

MICROFINANCE AND INCLUSION OF THE POOR

BANGLADESH EVIDENCE

Mohshin Habib^a, Christine Jubb^b

^aSwinburne University of Technology, Faculty of Higher Education, Lilydale, Victoria, Australia.

^bAustralian National University, Australia.

^aCorresponding author: mhabib@swin.edu.au

© Ontario International Development Agency. ISSN 1923-6654 (print),
ISSN 1923-6662 (online). Available at <http://www.ssm.com/link/OIDA-Intl-Journal-Sustainable-Dev.html>

Abstract: This paper investigates in a Bangladeshi setting whether membership of a microfinance program reduces perceptions of social exclusion as well as impacting on poverty reduction. Using a control group that has no microfinance institution membership, it compares the responses of both members and non-members on questions relating to socio-political participation and social inclusion. The evidence is consistent with membership giving rise to reduced feelings of social exclusion compared to the control group without membership.

Keywords: Economic development, empowerment of women, gender, microfinance, poverty alleviation, social exclusion

I. INTRODUCTION

Poverty, in its most basic form can be defined as a deprivation of well-being and it has been the concern of good policy-makers, and more recently of many non-governmental organizations (NGOs). Yet, poverty is not a problem that has eased with time. In the year 2005, there were 1.4 billion people earning only US\$ 1.25 a day [27]. Despite the longstanding presence of poverty throughout the nations of the world, it was not until the 1970s that issues associated with poverty came to the forefront of debate and policy formulation in the area of development economics [44].

Yet the ramifications of poverty reach far more widely than the problems associated with a lack of income. Individuals living in poverty “are particularly vulnerable to adverse events outside their control” [78] and often lack social rights and social bonds, and are excluded from society overall. Both poverty and social exclusion are major impediments for development to any individual and to society. These concepts are also the focus of researchers, development practitioners, politicians and donor agencies around the world. Together, these concepts constitute a key issue that government and civil society have been trying to

address in every region in the world and, more importantly, in the developing countries.

There are many development initiatives that are working towards addressing economic issues and some initiatives facilitate essential services (e.g. health, education etc.) for the poor, but most NGO-provided microfinance programs have a dual role of financial and social advocacy and thus aim to address both poverty and social exclusion. This study’s aim is to investigate whether these aims are achieved in the case of a specific microfinance program.

The purpose of this paper is to, within a developing economy context, gather data and test for evidence of an association between membership of a microfinance program and social inclusion/exclusion. Data is gathered from interviews with members of a microfinance program in Bangladesh and analyzed using a non-MFI membership control group as a comparison. The findings provide evidence that activities engaged in as part of microfinance institution (MFI) membership can enable members to fight social exclusion.

The contribution of this study is to provide an evidence base that supports the potential for MFIs to act as change agents in both social and economic senses. In the developing world, millions of people are involved in microfinance programs. It is no doubt important for reasons of public policy and for the management of the involved NGOs to know whether their efforts are effective in fighting poverty. However, it is important also to be informed about other potential impacts arising from MFI involvement. Using MFI involvement to enhance social inclusion—a state where poor are able to be free from socio-economic restraint, participate in the socio-political process and enjoy a quality life, thus achieving a higher state of human development—is a tool that potentially may be just as important as poverty reduction.

The next section discusses the prior literature relevant to poverty and social exclusion and the nexus

between the two. This is followed by an explanation of the research method and sample used in this study. Results and conclusions, limitations and future research ideas follow that.

II. POVERTY AND SOCIAL EXCLUSION

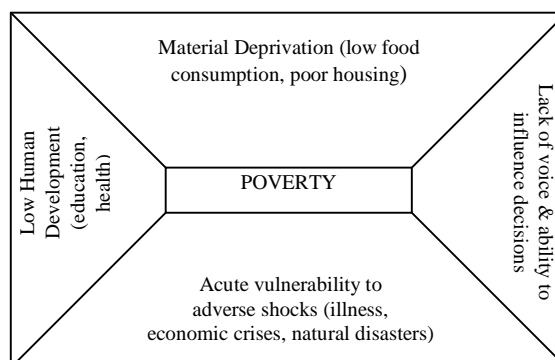
The issue of poverty has been evident and discussed in society for centuries. Indeed, Aristotelian Philosophy spoke of an insolvent life as being one without the freedom to choose how to be and what to do [45]. Similarly, the classical economist Adam Smith regarded poverty as the lack of ‘necessities’, where “necessaries” are those things that enable one to live a non-impovertised life [59]. In its most basic form, poverty can be defined as the inability to attain a minimal standard of living in terms of basic consumption needs or the minimum income to satisfy basic needs [64]. In broad terms, poverty can be said to result from distributional issues including unemployment, lack of income, lack of fulfillment of basic needs, landlessness and unavailability of credit.

The choice of norms is important in measuring poverty in terms of consumption. Under this dimension, poverty can be seen as not having the means for the necessary expenditure to enable purchase of a minimum standard of, for example, nutrition. This amount varies from country to country and between economies. This notion reinforces the dynamic concept of poverty as the poverty line shifts with changes in the overall condition of the economy [41], [58]. However, poverty has an absolute face when it refers to a situation in which family consumption fails to maintain the minimum dietary standards [2], [41]. In this regard Sen [3] argued: “There is... an irreducible absolutist core in the idea of poverty. If there is starvation and hunger then, no matter what the relative picture looks like (sic) there clearly is poverty.” Much of the debate on absolute versus relative poverty resolves around semantic definitions. Sen [56] argued that: “the characteristic feature of absoluteness is neither constancy over time nor invariance between societies or concentration on food and institution. It is an approach to judging a person’s deprivation in absolute terms (in the case of a poverty study, in terms of certain specific minimum absolute levels), rather than in purely relative terms vis à vis the levels enjoyed by others in society.”

Chambers [11] defined poverty by mixing two broad categories namely, ‘physical ecology’ and ‘political economy’. The first category, ‘physical ecology’, explains poverty as the causes of physical and biological factors and the second category, ‘political economy’, refers to the social processes and the inter-relationships leading to poverty.

However, for the poor, poverty is more than this. As, the Human Development Report [28] states: “poverty can involve not only the lack of the necessities of material well being, but also denial of opportunities for living a tolerable life. Life can be prematurely shortened. It can be made difficult, painful or hazardous. It can be deprived of knowledge and communication. It can be robbed of dignity, confidence and self-respect as well as the respect of others.” Thus, poverty is multidimensional. As Clements [37] argues: “Poverty is understood as a multidimensional concept involving identifiable minimum standard of nutrition, clothing, shelter, health care (including safe water) education and political liberty”. Moreover; poverty restricts one’s ability to participate in society. Alcock [54] argues that for a clear understanding of poverty, the task is to understand how these different visions and perception overlap, how they interrelate and the implications of different approaches and definitions. Thus, poverty needs to be seen as a composite concept, embracing the range of meanings.

FIGURE I:
MULTIDIMENSIONAL NATURE OF POVERTY [16]



This multidimensional nature of poverty is depicted in Figure 1 drawn from Geronja [55]. This figure outlines four key aspects of poverty; namely, material deprivation, low human development, acute vulnerability to adverse shocks, and lack of voice and ability [33]. Thus, in a broader sense, poverty refers to various kinds of deprivation, namely economic, social and psychological, occurring among people lacking sufficient ownership, control or access to resources to maintain a minimum level of living [51]. In summary, poverty can be identified as a deprivation of well being.

The notion of deprivation is broader than the concept of poverty and is undoubtedly multidimensional [78], [33]. Brown and Madge [65] provide insight in the following: “Deprivations are loosely regarded as unsatisfactory and undesirable circumstances, whether material, emotional, physical or behavioral, as recognized by a fair degree of societal consensus. Depriva-

tions involve a lack of something generally held to be desirable—an adequate income, good health, etc.—a lack which is associated to a greater or looser extent with some degree of suffering” [65].

Thus, it is obvious that deprivation has many forms, but in common is that all these forms of deprivation restrict what Amartya Sen calls “the capabilities that a person has, that is, the substantive freedom he or she enjoys to lead the kind of life he or she values” [61]. This capability perspective further explains the notion of deprivation which Adam Smith [78] depicts as “unable to appear in public without shame” and which is directly related to the concept of social exclusion, a notion at the core of this research and which is tested (with results presented in chapter seven) in terms of its relationship with poverty.

Smith pointed out that inability to participate in social interactions is a key form of deprivation as “being excluded from social relations can lead to other deprivations as well, thereby further limiting our living opportunities. For example, being excluded from the opportunity to be employed or to receive credit may lead to economic impoverishment that may, in turn, lead to other deprivations (such as under-nourish (sic) or homelessness)” [59]. Thus, it is argued here that social exclusion is a part of capability deprivation and instrumentally, a cause of diverse capability failures [77]. All these forms of deprivation and capability failures that cause social exclusion hinder the potential for socio-economic development of individuals. The next section further discusses the theoretical paradigms of poverty and social exclusion.

III. THEORETICAL PARADIGMS OF POVERTY AND SOCIAL EXCLUSION

Social exclusion refers to problems associated with poverty; however, it goes beyond the concept of poverty when it incorporates reference to social networks. People are excluded if they are not adequately integrated into society. Thus, the experience of exclusion is much deeper than that of poverty [66]. Social exclusion affects individuals, groups of people and geographic areas. It can be seen not only in the level of income but also in matters such as education, health, housing, and access to services such as credit etc [88]. The essence of the difference between exclusion compared with poverty can be depicted by the following quote: “If one defines exclusion as a process which blocks all social, community or societal change, one would say that some poor people are not included, as one will find populations who have an income who could feel or be considered socially excluded” [66].

The concept of social exclusion is, in some cases, used as a substitute for the concept of poverty. This is so because poverty is considered as a narrow concept dealing with problems that are directly related to economic resources, whereas exclusion deals with a broad range of issues dealing with individuals’ integration in society. Moreover, it is also argued that poverty is a static phenomenon while social exclusion represents a dynamic perspective focusing on the processes that lead to a situation of exclusion and, for that matter, poverty [7]. Therefore, the socially excluded are the poorest among the poor and the worst off [6].

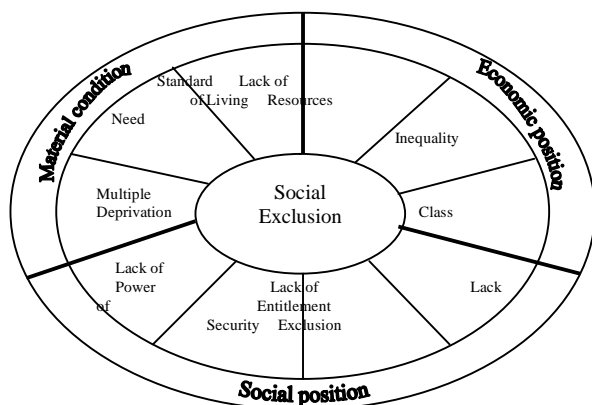
Social exclusion can be defined also in terms of the failure of one or several social systems. Commins [74] identifies the failure of four different social systems as being related to social exclusion. These social systems consist of first, “civic integration” which is the integration among democratic and legal systems, which includes providing citizens with equal rights in the democratic process. Second is “economic integration”, which provides individuals (i.e. labour markets) with command over resources. Third is “social integration”, which provides citizens access to welfare systems. Last is “interpersonal integration”, which provides substantial access to social contacts for the family and the community system as a whole. For that reason, Walker [69] describes social exclusion as the platform on which poverty begins its journey.

Figure 2 depicts a range of relevant factors that Gordon and Spicker [7] use to categorize into three types of issues (material condition, economic position and social position) that constitute social exclusion. There are three factors under each category that encapsulate material condition (i.e. standard of living, need and multiple deprivations) and economic position (i.e. lack of resources, inequality and class). Additionally, there are four factors (i.e. lack of entitlement, lack of security, exclusion, lack of power) that constitute social position. These factors together create the wide spectrum of socio-economic issues that describe social exclusion.

Due to the diverse sources and categories of factors that constitute poverty and social exclusion, the theoretical paradigm behind these two concepts, is also quite different [83]. Poverty derives from distributional issues such as a lack of resources, as previously outlined, and social exclusion, on the other hand, denotes relational issues such as inadequate social participation or ‘lack of social integration and lack of power [73], [83]. Individuals who are socially excluded are denied their social rights and their social and occupational participation is undermined [73], [62]. In the same context, Walker [69] captures social exclusion as a “state of detachment from... a moral

order (that) can be brought about by many factors, including limited income.”

FIGURE II:
POVERTY AND SOCIAL EXCLUSION



For the last three decades, several types of exclusionary issues have been integrated in the development literature, such as the role of landlessness and unavailability of credit [59], [81], exclusion of women from paid labour and economic activities, [1], [29] and the lack of fulfillment of basic needs for the substantial section of the population [23], [86]. These various forms of inequalities between individuals may impact subsequently upon social exclusion through unemployment, family crises, lower motivation and political activity [49].

Like poverty, social exclusion has to be assessed by considering a multitude of measurable variables since it too is multi-dimensional in nature. Hence the discussion that follows looks at the various dimensions of social exclusion based on the relevant literature.

A. Food market and poverty

Individuals' inability to maintain basic food supply due to poverty is the most critical dimension of social exclusion. Sen [64] describes this type of social exclusion as involuntary starvation. There are a variety of reasons that lead individuals to hunger and starvation, such as crop failure, unemployment, loss of purchasing power and exclusion from subsidy arrangements.

B. Labour market exclusion

The lack of freedom to participate in the labour market is one of the major forms of exclusion. Today, the struggle for free labour continues, often buoyed by the triumphs of the American civil war [33]. Without a doubt, criteria of basic social living are capacitated individuals and participation in the labour market [16], [20].

C. Credit market exclusion

The lack of access to the credit market is another form of exclusion that can lead to other deprivations such as income poverty or inequality of opportunity in making an initial investment [5].

D. Exclusion from human rights

Human rights or social rights encompass a much broader perspective than material goods and services. Socially excluded people do not have appropriate access to social and human rights. These include access to the legal system, cultural system, and health care system [83]. For example, the exclusion of large segments of the population from public health services has created extensive problems in Asia [30]. Likewise, exclusion from employment opportunities, basic education and land ownership for women also creates problems [5], [61].

There are many development initiatives that are now working towards addressing economic issues and some initiatives facilitate essential services (e.g. health, education etc.) for the poor, but most NGO-provided microfinance programs have a dual role of financial and social advocacy and thus aim to address both poverty and social exclusion. This study's aim is to investigate whether these aims are achieved in the case of a specific microfinance program. The next section provides information in relation to the role of microfinance in addressing poverty and social exclusion and thus assisting microfinance program members to improve their socio-economic status.

IV. MICROFINANCE'S ROLE IN ADDRESSING POVERTY AND SOCIAL EXCLUSION

In recent years, numerous studies suggest the positive impact of microfinance on clients with regard to material well-being, reduction in exposure to seasonal vulnerability, contributions to consumption-smoothing and a better ability to deal with crises [77]. However, none of these previous studies examine the relationship between poverty and social exclusion and the impact of microfinance in moderating these deprivations and thus improving the socio-economic status of program members. This current research intends to examine evidence of the impact of a microfinance program in mitigating the link between poverty and social exclusion (and also, as discussed in section 5.0, the link with human development). It puts forward a theoretical model in chapter three that attempts to explain the relationship between these concepts and microfinance provision and in chapter seven presents the evidence developed from interviews with the members of a microfinance program in Bangladesh (ASA).

Microfinance has become an ‘inducer’ in many community development activities, and an ingredient in many larger programs, such as education and training, employment generation, empowerment of women, social responsiveness and political awareness [14], [68]. It also promotes the growth of local enterprises and women entrepreneurs [8], [50], [85]. Theoretically, these successes rely heavily on the conception that borrowers can make use of their social capital to overcome many of the problems associated with asymmetric information in credit markets, such as

adverse selection, moral hazard, collateral and contract enforcement, etc. [13]. Hossain’s [82] study in Bangladesh reveals the importance of various factors behind the improvement in economic condition and thus improvement in material condition and poverty alleviation among microfinance borrowers, as reproduced in table 1. The table shows that about 60% of borrowers believe capital gained from a microfinance program primarily assisted them to achieve a better socio-economic condition.

TABLE I:
REASONS BEHIND IMPROVEMENT IN ECONOMIC CONDITION BY THE BORROWERS

Reasons	Primary reason (%)			Primary & secondary reason* (%)		
	Male	Female	Total	Male	Female	Total
Free from the clutches of the money lenders	12.4	5.3	8.6	33.3	13.5	22.9
Accumulation of capital	67.7	52.6	59.8	88.4	79.2	83.6
Additional employment in productive work	8.7	31.3	20.5	28.0	65.6	47.7
Increase in wage rate	1.0	1.4	1.2	7.8	11.4	9.7
More involvement in poultry raising	0	0.5	0.2	13.9	19.7	16.9
More involvement in vegetable and fruit growing	0.5	0.2	0.4	52.0	38.2	44.8
More investment in agriculture	2.8	1.4	2.0	27.3	14.2	20.4
Other	7.1	7.3	7.2	19.4	24.5	22.1
Total	100.0	100.0	100.0	270.0	266.0	268.0

Source: [54]

Note: The respondents were asked to report three factors behind the improvement in their condition in order of importance. This column shows the distribution of all responses. The figure and the row total show that the respondents reported, on average 2.68 reasons.

Microfinance programs are not only concerned with poverty alleviation—they are also concerned with impact on self-employment activities and income generation. For example, women have been the main participants in most of the microfinance programs worldwide because of their pivotal role in the family and community and because of their disadvantaged status, both socially and economically [68]. As a consequence, microfinance programs are generally augmented by social development programs in maternal health, nutrition and childcare. Additionally, feminists and gender specialists argue that microfinance programs can significantly improve women’s decision-making power in the family in matters such as expenditure on education and wellbeing of children [14], [79], [85]. Several other studies argue that participation in microfinance programs enhances women’s participation in socio-political issues and further empowers them [34], [52], [70], [80]. Chapter five provides a detailed discussion on the concept of women’s empowerment and the role microfinance programs can play in empowering women.

Grameen Bank’s (the pioneer in introducing microfinance programs in Bangladesh) experiments and its success have led to wider acceptability of the notion that access to credit by the poor through an institution can bring about change in the socio-economic situation of the poor [34], [90]. Table 2, reproduced from

Hossain’s [82] evidence, shows that membership in a microfinance program has a positive impact on borrowers’ perceptions of their income status.

TABLE II:
BORROWER’S PERCEPTION ABOUT THE CHANGE IN THEIR ECONOMIC CONDITIONS

Change in Economic Conditions	Borrowers % (N=975)
Improved	91.2
Remained the same	5.7
Deteriorated	1.9
No Response	1.2
Total	100.00

In rural Bangladesh, if a shop-keeper does not want to sell goods to someone on credit, then that someone is thought to be an individual of low status or strength. In one of the interviews conducted by Rahman [9] in Bangladesh, the following response from a Grameen Bank (GB) member was received: “I was starving. No one bothered to give me a handful of rice. I went to so many shop-keepers. They would not trust me. They would not give me a seer of rice on credit. Now that I have joined GB and I am doing fine in terms of income earnings, everybody cares for me. If I want a mound of rice, those very shop-keepers will possible send it to my house without asking for a penny. What a change”. Rahman’s study [9] further revealed that Grameen Bank clients strongly feel that they are now

counted as 'human beings'. Table 3, reproduced from Rahman [9] also encapsulates that 90% of the clients feel that Grameen Bank has given status to them.

TABLE III:
ENHANCEMENT OF STATUS OF GRAMEEN BANK MEMBERS

Study Area	Sample size	Number of respondents telling that their status has gone up in the eyes of others	Number of respondents telling that shopkeepers do not hesitate to sell goods to them on credit
Rangpur	60 (100.0)	59 (98.3)	59 (96.7)
Tangail	60 (100.0)	49 (81.7)	52 (86.7)
Dhaka	30 (100.0)	29 (96.7)	26 (86.7)
All Areas	150 (100.0)	137 (91.3)	136 (90.7)

Source: [62]

Note: Figures in Parentheses are percentages of the row total.

Thus, there is evidence that participation in microfinance programs enables program members to receive more than economic benefits and to an extent helps them to be socially included. In his study, Rahman [9] looked into the rural power structure in Bangladesh

and showed how Grameen membership played a major role in empowering the rural poor and helping them achieve social status and recognition.

V. PROGRESS RESEARCH ON MICROFINANCE

Table 4, adapted and extended from Sharma and Buchenrieder [75], provides an extensive summary of the literature that examines the impact of microfinance programs from 1989 to 2009, and documents studies that have tested the impact of microfinance programs on various types of socio-economic welfare relevant to borrowers' lives [75]. The table classifies socio-economic welfare into four types of capital; human (e.g. education), physical (e.g. ownership of assets), social (e.g. women's empowerment) and income. This table shows that most studies focus on poverty as measured by income alone [28], with only a few studies examining concurrently two aspects of socio-economic welfare [45], [78]. Given the above discussion, the hypothesis tested in this study is as follows: Individuals involved in a microfinance program demonstrate more involvement in various social activities than those not involved, which assists in the reduction of feelings of social exclusion.

TABLE IV:
RESEARCH APPROACH IN MICROFINANCE STUDIES

Authors	Methodology					
	Types of Capital	Analysis Approach	Data gathering procedure & Sample size	Analysis techniques used	Comparison with control group	Longitudinal
Alamgir [66]	Income	Quantitative	Survey, random selection of (N=1195)	Univariate analysis (e.g. Percentages)	Yes	No
Berger [70]	Social and Income	Qualitative	Literature review	Descriptive	No	No
Chowdhury, Ghosh & Wright [87]	Physical	Quantitative	Interview (N=954)	Logit regression	No	Yes
Habib, Hartel & As-saber [58]	Physical and income	Quantitative	Survey (N=300)	Univariate analysis (e.g. percentage)	No	No
Hashemi, Schuler and Riley (1996)	Social	Quantitative	Quasi-experimental survey (N=1300)	Logistic regression	Yes	No
Hietalahti & Linden [67]	Income	Qualitative	Semi-structured interview, Case study (N=21)	Univariate analysis	Yes	No
Johnson [71]	Social and Income	Quantitative Qualitative	Survey (N=348)	Descriptives, t-test	Yes	Yes
Kim et. Al [90]	Social	Qualitative	Survey (N=860)	Univariate analysis (e.g. Percentages)	Yes	Yes
Fafchamps & Lund [91]	Social	Quantitative	Survey (N=206)	Regression analysis	No	No
Mohindra and Haddad (2005)	Human	Qualitative	Literature review	Descriptive	No	No
Morduch (1998)	Social	Quantitative	Panel Data	Regression Analysis	No	No
Pitt and Khandker (1998)	Social	Quantitative	Quasi-experimental Survey (N=1798)	Regression Analysis	Yes	Yes
Zeller, Diagne and Mataya (1998)	Physical and income	Quantitative	Survey (N=401)	Two-stage Probit regression	No	No

Human Capital = Investments in Human Capital in the short run can be the securing of food consumption standards: In the long run investment in education can be referred to as "Human Capital Investment.

Physical Capital = Physical capital includes land, assets, productive (including animal stock) and consumption goods.

Social Capital = Social capital comprises the development of the community, its local organizations, risk sharing capacity and female empowerment.

Source: adapted and extended from [65]

This study examines the issues from a wider perspective than most previous studies. It includes investigation of feelings and indicators of social exclusion, rather than focusing only on the more frequently investigated income and capital-related poverty aspects. Table 4 shows also that qualitative survey and interview techniques are used as the main data gathering instrument in the prior studies, with a few studies using case studies. Generally, the populations examined do not have good literacy skills and so what published papers describe as surveys, on closer reading generally involve also at least some interviews. The next section discusses the research design and data gathering procedures used in this study.

VI. RESEARCH DESIGN AND SAMPLE SELECTION

The study is longitudinal in nature in that it gathers data from MFI members who had been in the program for at least two durations; 4 years and 8 years. The third group of respondents consists of the control group¹ none of whom are members of any microfinance program. Two structured interview guides for MFI members and non-members respectively are divided into two parts; 1) personal profile and 2) socio-political participation and social rights². Sample questions socio-political participation and social rights include: "Have you voted in the last national election?", "Why did you vote for the candidate?", "Are you a member of any political parties?", "Why do you support any given political party?" etc. In the question set for the MFI members there are specific items requesting answers that provide data for two different time segments, firstly for members present status and secondly for their past or status before they become a member of the MFI. The interview guides were translated into Bengali to ensure better understanding of the interview questionnaires both by the interviewees and interviewers. These interviews were conducted in December 2005 by the first-named author and two other trained research assistants.

Bangladesh is chosen as the country or the geographical area for this research due to the success of microfinance in that country in improving the socio-economic status of the vast majority of poor people [45], [64]. For the purpose of this study, the top 50 MFIs were selected according to the Credit and Development Forum (CDF) [15] ranking. This ranking is undertaken on the basis of MFIs' performance on sev-

eral operational aspects; namely number of active members, net savings by the borrowers, cumulative disbursement, outstanding borrower, Revolving Loan Funds (RLF³) etc. Communication occurred officially with the top 10 MFIs with an outline provided to them of the intended research. After a series of communications with the potential respondent MFIs, successful negotiation was made with the Association for Social Advancement (ASA). In the process of selecting the specific locations for interviews with ASA members, a random sampling technique was used and three districts (Gaibandha, Gazipur and Kurigram) out of 64 districts were selected. All of the names of prospective participants provided were for female members, since members of ASA are primarily women (99.99%) [19].

In the first stage, a sample from the three chosen districts according to two categories; namely those with 4 year MFI membership and those with 8 year MFI membership was required. Once the 4 year and 8 year members had been identified by ASA, a random sampling technique was used to select 33 MFI members from each group (Groups 1 & 2). In this way, a total of 198 MFI members were selected for the interview process from the three districts (i.e. 3 districts x 2 groups x 33 MFI members). It was also agreed with the participating MFI that if a selected member did not wish to participate, details for a replacement MFI member would be provided.

In the second stage, the first-named author randomly approached one individual from households in the local community, explained the project and then asked if she was willing to participate in the research and accept to be interviewed. Then, the potential participants were asked whether they had ever been a member of any MFI. People who had never been involved in any microfinance program were selected and interviewed as the control group (Group 3) until 99 such people had agreed to participate. Thus, 99 respondents from each of the three chosen districts (Groups 1, 2 & 3) participated to give a total of 297 respondents.

VII. MICROFINANCE ADDRESSING SOCIAL EXCLUSION: BANGLADESH EVIDENCE

This section presents data relevant to a social exclusion context and represents an analysis that can be used to assess the respondents' state of social exclusion. One indicator of social exclusion is the extent to

¹ A second approach is the control group method which has been widely used. This requires a before and after comparison of a population that received a specific treatment (i.e., a microfinance program) and an identical population (or as near as possible) that did not receive the treatment Hulme (2000)

² This is part of a wider study which included also questions about economic profile and human development.

³ Credit operations are carried out through a RLF. Loans realized, are created to and from a part of the RLF for extending future credit. This process of lending, recovery and further lending ensures that the credit facilities are eventually available to all clients or group members. RLF comes from internal and external sources.

which individuals take part in political life. Membership in microfinance programs appears to have an impact on respondents' participation in socio-political activities. Table 5 reveals that 98% of MFI members voted in the last national election compared to 81% of the control group participants. This difference is significant ($\chi^2 = 30.068$, $p < .01$). However, there is no significant difference ($\chi^2 = 0.338$, $p > .05$) between the membership duration of MFI members and their voting practice.

TABLE V:
VOTING PRACTICE

Voted at last election	Non-MFI Members (Control Group) (N= 99)	MFI Members		
		4 & 8 Years (N= 198)	4 Years (N=99)	8 Years (N=99)
Yes	81% (n=80)	98% (n=195)	98% (n=97)	99% (n=98)
No	19% (n=19)	2% (n=3)	2% (n=2)	1% (n=1)
Pearson χ^2 p-value	30.068 0.000		0.338 0.561	

Interviewees were asked also to indicate factors that most influenced their voting decisions from a list. Table 6 reveals the 10 most frequent issues that were put to participants as a potential influence on respondents' voting decisions. More than double (63%) the MFI members exercised their own personal preference in making voting decisions compared to respondents from the control group (30%). This difference is significant ($\chi^2 = 38.896$, $p < .01$). Of the MFI members, for 46% voting decisions were influenced by the perception that the 'candidate will bring economic prosperity' compared to only 19% of the control group members and this difference is also significant ($\chi^2 = 27.293$, $p < .01$). Moreover, 25% of the MFI members responded that they had a party affiliation or were involved or participating in a political party compared to only 13% of the control group respondents, which again is a significant difference ($\chi^2 = 8.894$, $p < .01$).

TABLE VI:
INFLUENCE ON RESPONDENTS' VOTING DECISIONS

Influence on Voting Decision	Non-MFI Member Control Group (N=99)	MFI members		
		4 & 8 Years (N=198)	4 Years (N=99)	8 Years (N=99)
Personal preference	30% (n=24)	63% (n=124)	60% (N=59)	66% (N=65)
Pearson χ^2 p-value	38.896 0.000		0.777 0.378	
Perceive candidate will bring economic prosperity	19% (n=15)	46% (n=91)	45% (n=45)	46% (n=46)
Pearson χ^2 p-value	27.293 0.000		0.020 0.887	
The leader is from locality	6% (n=5)	17% (n=34)	21% (n=21)	13% (n=13)
Pearson χ^2 p-value	8.501 0.004		2.237 0.132	
Party affiliation	13% (n=10)	25% (n=49)	27% (n=27)	22% (n=22)
Pearson χ^2 p-value	8.894 0.003		0.678 0.410	
Pressure from local leader	47% (n=37)	13% (n=25)	15% (n=15)	10% (n=10)
Pearson χ^2 p-value	24.471 0.000		1.145 0.285	

Multiple responses: Percentages and totals are based on numbers responding

More importantly, this table reports that almost half (47%) of the respondents from the control group felt vulnerable to pressure from the local leaders, which influenced their voting decisions compared to 13% of MFI members living in the same community. This difference is also significant ($\chi^2 = 24.471$, $p < .01$). To the contrary, no significant difference is found for NGO influence on voting decisions. For all categories of suggested potential influence on the voting deci-

sion, no significant difference is found based on membership duration among the MFI members. From these results, it could be said that MFI members are more informed and involved in the socio-political process than control group members.

Participating in various socio-cultural and political activities and membership of these organizations assists individuals to be socially included. MFI mem-

bers are found to be more involved in such activities than control group members, as presented in Table 7. This table shows the percentage of respondents who support political parties. It reveals that 68% of the MFI members actively support their desired political party compared to 46% of the respondents from the control group. It can be thus argued that the MFI members are more involved in the political process than the control group, with this difference found to be significant ($\text{Chi}^2 = 13.078$, $p < .01$). In consequence, it could be said that MFI members are more integrated and participative in social-political activities and thus are more socially included than the control group. Interestingly, there is evidence from the analysis of a decline in supporting a political party in the 8 year group and this decline is significantly different ($\text{Chi}^2 = 10.267$, $p < .01$) from the 4 year' group.

TABLE VII:
RESPONDENTS SUPPORTING A POLITICAL PARTY

Support political party	Non-MFI Member Control Group (N=99)	MFI Member		
		4 & 8 year (N=198)	4 Years (N=99)	8 Years (N=99)
Yes	46% (n=46)	68% (n=135)	79% (n=78)	58% (n=57)
No	54% (n=53)	32% (n=63)	21% (n=21)	42% (n=42)
Pearson Chi^2	13.078	10.267		
p-value	0.000	0.001		

There are various reasons that could influence or motivate individuals to be involved in participating in or supporting a political party. Table 8 reveals some of these reasons that respondents indicate, from a list provided to them, for their support of a political party.

Table 8 provides further support for the finding that MFI membership is associated with positive impact on the socio-political life of members. Two reasons

(power/recognition and social status) are reported as providing the most influence on MFI members in supporting a political party. The table shows that 33% and 41% of the MFI members support a political party for power/recognition and social status reasons respectively. This needs to be compared with 9% and 24% respectively for the control group. A chi square test of the difference is significant for power/recognition ($\text{Chi}^2 = 16.729$, $p < .01$) and social status ($\text{Chi}^2 = 10.607$, $p < .01$). In terms of NGO's role in social advocacy in Bangladesh, the results support NGOs' role in fighting fundamentalism as only 5% of MFI members are influenced by religious reasons to support their political party compared to 17% of the control group members, although, this is not found to be significantly different statistically ($\text{Chi}^2 = 2.844$, $p > .05$).

On the other hand, pressure from local leaders (43%) and extra source of earnings (39%) are the major reasons found to influence the control group respondents to support a political party compared to 17% and 12% respectively amongst MFI members. Again, these differences are significantly different ($\text{Chi}^2 = 3.926$, $p < .05$ and $\text{Chi}^2 = 6.643$, $p < .05$ respectively). Thus, it could be said that the reasons indicated by MFI members as influencing their support for a political party are more the personally motivating factors that to some extent bring about enhancement in their social status and the feeling of becoming someone in society, compared to reasons cited by the control group members. Control group respondents are shown to be more vulnerable to pressure from local political leaders and less able to exercise their social rights independently. Moreover, due to poverty and other reasons, these people are more at risk of being exploited by local political leaders and less able to think rationally, or else they are willing to take the chance to make some quick cash and get financial benefits for their support of a political party.

TABLE VIII:
REASONS INFLUENCING SUPPORT FOR A POLITICAL PARTY

Reason Influenced to Support a Political Party	Non-MFI Members Control Group (N=46)	MFI Members		
		4 & 8 years (N=135)	4 Years (N=78)	8 Years (N=57)
Social Status	24% (n=11)	41% (n=55)	38% (n=30)	44% (n=25)
Pearson Chi-sq.	10.607		0.629	
p-value	0.001		0.428	
Pressure from Local Leader	43% (n=20)	17% (n=23)	19% (n=15)	14% (n=8)
Pearson Chi-sq.	3.926		2.410	
p-value	0.047		0.121	
Religious Reason	17% (n=8)	5% (n=7)	5% (n=4)	5% (n=3)
Pearson Chi-sq.	2.844		0.148	
p-value	0.092		0.700	
Extra Source of Earnings	39% (n=18)	12% (n=16)	12% (n=9)	12% (n=7)
Pearson Chi-sq.	6.643		0.272	
p-value	0.010		0.602	

Multiple responses. Percentages and totals are based on respondents.

The interviews in this study included questions in relation to general crimes taking place in rural Bangladesh. Table 9 lists the type of crimes that the respondents to this study had been victims of in the last three years. This table shows that there were 71 respondents (24%) who were victims of crime out of the 297 respondents in the sample for this study. More MFI members were victims of theft (44%) and hold-ups (11%) than was the case for control group respondents (8% and 3% respectively). This difference in having been a victim of theft ($\text{Chi}^2 = 22.205$, $p < .01$) or a hold-up victim ($\text{Chi}^2 = 15.524$, $p < .01$) is significant and in an unfavourable direction for MFI member participants. In all categories of crimes that the MFI members became victims of, no significant difference is found in terms of their membership duration.

MFI members' financial position could be the reason for being more frequent victims of theft and hold-ups. On the other hand the weak representation of control group respondents in participating in various socio-political activities and the poor economic status of the control group could be the reason for the higher incidence of being victims of eviction. Of the 71 respondents who had been victims of crime, 10% of the control group had suffered illegal eviction compared to 3% of the MFI members. This difference is significant ($\text{Chi}^2 = 21.374$, $p < .01$).

TABLE IX:
RESPONDENTS AS VICTIMS OF CRIME IN LAST THREE YEARS

Victim in last three years?	Non-MFI Members Control Group (N=22)	MFI Members			Total 100% (N=71)
		4 & 8 years 69% (N=49)	4 Years (N=19)	8 Years (N=30)	
Theft	8% (n=6)	44% (n=31)	17% (n=12)	27% (n=19)	52% (n=37)
Pearson Chi ²	22.205		2.260		
p-value	0.000		0.323		
Hold-up	3% (n=2)	11% (n=8)	3% (n=2)	8% (n=6)	14% (n=10)
Pearson Chi ²	15.524		2.615		
p-value	0.000		0.270		
Illegal eviction	10% (n=7)	3% (n=2)	0	3% (n=2)	13% (n=9)
Pearson Chi ²	21.374		2.639		
p-value	0.000		0.267		

Table 10 presents responses to questions pertaining to the core issue of this study: social exclusion. Analysis of Table 10 reveals that a greater number of MFI members (41%) do not feel socially excluded compared with the respondents from the control group (7%). A Chi square test finds this difference to be significant ($\text{Chi}^2 = 37.093$, $p < .01$). This Table not only reveals the number of respondents who feel socially excluded but also reveals how often they feel socially excluded. The Table reveals that 46% of the respondents from the control group responded that they "always" felt socially excluded compared to only 12% of the MFI members and this difference is also significant ($\text{Chi}^2 = 43.214$, $p < .01$). Moreover, respondents from the control group recorded that 40% "often" feel socially excluded compared to 30% of the MFI members, also significantly different ($\text{Chi}^2 =$

3.015, $p < .05$). In the next category, 6% of the control group “seldom” felt socially excluded compared to 11% of the MFI members. Statistical analysis did not find any significant difference here. The totals show that 93% of respondents from the control group reported feeling socially excluded at seldom or more frequent levels compared to 59% of MFI members.

Thus, it is evident that MFI membership has a significant relationship with the feeling of social exclusion and that MFI members are found to feel more socially included than the control group respondents. No relationship was found between membership duration and feelings of socially exclusion between the 4 and 8 year members of the MFI.

TABLE X:
FREQUENCY OF FEELINGS OF SOCIAL EXCLUSION

How often felt socially excluded	Non-MFI Members Control Group (N=99)	MFI Members		
		4 & 8 Years (N=198)	4 Years (N=99)	8 Years (N=99)
Never	7% (n=7)	41% (n=82)	38% (n=38)	44% (n=44)
Pearson Chi-sq. p-value	37.093 0.000		0.749 0.387	
Always	46% (n=46)	12% (n=24)	16% (n=16)	8% (n=8)
Pearson Chi-sq. p-value	43.214 0.000		3.034 0.082	
Often	40% (n=40)	30% (n=60)	30% (n=30)	30% (n=30)
Pearson Chi-sq. p-value	3.015 0.032		0.000 1.000	
Seldom	6% (n=6)	11% (n=21)	8% (n=8)	13% (n=13)
Pearson Chi-sq. p-value	1.650 0.199		1.332 0.248	
Very seldom	0	6% (n=11)	7% (n=7)	4% (n=4)
Pearson Chi-sq. p-value	5.712 0.017		0.866 0.352	
Total	93% (N=92)	59% (N=116)	61% (n=61)	55% (n=55)

The results presented in the foregoing tables shows that MFI membership is associated with positive impact on members’ political and perhaps social lives and that those members demonstrate evidence of being more equipped to be socially included rather than socially excluded than the non-members. Perhaps the only negative connotation is that MFI members are subject to theft and hold ups more frequently than the control group members, but even this can be seen as evidence of the poverty-reducing aspects of MFI membership.

VIII. CONCLUSION, LIMITATIONS AND FUTURE RESEARCH

Among all the respondents to this study, MFI members are found to have better social links and better representation in social and political processes than non-MFI members. MFI members are ahead in engaging themselves in supporting a political party of their choice and participating in national elections than the control group members. This participation in voting can be argued to reflect better control over

personal choice and reasoning than the control group respondents who appear largely controlled by the decisions of others and who appear to receive pressure from political leaders to vote for a particular candidate more often. There is also a tendency for non MFI members to be prone to exploitation by political party leaders, not only because of this pressure but also because another large percentage of control group members responded they were involved in supporting a political party due to illegal economic benefits they received from party leaders. These findings also support and coincide with the very high level of control group members’ responses compared to MFI members’ responses that they felt socially excluded compared to the MFI members.

The aspect of social exclusion assumes an important place in the current study and this is also a unique contribution of the current study. No other study has looked into the impact of microfinance programs on social exclusion, but some [33], [43], [66] have looked at aspects (i.e. political independence) that

relate to social exclusion considered under the current study.

Membership duration in the MFI does not have any relationship with involvement in social activities by members and thus does not have any relationship with members' feeling of social exclusion. No other study has looked into this aspect of a relationship between membership duration and feeling socially excluded.

In terms of limitations, there are three potential drawbacks of impact studies like this one. These are namely, (1) possible selection bias, (2) endogeneity of program placement and (3) fungibility of fund [21] [39], [44]. In terms of possible selection bias, individuals participating in microfinance programs have their own personal and family characteristics [44] and these same factors also play a key role in determining program participation. The known and observable characteristics are measured and analyzed by applying various statistical techniques to the data collected, but there will always be some unobservable characteristics that have influence on program participation. Moreover, decisions by individuals to participate or not to participate in microfinance programs is determined by the extent of incentives provided by MFIs, given observable and unobservable characteristics of the family and the individuals, including financial wealth [58]. Hulme [39] mentions five possible sources of selection bias, these are: a) difficulty in finding a location with the same socioeconomic characteristics in both treatment and control groups; b) difference in invisible attributes (entrepreneurial drive and ability) among the treatment and control groups; c) any intervention that may result in a short term positive response from the treatment group (Hawthorne effect) (e.g. influence from the MFI credit officer/officials); d) the control group becoming contaminated by contact with the treatment group; and e) fungibility of the treatment group (e.g. credit is transferred to someone else or misuse of loans).

A number of studies [33], [59], have used a quasi-experimental research design to estimate the effect of microfinance on participants. This study makes use of the control group method⁴ for comparing various aspects of the socioeconomic lives of MFI members with those of non-members and also to identify specific impacts of a microfinance program on members. This approach helps to minimize the effect of selection bias in assessing the impact of microfinance programs. Hulme [39] also argues that careful selection of the control group far away from the treatment

group can tackle the problem of the location (a) problem. But as Bangladesh is a densely populated country and in virtually every district there is a microfinance operation it was not possible to avoid the selection problem (a) entirely and source out control group respondents from a far distance from the MFI members. However, the problem of contamination of the control group (d) can be addressed by an approach such as "client-to-be" [38] a strategy this study adopted as the control group population had never been members of any MFIs.

In terms of endogeneity of program placement, MFIs usually place their programs and branches in accessible areas with better infrastructural development [46]. Thus, the extent of the program impact also depends on program placement, for example: micro enterprises located in areas with sound infrastructure have better chances of survival than enterprises established in rural, inaccessible locations. Although, program placement does not impact at the borrower level [44], this issue could have potential impact on individuals' earnings. However, Khalily [44] suggests that this endogeneity has very little or no impact on those studies identifying socio-economic, political and environmental factors in assessing program impact at the household level.

This study minimizes the endogeneity of program placement in two ways. First, it does not look into the impact on micro-enterprise and second, it focuses only on socio-economic and political factors in assessing the program's impact at the household level.

Overwhelmingly, the evidence presented in this study is consistent with MFIs having undeniably made a substantial contribution to the overall improvement in the social inclusion and poverty situation of respondent MFI members compared to control group members. But, this achievement cannot be credited only to the microfinance program under study or to the earnings from micro-enterprise, as the researcher did not control for macroeconomic conditions or other exogenous variables such as market conditions; environmental conditions etc., and these are likely to affect micro-enterprise performance.

The research uses a control group for comparing various aspects of the socioeconomic lives of the MFI members and also to identify the specific impact of a microfinance program on members. However, each interview procedure took approximately 25 minutes per person to complete and involved recall of complex information about asset holdings, income and expenditure patterns and life style, retrospectively by the respondent and this may have caused respondents to tire. Respondents did not always have good recall capacity and avoidance of providing correct res-

⁴ The control group method has been widely used. This requires a before and after comparison of a population that received a specific treatment (i.e., a microfinance program) and an identical population (or as near as possible) that did not receive the treatment [39].

ponses due to social desirability response or some other reason may also have affected the quality of information collected by the interviewer.

Plentiful opportunities for future research exist. It would be beneficial to undertake further research to investigate the impact of MFI membership on individual's level of social inclusion over time. A larger sample size could be used so that possible spillover effects arising from average neighborhood characteristics could be detected. Further extending the interview questions to gather more specific information regarding social exclusion and respondents' participation in political scenarios could take place. Examination of other MFIs working in Bangladesh and exploring a cross-country comparison of MFIs' impact on poverty, social exclusion and human development and their relationship with cultural differences could occur.

In conclusion, the growing interest of researchers, development practitioners and donor agencies in micro-finance is enabling this industry to flourish in its advancement across continents. But a holistic focus is necessary for MFIs to further establish their role in fighting poverty to include in a broader sense the fight against social exclusion. Countries across the developing and developed world are increasingly supporting microfinance in taking this role in development initiatives. This study represents a response to that role. Its findings further support and rationalize the need for microfinance programs in both the developed and developing world. This is so because the very nature of microfinance is not just to support individual and small enterprise by means of credit, but also to fulfill a most powerful and important role in social advocacy. In fact, it is argued here that successful utilization of this capacity of MFIs could transform a given society.

REFERENCES

- [1] Abrahamson, P. (1996) Social Exclusion in Europe: Old Wine in new Bottles, in *Paper presented at ESF conference*, 26-30 Blarney, Ireland
- [2] ADB. (2000) *Finance for the Poor: Microfinance Development Strategy*, Asian Development Bank, Manila.
- [3] Alamgir, D. (1997) *Achieving Financial Viability By A Large Microfinance Institution(MFI): The Association for Social Advancement (ASA) in Bangladesh* Credit and Development Forum (CDF), Bangladesh, Dhaka.
- [4] Alamgir, D. (2000). Financing the Microcredit Programs of Non-Governmental Organizations (NGOs): A Case Study, *Journal of Developmental Entrepreneurship* 5 (2), 157-168.
- [5] Alcock, P. (1997). *Understanding Poverty*, 2nd ed. Macmillan, London.
- [6] Atkinson, A., Cantillon, B., Marlier, E., & Nolan, B. (2002). *Social indicators: The EU and social inclusion* Oxford University Press, Oxford.
- [7] Badelt, C. (1999). *The role of NPOs in Policies to Combat Social Exclusion*, Social Protection Unit, World Bank, Washington. D.C .
- [8] Bardhan, P. (1984). *Land, Labor and Rural Poverty* Columbia University Press, New York.
- [9] Behrman, J. & Deolalikar, A. (1988). Health and Nutrition, in *Handbook of Development Economics*, Chenery, H. and Srinivasan, T. North-Holland, Amsterdam.
- [10] Berger, M. (1989). Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty, *World Development* 17 (9), 1017-1032.
- [11] Bertaux, N. & Crable, E. (2007) Learning About Women, Economic Development, Entrepreneurship and the Environment in India: A Case Study, *Journal of Developmental Entrepreneurship* 12 (4), 467-479.
- [12] Bhatt, N. & Tang, S. (2001). Delivering Micro-finance in Developing Countries: Controversies and Policy Perspectives, *Policy Studies Journal* 29 (2), 319-333.
- [13] Boserup, E. (1970) *Women's Role in Economic Development* Earthscan Publication, London.
- [14] Byrne, D. (1999), *Social Exclusion* Open University Press, Buckingham.
- [15] CDF. (2004). *Microfinance Statistics* Credit and Development Forum, Dhaka.
- [16] Chambers, R. (1983) *Rural development: Putting the Last First* Longman, Harlow.
- [17] Chen, M. & Dunn, E. (1996) Report No. Assessing the Impact of Micro-enterprise Services.
- [18] Chowdhury, J., Ghosh, D., & Wright, R. (2005) The impact of micro-credit on poverty: evidence from Bangladesh, *Progress in Development Studies* 5 (4), 298-309.
- [19] Chowdhury, S. (2005) Challenges of Microfinance Model for Successful Replication, in *Seminar on Microfinance*, Centre For Business Research, Deakin University.
- [20] Clements, P. (1993) An Approach to Poverty Alleviation for Large International Development Agencies, *World Development* 23 (10), 577-592.
- [21] Coleman, B. (2006) Microfinance in Northeast Thailand: Who Benefits and How Much?, *World Development* 34 (9), 1612-1638.

- [22] Coleman, B. (1999) The Impact of Group Lending in Northeast Thailand, *Journal of Development Economics* 60 (October), 105-142.
- [23] Commins, P. (1993) Combating Social Exclusion in Ireland 1990-1994, European Commission Brussels.
- [24] Diagne, A. & Zeller, M. (2001).
- [25] Dunn, E. & Arbuckle, J. (2001) *The Impacts of Microcredit: A Case Study from Peru*, AIMS, USAID.
- [26] Earls, F. & Carlson, M. (1993) Towards Sustainable Development for American Families, *Daedalus* 122 (1), 93-121.
- [27] Globalissues.org. (2009). Poverty Around the World.
- [28] Gomez, R. & Santor, E. (2001) Membership has its privileges: the effect of social capital and neighbourhood characteristics on the earnings of the microfinance borrowers, *Canadian Journal of Economics* 34 (4), 943-966..
- [29] Gordon, D. & Spicker, P. (1999) *The International Glossary on Poverty*, The University Press Limited, Dhaka.
- [30] Goronja, N. (2003) Microfinance and the Millennium Development Goals, CGAP direct Donor Information Resource Centre, Washington D.C.
- [31] Habib, M., Hartel, C. & As-saber, S. (2006) Social Protection and the Role of Micro Finance Programs: The Case of the Philippines *Asian Profile* 34 (6), 567-575.
- [32] Hashemi, S. (1996) Building up Capacity for Banking with the Poor: The Grameen Bank in Bangladesh, in *Microfinance for the Poor*, Schneider, H. Organisation for Economic Cooperation and Development, Paris.
- [33] Hashemi, S., Schuler, S., & Riley, A. (1996) Rural Credit Programs and Women's Empowerment in Bangladesh, *World Development* 24 (4), 635-653.
- [34] Hey, A. H. (1996) *Below the Line: Rural Poverty in Bangladesh* University Press Limited, Dhaka.
- [35] Hietalahti, J. & Linden, M. (2006) Socio-economic impacts of microfinance and repayment performance: a case study of the Small Enterprise Foundation, South Africa., *Progress in Development Studies* 6 (3), 201-210.
- [36] Holcombe, S. (1995) *Managing to Empower: The Grameen Bank's Experience of Poverty Alleviation* Zed Books, London.,
- [37] Hossain, M. (2002) Credit for Alleviation of Rural Poverty: The Experience of Grameen Bank in Bangladesh, in *Early Impact of Grameen*, Rahman, A., Rahman, R., Hossain, M., and Hossain, S. M. Grameen Trust, Dhaka.
- [38] Hulme, D. & Mosley, P. (1996) *Finance against poverty* Routledge, London.
- [39] Hulme, D. (2000) Impact Assessment Methodologies for Microfinance: Theory, Experience and Better Practice *World Development* 28 (1), 79-98.
- [40] Husain, A. (1998) *Poverty alleviation and empowerment—the second impact assessment study of BRAC's Rural Development Programme*, BRAC, Dhaka.
- [41] Jahan, S. (1991). Development Challenges in the Nineties: Poverty Alleviation in Bangladesh, Department of Economics, Dhaka University.
- [42] Johnson, S. (2005) Gender Relations, Empowerment and Microcredit: Moving on from a Lost Decade, *The European Journal of Development Research* 17 (2), 224-248.
- [43] Kabeer, N. (2001) Conflicts over Credit: Re-evaluating the empowerment potential to Loans to Women in Rural Bangladesh, *World Development* 29 (1), 81.
- [44] Khalily, B. (2004). Quantitative Approach to Impact Analysis of Microfinance Programmes in Bangladesh- What Have we Learned?, *Journal of International Development* 16, 331-352.
- [45] Khandker, S. (1998) *Fighting Poverty with Microcredit: Experience in Bangladesh* Oxford University Press, New York.
- [46] Khandker, S., Khalily, B., & Khan, Z. (1995), Report No. World Bank Discussion Discussion Paper No. 306.
- [47] Kim, J., Watts, C., Hargreaves, J., Ndhlovu, L., Phetla, G., Morison, L., Busza, J., Porter, J., & Pronyk, P. (2007), Understanding the impact of a microfinance-based intervention women's empowerment and the reduction of intimate partner violence in South Africa *American Journal of Public Health* 97 (10), 1794-1802.
- [48] Lund, S. & Fafchamps, M. *Risk-Sharing Networks in Rural Philippines*, Department of Economics, Stanford University, <http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN027232.pdf>.
- [49] Madanipur, A., Cars, G., & Allen, J. (1998), *Social Exclusion in European Cities*, Jessica Kingsley, London.
- [50] Mahbub, H. (1994) Credit for Alleviating Poverty: The Experience of Grameen Bank, in *ADB Seminar on Poverty* ADB, Manila.
- [51] Mahmud, S. (2001), Participation of Microcredit programme and household social well-being, in *Monitoring and Evaluation of Microfinance Institutions*, Zohir, S., simeen, M., Asaduzzaman, M., Islam, J., and Ahmed, N. PKSF-BIDS, Dhaka.

- [52] Marx, K. (1887). *The Capital* Taj Publication, Moscow.
- [53] Mayoux, L. (2000) *Microfinance and the empowerment of women: A review of the key issues*, Social Finance Unit Working Paper 23, ILO, Geneva.
- [54] Meier, G. & Rauch, J. (2000) *Leading Issues in Economic Development*, 7th Edition ed. Oxford University Press, New York.
- [55] Mizan, A. N. (1993) *Women's Decision-making Power in Rural Bangladesh: A study of Grameen Bank* Grameen Bank, Dhaka,.
- [56] Morduch, J. (1999) The microfinance promise, *Journal of Economic Literature* 37, 1569-14.
- [57] Mosley, P. & Hulme, D. (1998) Microenterprise Finance: Is there a conflict between Growth and Poverty Alleviation?, *World Development* 26 (5), 783-790.
- [58] Mustafa, S. I., Ara, D., Banu, A., Hussain, A., Kabir, A., Mohsin, M., Yusuf, A., & Jahan, S. (1996) *Beacon of Hope: An Impact Assessment Study of BRAC's Rural Development Programme* BRAC, Dhaka.
- [59] Mustafa, S. I., Ara, I., Hossain, A., Kabir, A., Mohsin, M., Yusuf, A., and Jahan, S. (1996)
- [60] Narayan, D. & Petesch, P. (2002) *Voices of the Poor. From Many Lands*, Oxford University Press, Oxford.
- [61] Narayan, D., Patel, R., Schafft, K., Rademacher, A. & Koch-Schulte, S. (2000) *Voice of the Poor: Can anyone Hear Us?* Oxford University Press, New York.
- [62] Nasse, P., Strohl, H., & Xiberras, M. (1992) *Exclus et exclusions* Commissariat du Plan, Paris.
- [63] Pitt, M. & Khandker, S. (1996) Household and Intra-household Impacts of the Grameen bank and Similar Targeted Credit Programmes in Bangladesh, in *Credit Programme for the Poor*, Latif, A., Khandker, S., and Khan, Z. BIDS, Dhaka.
- [64] Pitt, M. & Khandker, S. (1998) The Impact of Group-Based Credit Program on Poor Household in Bangladesh: Does the Gender of Participants Matter?, *The Journal of Political Economy* 106 (5), 958-979.
- [65] Rahman, A. & Mahfuz, K. (2004) Microfinance, Rural Power Structure and Empowerment: A look into Changing Realities in Bangladesh, in *Microfinance and Empowerment*, French Institute of Pondicherry, India.
- [66] Rahman, A. (2002) Impact of Grameen Bank Intervention on the Rural Power Structure:, in *Early Impact of Grameen*, Rahman, A., Rahman, R., Hossain, M., and Hossain, S. M. Grameen Trust, Dhaka.
- [67] Room, G. (1995) *Beyond the Threshold* Policy Press, Bristol.
- [68] Room, G. (1993) *Social Services and Social Exclusion*, European Commission, Brussels.
- [69] Runciman, G. (1962) *Relative Deprivation and Social Justice: A Study of Attitudes to Social Inequality in Twentieth Century England* Routledge, London.
- [70] Sen, A. (1999) *Development as Freedom* Oxford University Press, New York.
- [71] Sen, A. (1997) Inequality, Unemployment and Contemporary Europe, *International Labour Review* 136.
- [72] Sen, A. (1992) Missing Women, *British Medical Journal* 304 (March).
- [73] Sen, A. (1981) *Poverty and Famines: An Essay on Entitlement and Deprivation* Clarendon Press, Oxford.
- [74] Sen, A. (2000) *Social Exclusion: Concept, Application and Scrutiny* Asian Development Bank, Manila.
- [75] Sharma, M. & Buchenrieder, G. (2002) Impact of Microfinance on Food Security and Poverty Alleviation: A review and synthesis of empirical evidence, in *The Triangle of Microfinance: Financial Sustainability, Outreach and Impact*, Zeller, M. and Meyer, R. The Johns Hopkins University Press Baltimore.
- [76] Shaw, J. (2004) Microenterprise Occupation and Poverty Reduction in Microfinance Programs: Evidence from Sri-Lanka, *World Development* 32 (7), 1247-1264.
- [77] Simanowitz, A. (2003) Social performance, poverty and organizational learning: institutionalizing impact in microfinance, *IDS Bulletin* October.
- [78] Smith, A. (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*.
- [79] Stewart, F. (1985) *Basic Needs in Developing Countries* Johns Hopkins, Baltimore.
- [80] Streeten, P. (1997) Some Reflections on Social Exclusion, in *Social Exclusion and anti-poverty Policy*, Gore, C. and Figueiredo, J. International Institute for Labour Studies Geneva.
- [81] Tiemann, P. (1993), *Opinion on Social exclusion*.
- [82] Tinker, I. (1990) *Persistent Deprivations* Oxford University Press, New York.
- [83] Townsend, P. (1985) A Sociological Approach to the Measurement of Poverty- A Rejoinder to Professor Amarty Sen, *Oxford Economic paper* 37 (569-668).
- [84] UNDP. (1997) *Human Development Report*, Oxford University Press, New York.
- [85] Walker, A. & Walker, C. (1997) *Britain Divided: The Growth of Social Exclusion in the*

- 1980s and 1990s*, Child Poverty Action Group, London.
- [86] Walker, R. (1995) *The Dynamics of Poverty and Social Exclusion*, in *Beyond the Threshold*, Room, G. Policy Press, Bristol.
- [87] Walt, G. (1998) Globalization of International Health, *Lancet* 35, 437-223.
- [88] World Bank. (1990) *World Development Report 1990* Oxford University Press, New York.
- [89] World Bank. (2000) *World Development Report 2000/2001* Oxford University Press, New York.
- [90] Yunus, M. (1997) Soul from the Ground Up, *Noetic Sciences Review* (Spring).
- [91] Zohir, S., Simeen, M., Sen, B., Asaduzzaman, M., Islam, J., Ahmed, N., & Al-Mamun, A. (2001).