

# Chapter 8

## Microfinancing for Women Economic Empowerment and Development: Conceptual and Theoretical Considerations

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### **ABSTRACT**

*Microfinancing is pleaded as the strategic intervention for uprooting poverty and underdevelopment especially in the developing nations. Women in particular have been targeted as recipients for microfinancing and key actors in the microfinance industry. The growth of microfinance was juxtaposed against its failure to impact on women's empowerment and development; hence, women became over-indebted or turned to be the victim of predatory lenders. This chapter argues that microfinance, despite its financial inclusive agenda, is trapped in the neo-liberal development policies through the commercialisation of loans for profit making by commercial banks. Microfinance has emerged with specific focuses on microenterprises; hence, it lacks prospects for women investing in larger and productive businesses. This chapter therefore is anchored on conceptual and theoretical debates and complexities underpinning microfinance or microcredit in the Global South.*

### **INTRODUCTION**

Women, throughout the world' are defined by the scourge of "poverty, marginalisation and discrimination" (Agu, 2007, p. 32). For Bakoa & Syed (2018), marginalization of women is not only universal, but also a long-time problem that has economic and social implications. Women from different spheres of life as Akor (2017) argues, are crowded with deprivation, neglect, exploitation and oppression. Inequalities and poverty are persistent factors that hinder effective participation of women towards realising their aspirations and their potential to build a safe and better world for all and contribute to the development

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of their communities (Masuku & Jili, 2019). As a result of lack of financial means, women have more difficulty in establishing contacts and benefiting from the resources they need to become influential leaders (Holman, 2017). Similarly, the lack of access to formal and informal education and the lack of real training and capacity-building opportunities in most African societies, to the challenges faced by women their quest for economic, cultural, intellectual or personal self-emancipation is dire (Beerie et al., 2019). These challenges are further exacerbated by poverty and inequality which are acute among rural women especially in the African continent (Mutale & Mtapuri, 2023). Globally, women are subjected to low incomes due to labour force discrimination, and detrimental gender discrimination in resource allocation within their homes and societies (Stuart, 2018).

Thus, women compared to their male counterpart have become the product of patriarchy and neo-liberal systems that not only engender structural poverty, but also thrive on escalating inequality and underdevelopment (World Bank Group, 2018). Global economic systems have overtime created additional opportunities for men for self-determination at the expense of women (Holland, 2018). This has been signalled by the unrelenting masculinity in many economic processes seen in recent decades (Saqib, 2016). Women often receive attention as mothers and as a vulnerable fraction of the population (Kolovich, 2018). Programmes aimed at development were often aimed at tackling immediate poverty but not at empowering women (Karl, 2017). One way to unlock this potential is to seek women's economic empowerment through their participation in income-generating projects (Folayan, 2020). This has been explored in part in the emergence of gender and development, which evolved from women and development (Malhotra 2017). This chapter is more concerned about the use of microfinance as either the strategy for women economics empowerment or their disempowerment.

Empowerment in development is not without controversy, as there are often different perspectives on what constitutes empowerment (Frediani, Clark & Biggeri, 2019). There is also a risk that overly subjective measurements will provide inconclusive evidence. Economic empowerment provides incentives to change the traditional behavioural patterns to which a woman is bound as a dependent household member (Schneider, 2018). Empowerment often comes from within and individuals empower themselves, cultures, societies, institutions, and individuals can create conditions that facilitate or undermine the opportunities for empowerment (NZAID, 2007). Women's empowerment is essential for the eradication of poverty and hunger, and fully realizing human rights and achieving sustainable development (NZAID, 2007, p.24). Gender impartiality and empowered women are mechanisms for the dissemination of developmental attempts (Johnson, 2019). In this context, literature argues that investing in gender parity has a multiplier effect compared to other development investments (Willett, 2020). Nonetheless, it has been documented that woman economic empowerment, however compelling, cannot rely solely on microfinancing for poverty alleviation and economic development (Gendernet, 2011). In addition, African women face challenges in accessing finance due to their lack of collateral, legal and cultural barriers to for example, land and property ownership, discriminatory regulations, limited employment in the formal sector including lack of availability of financial products (Anyaeibunam & Alaga, 2015). These authors are critical of micro as they see nothing micro about women. Having said that, this chapter is conceptually and theoretically grounded on microfinance as the strategy for women empowerment or disempowerment.

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