

# GRAMEEN BANK PROMOTING WOMEN EMPLOYMENT UNDER SOCIAL ENTREPRENEURSHIP MODEL IN BANGLADESH

**Farrukh Nawaz Kayani, Al Qasimia University, United Arab Emirates**  
**Omar Mahmoud Al Ammari, Al Qasimia University, United Arab Emirates**  
**Misbah Sadiq, Al Qasimia University, United Arab Emirates**

## ABSTRACT

*The Grameen Bank completed 37 years of its smooth and successful operations in December, 2020. It is providing collateral free microcredit mostly to the poor and rural women of Bangladesh since 1983. The founder of Grameen Bank Dr. Muhammad Yunus is a contemporary social entrepreneur, and he laid the foundations of Grameen Bank on the lines of being as a social enterprise. The Bank is busy in achieving poverty alleviation by creating self-employment opportunities for the poor women in the rural areas of Bangladesh. It is helping the women to improve their socio-economic conditions by getting engaged in small self-employed businesses. Bangladesh is one of the pioneer countries who introduced the model of social entrepreneurship, and it is important to share that more than 95 percent of the borrowers of Grameen Bank are women. The main objective of this qualitative study is to analyze the impact of Grameen Bank upon women employment and empowerment in Bangladesh.*

**Keywords:** Grameen Bank, Social Entrepreneur, Women Employment

## INTRODUCTION

The disparities between the men and women are existing in all the aspects of our lives. Traditionally, women are considered as weak and of lesser gender and they are denied access to basic human rights and important resources, for instance, the right to education, access to healthcare, the right of financial autonomy, and the right to make decisions about their own lives, etc. The women in Bangladesh are perceived as housewives and working of them is considered as social stigma. The idea of women contributing to the household income is not easily acceptable, men consider it as women are trying to emulate them (Murshid & Critelli, 2020). Consequently, women have maintained their roles as mere caretakers of the homes and the financial burden is entirely and solely borne by the men. Particularly, in the rural areas of Bangladesh the women are not supposed to leave their homes. As a result, most of the female population is controlled by men who keep them deprived of their basic human rights and keep them confined to their homes.

Women make up about 50% of the total population of Bangladesh which indicates that almost half of the population is not included in the official labor force (World Bank, 2019). This helps us to explain the whopping and massive difference between the male and female unemployment rates that have been observed over the years. Bangladesh counts as one of the least developing countries of the world with an exceedingly high population such that the total population exceeds the resources available to be utilized. In such a tight circumstance, one person bearing the financial burden of entire family is not a sagacious decision to be taken. Nevertheless, discrimination against women is inherent in such societies which helps to explain the slow pace of

their economic development. Studies have made it evident that countries that operate on a discrimination model aimed against women never bode well (Cavalcanti & Tavares, 2016). Apart from the restrictions being imposed by their male counterparts, most of the women themselves avoid being going out and prefer to stay at home, which is why most of them are unable to earn for themselves. Such voluntary lack of physical mobility and hence unemployment can be attributed to the never-ending cases of sexual assault and harassment that women face on daily basis (Chowdhury, 2015).

Women are molested everywhere in public if they are not accompanied by a male figure. Workplace harassment cases are also on the rise which further prevents women from wanting to work. Unable to walk the streets by themselves hinders their sense of individuality and eventually it diminishes their willingness to work. Hence the increasing prevalence of harassment cases in Bangladesh and unsafe working environment are the reasons of low labor force participation rates among the women. However, most of these challenges can be overcome if women are provided with ample funds to take a stand for themselves, create a safe and healthy environment around them, and be able to stand on a stronger financial footing. Nonetheless in a poverty-ridden country like Bangladesh, funds are not easily accessible, especially to women who are already deprived of their basic rights. Taking into consideration these constraints that Bangladeshi women and the poor were facing Grameen Bank was established by Professor. Yunus in 1983. The Bank aims to uplift the socio-economic status of the poor and the women by providing them the loans upon easy terms and conditions.

Accessing microloans and microcredit through Grameen bank is simple and easy in a sense that it does not require credit worthiness especially from women. Since the conception of Grameen bank, the female labor force participation of Bangladesh has experienced a continuous increase. Over the span of 30 years, women's involvement in the country's labor force has grown from 24.65% to 36.37% (World Bank, 2021). The sharp spike can rightfully be attributed to the rising trend of acquiring microloans among women and using that money to make profitable investments or to start a small business of their own. Working women of Bangladesh mostly contribute their manpower in industries like agriculture, garment manufacturing, and other small-medium enterprises. Grameen bank, therefore, is helping the women in fighting the unemployment and empowering them financially. However, many economists argue that increased women's employment cannot be achieved through the provision of microfinance alone. The lack of required skills and training makes it difficult for these underprivileged women to utilize these microloans to the full extent. This explains why Grameen bank not only provides microloans and credit facilities but also indulges in organizing the trainings and the workshops for these women (Qamruzzaman & Jianguo, 2016) (Table 1).

Serial No	Items	Male		Female		Total	
		No of Loans	Amount of Loans	No of Loans	Amount of Loans	No of Loans	Amount of Loans
1	Processing & Manufacturing	40222	1381479174	1424782	40775141698	1465004	42156620872
2	Agriculture & Forestry	105038	3256935717	4093118	1.07527E+11	4198156	1.10784E+11
3	Livestock & Fisheries	23100	777742175	806870	23244755030	829970	24022497205
4	Services	4150	157129835	109974	4063218768	114124	4220348603
5	Trading	37896	1595848719	1577804	48459940056	1615700	50055788775

6	Peddling	2215	93429051	78551	2575852558	80766	2669281609
7	Shopkeeping	21136	1047830299	488134	18827787898	509270	19875618197
Total		233757	8310394970	8579233	2.45474E+11	8812990	2.53785E+11

Source: Grameen Bank's Annual Report 2019  
(January till December, 2019) (Amount in BDT)

Serial No	Items	Male		Female		Total	
		No of Loans	Amount of Loans	No of Loans	Amount of Loans	No of Loans	Amount of Loans
1	Processing & Manufacturing	7539	355976790	231152	8885162439	238691	9241139229
2	Agriculture & Forestry	19599	701262626	787225	23371836145	806824	24073098771
3	Livestock & Fisheries	8245	303269292	239620	8258638973	247865	8561908265
4	Services	1035	59045224	27601	1519136223	28636	1578181447
5	Trading	11262	637615506	423222	16508723597	434484	17146339103
6	Peddling	724	40278111	27863	1120266020	28587	1160544131
7	Shopkeeping	6608	452747626	146238	7700071396	152846	8152819022
Total		55012	2550195175	1882931	67363834793	1937933	69914029968

Source: Grameen Bank's Annual Report 2019  
(January till December, 2019)(Amount in BDT)

## LITERATURE REVIEW

Microfinance institutions like Grameen Bank in Bangladesh are aimed at providing financial independence to women especially to the women of rural areas as they are the most underprivileged and lacking the access to any kind of finance in their lives. The purpose of Grameen bank is to provide financial security and autonomy to the women by providing small loans to these women without having to pledge a great deal as collateral which is otherwise mandatory in case of conventional loans while acquiring from the other banks. The loans can then eventually be used by these women to invest in small-scale or home-based businesses of their own which can act as a source of income for them.

Grameen Bank provides microloans and microfinancing to women without getting into the hassle of proving their creditworthiness as a precondition to acquiring the funds. Another reason that makes these loans easily accessible to these women is the potential of obtaining these funds as a group. (Chaturvedi & Sharma, 2019) claim that lending groups are formed by women whereby each member of the group is obliged to pay a certain amount of money as repayment of the loan in accordance with the loan terms. Lending such loans to a group not only proves to be of assistance to the beneficiaries but the lenders as well. The rationale behind the fact is that group loans make repayments easy for women as the whole burden does not fall on one person but is shared among all members of the group. As a result, each person is only obliged to pay back a certain proportion of the total amount. In addition, the lenders are also at an advantage in the case of group loans as they can exploit the concept of peer pressure into ensuring that the loan is repaid in a timely fashion (Hasan, Shetu, Chakraborty & Khan, 2019).

While offers such as group loans and loans with easy repayment terms make it quite simple for women to access them, Murshid & Ball (2018) assert that if the hurdles in physical mobility of women are not blown out of the water, the target of promoting women employment cannot be achieved. All efforts aimed at encouraging women to become financially independent are heavily reliant upon their ability to move from one place to another which is often subject to several restrictions imposed by their male guardians. The availability of services aimed at increasing women's employment is useless if women are unable to access them. Therefore, part of the focus of such institutions should be to raise awareness among women and take the necessary measures being needed to enhance their physical mobility. The physical mobility of women thereof, is greatly hindered by the conservative and mindsets of their male guardians. These mindsets have over the years shaped the dynamics of the whole society in such a manner that depriving women of access to basic human rights and resources has become a norm in Bangladesh. For instance, unavailability of safe transportation, lack of clean sanitary facilities, rising harassment cases are the output of bestowing decision-making authority on people with these mentalities (Naved, Rahman, Willan, Jewkes & Gibbs, 2018).

That is where the main concept of institutions like Grameen bank comes into the scene which focuses on providing funding to women who feel themselves as constrained and restricted. Easy access to loans provided by Grameen bank allows women to break all patriarchal barriers and make their own way into the labor force of the country. Having enough money negates the need for them to rely on unsafe restrooms or to use public transportation where their safety is always in jeopardy. Thus, having enough money instills in them a sense of confidence and encourages them to step out of their homes to earn bread and butter for themselves and their children. As the labor force participation of women continues to increase because of funding provided by Grameen bank, more women feel motivated to walk out of confinement and to earn for improving their living standards. As more and more women feel empowered to follow similar footsteps, a significant increase has been witnessed in the female labor force participation of Bangladesh.

Some studies claim that women's employment levels in Bangladesh are not as bad as they are shown in the statistics. For instance, many women are employed in the agricultural sector of Bangladesh where they are responsible for carrying out significant roles like cultivation, harvesting, etc. Much of the work is performed by females but the stats still show an entirely different picture. The rationale behind this mismatch is the lack of acceptance and acknowledgment of the work performed by women. Many of the important activities carried out by women are left unacknowledged and hence unpaid due to which these women never make it to the official employment records. Women are exploited in a way that they are forced to perform those activities without getting any monetary compensation in return. This helps lay further emphasis on the importance of microfinance availability to lift the curse of unpaid labor and earn remuneration for their contribution to the country's economy. Much of the revolution experienced in the gender dynamics of Bangladesh's labor force can be attributed to the microcredit opportunities provided by institutions like Grameen bank.

Al-Shami, Majid, Mohamad & Rashid (2017) asserted that microfinancing programs help in elevating women's social and economic status in a household. These programs provide them with the funds needed to learn the required skills, take entrepreneurial risks, become a part of the working women network in their specific areas, and hence be able to contribute their share in the household income. The primary target audience of Grameen bank is not just women but women who belong to households living below the poverty line in Bangladesh. As a result, an increase in labor force participation of these women is significantly reflected in the rise in levels of total household income which eventually helps them escape the curse of poverty (Bhuiyan, Siwar, Ismail & Omar, 2017). Higher incomes allow these women to earn a better living standard for themselves and their families. Le & Raven (2015) provided further evidence on the positive relationship between the provision of microfinance through Grameen bank and women's employment in rural

areas. Access to microfinance strengthens women and allows them to take entrepreneurial risks in life to be able to earn bread and butter for themselves and their children especially women who have been/or are threatened to be abandoned by their male guardians. This helps empower women and allows them to take a stand for themselves and be able to contribute to the overall GDP of the country (Chowdhury & Somani, 2020).

Moreover, Hasan, Hossain, Sultana & Ghosh (2015) claimed that Grameen bank is a stepping-stone towards increased female involvement in the work force of the country. The authors assert that microfinance provides women with funds that can be invested in various income-generating activities. Women empowerment programs such as these allow women to break all the shackles that tie them down and capitalize on opportunities like these which allow them both independence and safety in the brutal patriarchal world of today. The literature is further enriched by (Weerasinghe & Dedunu, 2017) who also found a significant positive relationship between microfinance and women's employment. One class of researchers, however, believe that although Grameen bank has contributed a great deal in increasing women's employment, it still does not give them the authoritarian status in a household. Decision-making authority is still vested in the male figures of the family, women are still denied the freedom to move, and are dependent upon their husbands despite being equal earning members (Rahman, Khanam & Nghiem, 2017). In addition, Rahman, Khanam & Nghiem (2017) assert that two aspects of women's empowerment are achieved through the provision of microfinancing: absolute and relative empowerment. While the absolute enhancement in the social and financial status of women does bring a massive overall improvement, the magnitude of relative empowerment provides a true measure of the impact brought by microfinance institutions like Grameen Bank upon women's employment in Bangladesh. Because the relative measure exactly evaluates the difference in the financial status of a woman in a particular household as compared to their male counterparts.

An abundant amount of literature confirms the positive impact of microfinance induced by Grameen bank upon women employment in Bangladesh, but the social consequences of such empowerment initiatives can have much greater repercussions. While the primary purpose of microfinancing is to make matters easy for women, some reports suggest that women becoming financially independent in fact aggravates the situation for them regarding the domestic violence they must face at the hands of their partners (Murshid, Akincigil & Zippay, 2016). In most societies, men channel their inner insecurities on women in the form of domestic abuse and through the restrictions that men impose upon women by preventing them from going out (De & Christian, 2020). Instances like these put women in a conundrum that whether financial independence is the road they should take. The intuition behind this paradox is that most women see economic independence as an escape from the domestic violence they have to face at the hands of their partners. At the same time, some women report an increase in frequency of abuse after they attain the financial autonomy.

Although much of the literature on women empowerment induced by microfinance suggests a positive outcome, many scholars argue that such studies may be subject to selection bias (Pal & Dutta, 2015). What it implies is that women who already have access to basic rights are the ones who end up availing such opportunities instead of those who are deprived of their rights which renders such initiatives moot. Therefore, the primary purpose of these intuitions to increase women's employment in deprived regions is not achieved, it just increases the inequality between the privileged and the underprivileged women of a particular country. In addition, microloans received by already privileged women do not result in a significant increase in female labor force participation which in turn nullifies the entire premise of microfinance institutions like Grameen bank. The findings of (Murshid & Ball, 2018) suggest that women in Bangladesh who are not allowed to leave their homes unless required to do so are unable to access the micro-funding provided by Grameen bank. Women who are ready to tolerate whatever the consequences may be of

breaking through social and cultural barriers which keep them deprived of their basic human rights are the only ones who are able to gain access to such microfinance programs.

## Historical Background of Grameen Bank

Dr. Muhammad Yunus was working as Chairman of Department of Economics, Chittagong University in 1974. In the same year, Bangladesh got trapped into massive poverty and hunger because of great famine. When Dr. Yunus came to know about the very poor and miserable living styles of the people of the Jobra village being next to the University, he decided to do something institutional to lift them above poverty. He came to know that poor of Jobra want to be self-sufficient working members of the society. So, there was a need of the credit for these poor so that they can engage themselves into small self-owned businesses. This realization lead Dr. Yunus to establish Grameen Bank. Dr. Yunus went to nearby Bank to ask loans for these poor of Jobra village, but the Bank refused to lend them because of lack of collateral. Then Dr. Yunus himself borrowed money from the Bank and lent it to the poor (Loro, 2013).

Basically, this was the beginning of Grameen Bank being informally. In 1976, Professor Yunus started a practical research project to explore the possibilities of designing a banking system suitable for the rural poor. He concluded that if the financial resources for the poor were made available in appropriate ways and conditions, this could achieve a great development renaissance. The project has already achieved success in Chittagong Province in the period from 1976 to 1979. In that year, the project, with the help of the Bangladesh Bank, was extended to Tangail province, and from 1979 to 1983 the work was successfully extended to the provinces of Dhaka, Rangpur and Patuakhali. In September 1983, the project turned into an independent bank in the name of Grameen Bank. Grameen Bank began lending money to poor women for income generating loans without requiring any collateral. He channelized his feelings for the poor into an institutional solution. Dr. Yunus was possessing a very holy and spiritual motive *i.e.*, to help the poor in getting rid of this humiliating poverty. Over the years, other microcredit loans like for housing and for students have also been offered by Grameen Bank. Dr. The first loan is often as little as US\$ 50. Average loan size is a little over US\$ 100. In the process, the borrower builds a secure self-employment, often employing the whole family. 54% of Grameen borrowers have crossed the poverty line and another 27% are very close to it (Karim, 2019). Yunus' strategy to combat poverty was appreciated by many international bodies and institutions by awarding him different prizes such as the World Food Prize in 1994, the UNESCO Prize for Education in 1996, and the Sydney Peace Prize in 1998, the Seoul Peace Prize in 2006, and finally the Nobel Peace Prize in 2006.

## Grameen Bank & Women Empowerment

There are several literatures dealing with the creation, use and impact of microcredit in Bangladesh, particularly as it affects the women. Recently, several scholars have written review articles on microcredit and its impact on job creation for women. The effectiveness of Grameen Bank can contribute in part to the collective support that women receive as each borrower should be part of a group of five non-relative friends who support the borrower and assist in the decision-making processes. This group encourages the borrower to honor loan payments and benefits the community in more than just economic ways. 10 to 12 of these groups meet each week in so-called centers, providing community participation and uniting groups of friends and neighbors (Loro, 2013). Hence, the other major non-economic impact of Grameen microcredit loans is the direct empowerment felt by the women borrowers, who become more important members of their villages and towns. Grameen Bank has allowed half of the once neglected population of women to become contributors to their country's economy. Internationally, women appear to be the largest of the poor

and vulnerable. Mostly because they are often given fewer rights and privileges than their male counterparts. Women have less chances of getting paid work and are paid less than men in Bangladesh despite findings that women “tend to work harder than men and thus increase their paid and unpaid work in a crisis situation and provide for the family”. There are three main perspectives on the link between microfinance and women's empowerment:

- There are those who emphasize the positive evidence about the potential of sustainable microfinance programs around the world to empower women.
- Another school of thought that acknowledges the limitations of empowerment but explains those with poor program design.
- Others recognize the limitations of microfinance to enhance empowerment but see it as an important key component within a poverty alleviation strategy.

## CONCLUSION

The concept of social entrepreneurship has got quite popular among the developing and developed countries after its successful execution in Bangladesh through the most famous Grameen Bank. Developing countries like China, India, Pakistan & Malaysia have also launched different microcredit programs to support the poor and small and medium enterprises. It is interesting to share that even developed countries like US, Canada & Australia are also applying this social entrepreneurship model for uplifting the living standards of their minorities. Social enterprises not only focus upon poverty alleviation, but they also focus upon employment creation and reduce the income inequalities. The social entrepreneurship model of Grameen Bank has played a pivotal role in the poverty alleviation and the economic development of Bangladesh. Grameen Bank helped Bangladesh in reducing the income disparities between the rural and urban areas by providing self-employment opportunities to the unskilled and semi-skilled rural workforce. Especially, Grameen Bank uplifted the socio-economic status of the poor women by providing them collateral free microcredit. Grameen Bank has not only empowered the women financially but has also contributed to the women participation in the total labor force since its inception.

## REFERENCES

- Abdelaziz, S., & Alam, K. (2018). “Social entrepreneurship is a model for sustainable development and the fight against poverty: The experience of the Grameen Bank in Bangladesh”. *Journal of Economic and Legal Studies*, 1(2), 189-208.
- Al-Shami, S.S.A., Majid, I., Mohamad, M.R., & Rashid, N. (2017). Household welfare and women empowerment through microcredit financing: Evidence from Malaysia microcredit. *Journal of Human Behavior in the Social Environment*, 27(8), 894-910.
- Bhuiyan, A.B., Siwar, C., Ismail, A.G., & Omar, N. (2017). The experiences of the Grameen and Islamic Bank microfinance on the poverty alleviation in Bangladesh. *Journal of Islamic Economics, Banking and Finance*, 13(3), 64-81.
- Cavalcanti, T., & Tavares, J. (2016). The output cost of gender discrimination: A model based macroeconomics estimate. *The Economic Journal*, 126(590), 109-134.
- Chaturvedi, A., & Sharma, H.P. (2019). Individual Lending versus Group Lending in Microfinance: An analytical Study. *Siddhant-A Journal of Decision Making*, 19(2), 80-86.
- Chowdhury, E.H. (2015). Rethinking patriarchy, culture, and masculinity: Transnational narratives of gender violence and human rights advocacy. *Journal of International Women's Studies*, 16(2), 98-114.
- Chowdhury, T.A., & Somani, S. (2020). Performance evaluation and impact of grameen bank on social development and women empowerment in Bangladesh. *International Journal of Social and Administrative Sciences*, 5(1), 54-73.
- De, P.K., & Christian, A. (2020). Microfinance participation and intimate partner violence among women in Bangladesh. *Oxford Economic Papers*, 72(2), 435-452.
- Grameen Bank Annual Report (2019).

- Hasan, N., Shetu, S.H., Chakraborty, B., & Khan, A.G. (2019). Impact of microcredit programs on women empowerment in Bangladesh: A comparative study of grameen bank and BRAC. *Global Journal of Management and Business Research*.
- Hasan, S.S., Hossain, M., Sultana, S., & Ghosh, M.K. (2015). Women's involvement in income generating activities and their opinion about its contribution: A study of Gazipur District, Bangladesh. *Science Innovation*, 3(6), 72-80.
- Karim, Z. (2020). "Social entrepreneurship—power of alleviating poverty: A review on social enterprises in Bangladesh". *The Jahangirnagar Journal of Business Studies*, 8(1), 57-73.
- Le, Q.V., & Raven, P.V. (2015). Woman entrepreneurship in rural Vietnam: Success and motivational factors. *The Journal of Developing Areas*, 57-76.
- Loro, L. (2013). "Women's empowerment as a result of microcredit loans in Bangladesh?" *Bangladesh Development Research Working Paper Series*, 18, 1-12.
- Murshid, N.S., & Ball, A. (2018, July). Examining women's physical mobility and microfinance participation in Bangladesh: Results from a nationally representative sample. In *Women's Studies International Forum*, 69, 33-39, Pergamon.
- Murshid, N.S., & Critelli, F.M. (2020). Empowerment and intimate partner violence in Pakistan: Results from a nationally representative survey. *Journal of interpersonal violence*, 35(3-4), 854-875.
- Murshid, N.S., Akincigil, A., & Zippay, A. (2016). Microfinance participation and domestic violence in Bangladesh: results from a nationally representative survey. *Journal of interpersonal violence*, 31(9), 1579-1596.
- Naved, R., Rahman, T., Willan, S., Jewkes, R., & Gibbs, A. (2018). Female garment workers' experiences of violence in their homes and workplaces in Bangladesh: A qualitative study. *Social Science & Medicine*, 196, 150-157.
- Pal, D., & Dutta, O. (2015). Microcredit and empowerment of urban women: A study from eastern India. *Strategic Change*, 24(2), 149-163.
- Qamruzzaman, M., & Jianguo, W. (2016). Analysis of financial distress on Micro Finance Institutions (MFIs) In Bangladesh: A case study of grameen bank. *Commonwealth Journal of Commerce & Management Research*, 3(12), 1-15.
- Rahman, M.M., Khanam, R., & Nghiem, S. (2017). The effects of microfinance on women's empowerment: New evidence from Bangladesh. *International Journal of Social Economics*.
- Weerasinghe, I.M.S., & Dedunu, H.H. (2017). Impact of micro finance on living standard with reference to microfinance holders in Kurunegala District. *International Journal of Business Marketing and management (IJBMM)*, 2, 16-23.