, automatically she could not inherit his father's leadership. Likewise, in a meeting or a meeting at the village and village elections, women are excluded from the polls because they are considered to have no influence in determining the process turning. Vulnerability, voicelessness and powerlessness, and a gender bias government / government are the things cause women to be poor. They became increasingly powerless because the system or structure and policies made by the government is not pro-women. In fact, women have an active role in development. However, because they are not fully involved cause them to be marginalized and considered as having low participation than men whose participation and access to power is higher. Women are often considered weak and is seen as a complement. In this case, women are considered to have no means to get involved in the political process, no political power, thus occupying the social structure at the bottom level. Third, social and culture contributes to the number of women experiencing poverty. In some regions of Indonesia, giving more priority to man often happens. Men are more prioritized to eat firstly, can follow education better to women, men’s opinions often heard more rather than the decision uttered from a woman. This tradition inhibits social development, especially women.

Gender issue related to different background of poverty of human identity between male and female. As has been explained previously that women occupy a higher position than men in terms of poverty. This means that poverty experienced by almost all women in the world, because of the difficulty in obtaining the means and the same opportunity to live in dignity as men. It will end with marginalize the rights of women's social and economic. In addition to its lack of economy, women are also limited in gaining access to information, education, and political participation.

**Micro Financial**

Micro financial is a means, provide loan in a small quantity (micro credit) for poor families in order to assist them performing productive activities and improve their small businesses. Poor people do not have access to make loan or credit in conventional bank because they don’t have enough money or goods as collateral. Credit, savings, insurance, money transfer and other broad range of financial services are including in scope of micro financial. While, micro credit refers to a small amount of loan made by a bank’s client or other institutions. Micro credit may be offered without collateral to a person (individual) or savings groups. Clients of micro financial or micro credit are the people whose small income and do not have access to formal financial institutions, such as conventional banks. It is usually that the clients of micro credit are small entrepreneurs and small scale home industry (small sellers, vegetables sellers, street sellers, and so on). They are vulnerable poor people and do not have regular income.

Asian Development Bank (2002) defines that *“the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low income households and their micro enterprises”.* It means that micro credit is aimed for, develop jointly by and for poor community, low income family, and small entrepreneurs using certain system and process without giving any burden for them. Rogaly and Fisher (1999) in Aryo (2006) wrote that “Provision of small loans, acceptance and other financial services such as ‘bill payment and money transfer facilities (and) financial literacy training’ to which poor people do not readily have access”. It is not only providing financial services but also teach and train poor people how to manage loan as business asset. Further, the direction of micro financial is to empower poor community through micro credit that will end to the increase of people’s welfare.

Women are chosen as main target of micro credit because they are more discipline and orderly. In addition, the provision of micro credit for women is considered as an attempt to respond to women's needs for practical demand. At the same time, setting up the organizational foundation as an entry point to women empowerment intervention is very comprehensive. In the end, women will get much benefit besides attend trainings given microfinance as an entrance to empower women and increase their families' welfare.

Muharram (2008) wrote women are a very strategic group in the context of micro enterprises development. This is shown by the following as followed:

1. of the approximately 40 million Micro, Small and Medium entrepreneurs, 60% is women,
2. research showed that outstanding achievement by women to return credit is quite good,
3. women can allocate their productive time up to 13 hours a day,
4. the increase in women's income can contribute greatly to the economy of the family,
5. in fact, women are still experiencing marginalization in various sectors of life.

Aryo (2006) referred to Longwe (1989, 2001) wrote that there are two dimensions of women's empowerment as an improvement and enhancement, are as followed:

1. women's welfare such as food, income and health services,
2. women's access to factors of production such as land, labor, credit, training, marketing facilities and other public services on the basis of gender equality,
3. conscientisation is an understanding of sex roles and gender roles were a form of culture that can be changed,
4. participation in the process of policy-making, planning and administration,
5. Same controls to the result or profit of production and distribution factor so that there is no dominant parties.

Aryo (2006) added that there are three important things arise from micro finance in general:

1. Women can use the savings and micro-credit for productive economic interests (economy empowerment) or microenterprise then there will be an increase in income, assets and increased control over income and assets acquired,
2. Economy contribution to the betterment of encouraging the role of women in decision-making in the family, which in turn improve the welfare of women, children and husbands,
3. with the increasing economic role of women, can changes gender roles and status rising in the household, community or at a higher level.

**DISCUSSION**

**Role of Banking and Financial Institution**

Financial institutions have a role in providing financial services to the public. Similarly, the banking industry that also plays a role in the banking sector and financial services. Both of these institutions is the intermediary that connects between households, businesses and government units as net capital providers and borrowers.

Picture 1

Role of Financial Institution and Banking Industry

Net Lenders:

* Households
* Business unit
* Government Surplus Unit

Net Borrowers:

* Household
* Business Unit
* Government Deficit Unit

Source: Wartono, 2003

Wartono explains that in serving the financial services to the public, banking and financial institutions have different requirements to microfinance institutions. The social structure in society determines the size of the credit volume will be supplied to the public. The lower strata of society has, the more smaller volume of loans disbursed, even a small community or communities that belong to the poorest of the poor and can’t apply for credit in conventional financial institutions. Conversely, the higher strata of a person, the greater volume of loans to be granted by the bank, because they are considered capable and has a number of assets whose value can be used as collateral.

Picture 2

Community Social Structure and Credit Volume

Loans Distribution

Credit volume

Higher Strata

Low strata

(Bottom Level)

Credit volume

Source: Wartono, 2003

Because of limitations of the poor and poorest in accessing financial services and banking, micro financial institution trying to assist them in accessing credit and other financial services, including savings with the requirements of a very simple and easy, including no assurance requirements and the guarantor.

**Micro Credit using Grameen Bank System**

Microcredit managed by microfinance institutions distributing funds to poor people, especially women and poor women in rural areas. These institutions not only provide loans without collateral to the poor women, but also provides financial training to them. It is expected that the credit proposed by members can be used as a productive capital on an ongoing basis.

Grameen Bank is one form of microfinance institutions that distributes capital to the poor in order to be used as capital in running their productive activities. Grameen Bank in Indonesia have adjusted with emphasis on the characteristics and local values of each region in Indonesia.

There are several stages as procedures in implementing microcredit using Grameen Bank's system. Each step is always carried out in groups (teamwork). The operational procedure of this group is very suitable to be applied in Indonesia, because people still maintain *guyup* (friendly, hospitable and solidarity) culture or community in which every problem or conflict arising between groups can be resolved together. This is the strength of Grameen Bank in Indonesia to implement the local value of collective responsibility where the problem of one member in group become a problem of all members in group.

**Women Empowerment**

Ife (1995) defines empowerment as means to providing people with the resources, opportunities, knowledge and skill to increase their capacity to determine their own future, and to participate in and effect the life of their community. Dubois and Miley (1992) in Fuaida (2005) wrote that:

*The concept of (empowerment) suggests both individual determination over one’s own life and democratic participation in the life of one’s community, often through mediating structures such as schools, neighborhoods, churches and other voluntary organizations. Empowerment conveys both a psychological sense of personal control or influence and a concern with actual social influence, political power, and legal rights. It is a multi level construct applicable to individual citizens as well as to organizations and neighborhoods. It suggests the study of people in context.*

There are two tendencies in empowerment process, first, empowerment process emphasizes to the process of giving or take over power partially, strength, or ability to community in order that individual becomes more powerful.This process can be completed with the effort to develop material asset supporting their autonomy development through organization. This tendency is called as primary tendency of empowerment meaning. Second, secondary tendency stresses on process of stimulating, encouraging or motivating individual, so that she has capability or culture to determine what is becoming her life’s choice through dialogue process. In other words, community empowerment consists of:

1. desire or determination of individuals or communities,
2. social values espoused
3. psychological sense of personal control or influence, and an attention to social influence, political power and legal rights were in fact, in addition to there are also activities such as: provision of resources, providing opportunities, and knowledge and skills.

Those three activities has internal purpose, it is for individual and family that are empowered by improving individual or community capacity to determine their future; and external purpose to broader scope which community and individual participation and family in and influence community’s life, so that they have capability and autonomy. Adi (2003) referred to Shardlow discuss how individual, group or community try to control their own life and strive to establish future based on their initiate. It means that empowerment tries motivate communities, individual, group or community to decide by their own self what must be done in the effort to overcome various problems faced.

**Supporting Factors in Women Empowerment**

Empowerment is a process and the success of this process is not merely caused by understanding knowledge and skill related to empowerment and development, but all linked elements in empowerment process must have commitment to encourage it. Commitments encouraging the process of empowerment:

1. Commitment to professionalism,
2. Commitment to openness,
3. Commitment to honesty,
4. Commitment to solidarity and cooperation,
5. Commitment to partnership,
6. Commitment to learning interests and seek mutual benefit in the form of a horizontal pattern.

Sixth commitments above must be owned by empowerment actor that must be blended into equality and partnership with the community. If encountered a failure, because the principles of empowerment should be mutually implemented in a participatory manner has been breached, because there is a particular interest of some people out the community elements of the target. Greater impact, especially for the sake of empowerment and sustainable. Challenges of an empowerment-oriented program is maintaining its mutual professionalism among all elements and the stakeholders involved. There are four skills and attitudes that must be owned by empowering actors, namely:

1. Problem solving (able to solve problem),
2. Sense of community (able to detect issues in communities, care and have high sensitivity to communities issues) ,
3. Sense of mission (have commitment to project mission), and
4. Honesty with self and with others.

Moreover, communication, coordination and cooperation are encouraged to conduct intensively.

**Inhibiting Factors in Women Empowerment**

Empowerment process is said to be a process that occurs continuously might be failed as it is expected since the powerless caused by several factors, such as: lack of economy security, the lack of experience in the political arena, lack of access to information, lack of financial support, lack of training and their physical and emotional tension (Soeharto, 1997). According to him, this powerlessness caused by the internalization process of interaction within the actors of empowerment community. Moreover, Soeharto (1997) also added that powerlessness can be sourced from internal and external factors. The internal factors are: Negative self-assessment is negative, negative interactions with the environment or derived from the blockade and environmental constraints.

Negative self-assessment comes from negative attitudes that exist in a person formed by negative judgment of others. For example, women or minority groups feel powerless because they have been socialized to see themselves as people who do not have equal power in society. Negative interactions with other people comes from negative experiences in the interaction between the victims oppressed by the system outside their oppressive. For example, women or minority groups often have negative experiences with the surrounding community. This then led to bitter experience feelings of helplessness, such as low self-esteem, feel inadequate, felt inappropriate to join a social organization in which they are located.

Broader environment can inhibit the role and actions of certain groups. This situation can lead to helplessness oppressed groups are expressing or reaching opportunities that exist in society. Watson (in Adi, 2003) writes that there are several barriers that can prevent the occurrence the changes related to empowerment through community interventions:

1. Constraints, are derived from the individual's personality,
2. Constraints, are derived from the social system.

Constraints derived from the individual's personality can hinder the process of empowerment, namely:

Adi (2003) also added that stability (homestasis), for example individual internal drive that serves to stabilize the (stabilizing forces) impulses from the outside. This means that a process of training given in a relatively short time may not necessarily be able to make permanent changes in the individual when it is not followed by a continuous strengthening of the system that surrounds (not followed by an advanced program to produce stable results of the exercise)

Habits, are always done by individuals or community groups or the applicable somewhere may inhibit the process of empowerment, because each individual will generally react in accordance with his habit.

The main primacy, is things that managed to bring satisfactory results. When the first action carried out by someone bring satisfactory results when facing a particular situation, then he is likely to repeat it at other times when facing a similar situation. It can inhibit the occurrence of changes, especially those actions so patterned in such individuals.

Selective perception and retention is when a person's attitude toward the attitude object is established, then their actions in the next moment will be aligned with the object attitudes encountered. This could hamper the process of empowerment. For example, if one feels antipathy against one of the field workers who come from a certain tribe based solely onhe developed previously without regard to the ability of field worker or facilitator will lead to things that are less good if you do not look for a solution.

Dependency in a society too many people who have a dependency on other people, then the independence process, the community can run longer than the expected time. Strong superego tends to make people not want to receive updates, and sometimes think of new things taboo. Self distrust and insecurity regression. Lack of self-confident and feeling insecure because of running out of production factors influence the process of empowerment.

Constraints derived from the social system are:

1. Agreement on conformity to norms. Conformity to certain norms in society can hinder the process of empowerment, for example on certain groups of people there who support or allowing risking chicken as part of religious ceremonies. It is considered as an aberration and could hamper later.
2. Systemic and cultural coherence are changes made to an area that might affect other areas, because in a community does not just apply one system, but the systems are mutually crochet hooks fused and integrated, thus enabling the people that live in a steady state, for example, changes in the search system of cropping patterns into small and medium entrepreneurs.
3. Vested interest, is the existence of interest groups have different objectives with the goal of community development can hinder economic change in other communities.
4. The sacrosanct. One of the things that have a high difficulty value to be changed is when a technology or innovative program that will be launched turns against the religious values.
5. Refusing the outsiders. Humans have a universal nature of such suspicion and disturbed about strangers. This will hamper if in a given society are always suspect and troubled by the presence of an outsider as a facilitator or a field worker in the Grameen Bank micro-credit system.

**CONCLUSION**

A will to change one’s life toward a better improvement needs process. It can be achieved by mapping the potential existing in herself or community and participate in decision making of her own life. Access to credit is one of the inputs required to poor women to start a step towards empowerment. However, the strength of which has been rooted in the social and cultural values of our society can be a contributing factor empowerment or maybe vice versa, can hinder women's empowerment itself. Social systems and cultural values that permeate all areas of life, both in the family and society, especially in rural areas, of ideals and personal desires and aspirations to opportunity and economic opportunities.

Intervention or assistance through the provision of credit and training such as teaching and learning on how to read, from illiterate to literate, from financial illiterate to financial literacy fully transform power relations and gender. Micro credit opens financial access, particularly poor women to get productive asset and wider social relationship.

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