

# **An analysis of women's empowerment through microfinance in Flores, Indonesia**

**Kitty Monostory**

**Supervisor**

Stein Kristiansen

*This master's thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.*

University of Agder, 2015

Faculty of Economics and Social Sciences

Centre for Development Studies

UNIVERSITY OF AGDER

Kitty Monostory

We\I confirm that we\I do not refer to others or in any other way use the work of others without stating it. Hence we\I confirm that all references are given in the bibliography.	Yes	
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----	--

## Table of content

An analysis of women’s empowerment through microfinance in Flores, Indonesia.....	1
Abstract .....	6
Acknowledgement .....	7
1 Introduction .....	8
2 Description and presentation of the study area.....	11
2.1 About Indonesia- economic development.....	11
2.2 Brief presentation of Flores – history and the complexity of development challenges .	12
2.3 Traditional gender roles in Indonesia.....	15
3 Global history of microfinance.....	21
3.1 A brief introduction of microfinance programs in Indonesia.....	22
4 Literature review.....	25
4.1 Empowerment .....	25
4.2 Indicators to measure women’s empowerment through microfinance .....	29
4.3 Gender inequality and its implications for women’s empowerment through microfinance.....	31
4.4 Previous empirical findings on the linkage between financial resources provided by microfinance and women’s empowerment in patriarchal societies .....	34
4.5 Challenges and possibilities for women’s empowerment through microfinance and self-help groups-access to social and human capital.....	36
5 Methodology.....	41
5.1 Research design and research description .....	41
5.2 Selection of locations .....	42

5.3	Sampling method.....	43
5.4	Collecting data.....	44
5.5	Categories of Participants.....	45
5.6	Challenges related to access to informants .....	49
5.7	Ethical consideration regarding anonymity and privacy of informants .....	50
6	Data analysis.....	51
7	Analysis of theory and empirical findings.....	54
7.1	Nagekeo.....	54
7.2	Ngada .....	62
8	Conclusion.....	69

# **Abstract**

The potential of microfinance in poverty alleviation has long been recognized by development practitioners and academicians. However, many scholars are critical about the effectiveness of microcredit programs in women's empowerment. Empirical evidences show, that women are in many cases constrained by cultural traditions, and have only limited control over financial resources and money allocation. As there is a variety of cultural traditions in regard to women's position, culture can be regarded as an important factor influencing the outcome of microcredit programs. In patriarchal societies, it is the men who dominate in many areas, therefore it is imperative, that development agencies pay particular attention to women as a group and identify challenges they face.

# Acknowledgement

I would like to express my gratitude to all my closest family members and friends around me for their support and understanding and for that they believed in me. Especially thank to my parents and son, whose support helped me the most during the writing process. Furthermore I would like to thank to my great supervisor, Stein Kristiansen, for his patience and for that he encouraged me throughout the whole process. He helped me with excellent advises, which gave me motivation and impetus to improve and proceed with writing. Furthermore, I would like to thank to all the people I met and inspired me during my study. I strongly believe in the importance of equal rights to all human being. This belief and vision was my main motivation for writing this thesis.

# 1 Introduction

Women in patriarchal societies are still restricted in many ways both in the society and within the household. My main motivation is to analyze and explore the linkage between microfinance and women's empowerment at the household level in Flores, Indonesia. In recent years, several scholars and academicians became more skeptical about the effectiveness of microcredit schemes for women's empowerment. According to the International Fund for Agricultural Development (2014), microfinance institutions in many cases have stimulated economic growth and empowerment among poor women. (IFAD, 2014,). On the other hand, a considerable number of microfinance institutions ignore the fact that women represent a disadvantaged and vulnerable group of the society and they are many times denied access to credit from commercial banks. Therefore, I find it interesting to examine to what extent western concepts and development agendas can be successful to address development issues. The concept and philosophy of economic institutions cannot fit to every single developing country, as each area faces its own challenges and has their own cultural characteristics. It is especially the case in Indonesia, where there is a diversity of cultural traditions and practices. It is self-evident that there is no blueprint for eliminating gender disparities and stimulating economic progress equally for both men and women. Therefore, it is particularly important to take into account the different contexts and women's role both in public and private life when it comes to designing development programs and providing financial aid and credit programs. Financial resources give great opportunities for women to progress, however, several factors, – such as traditional gender roles - determine how women will succeed in the future. It is also important to examine that to what extent these traditional values can be a hinder for development? Therefore, it is quite



essential to look at the contextual characteristics and the challenges women face for being able to identify women's possibilities to develop. (Fletschner & Kenny, 2009). That indicates that it is not self-evident that gender roles can be altered and existing power relations can be affected by only having access to capital and financial resources from microcredit institutions. Researches and empirical findings found, that money borrowed from microfinance institutions do not automatically empower women. Women have often no control over the use of loans for example, as in some cases they are not allowed to utilize the money independently from their husbands. Several scholars pointed out, that the success of microcredit programs lies also in analyzing cultural values and traditions in order to address development issues. Therefore, I intend to analyze the impact of microcredit programs in two distinctive cultural traditions in terms of women's position at the household level. As male dominance is the most common form of gender ideals in Indonesia, I find it interesting to examine and compare values in matrilineal culture and the cultural traditions of patriarchal societies. My main intention is to explore to what extent these specific cultural traditions influence women's empowerment through microfinance at the household level. Therefore, I will examine socio-cultural traditions and in what way these factors have an impact on women's empowerment in the selected research sites. My main focus will be on exploring local characteristics and main features of local cultures such as *adat system*. My impetus for doing this study is to identify local customs and traditions that can have implications for women regarding their control and influence of financial resources. I intend also to find out to what extent access to financial resources by microfinance institutions can contribute to that women have more influence on decisions related to family issues. In order to gain insight into cultural values and customs and how these determine women's empowerment through microfinance, both participating observation and semi-structured interviews were

applied in the particular research sites. Data collection took place in two different areas, in Ngada and Nagekeo regencies, in Flores Indonesia. The research was conducted in and around the two capital towns, Mbay in Nagekeo and Bajawa. My main focus will be on the beneficiaries of both formal and informal, group-based credit associations, as for example group members of different arisan in villages situated in Flores. I formulated the following research questions:

**Main research question:**

**In what way does gender inequality influence women's empowerment through microfinance at the household level?**

**Sub questions:**

- 1. To what extent can women be empowered at the household level through microfinance in matrilineal and patrilineal societies ?**
- 2. How can microfinance and self-help groups contribute to women's empowerment in these two – culturally- different contexts?**

## **2 Description and presentation of the study area**

### **2.1 About Indonesia- economic development**

Indonesia is a so-called archipelago, with more than 17508 islands.Indonesia ranks as number four among the most populous countries in the World. In Indonesia, there is a diversity of ethnic groups each with their own cultural traditions and dialects. (Drakeley,2005).

Despite rapid industrialization and modernization –especially in the urban areas of Indonesia, the majority of the population still live from agriculture. It is about 80% of the whole population who resides in rural areas, and subsist themselves by land cultivation. (Panjaitan-Drioadisuryo et al.,1999). Statistics show that rural poverty rate exceeds that of urban poverty, even though poverty rate in urban areas has also been increasing the last ten years. (Panjaitan-Drioadisuryo et al., 1999). There is a considerable improvement in terms of transport, which facilitates export activities in rural areas. There were many attempts and initiatives made by the Indonesian government to help the disadvantaged situation of poor households the past 30 years. These programs brought about positive changes in terms of education, and contributed to lowering fertility rate and had a positive impact on agricultural productivity. Agricultural programs proved to have a positive effect on farmer families, as they were successful in alleviating poverty among many farmer household. As a consequence of the decentralization process however, many districts in Indonesia suffers from institutional weaknesses and ineffectiveness in planning

processes. It applies especially to poor, rural areas, where there is poor infrastructure and bad quality of roads. (Prawiranata,2013).

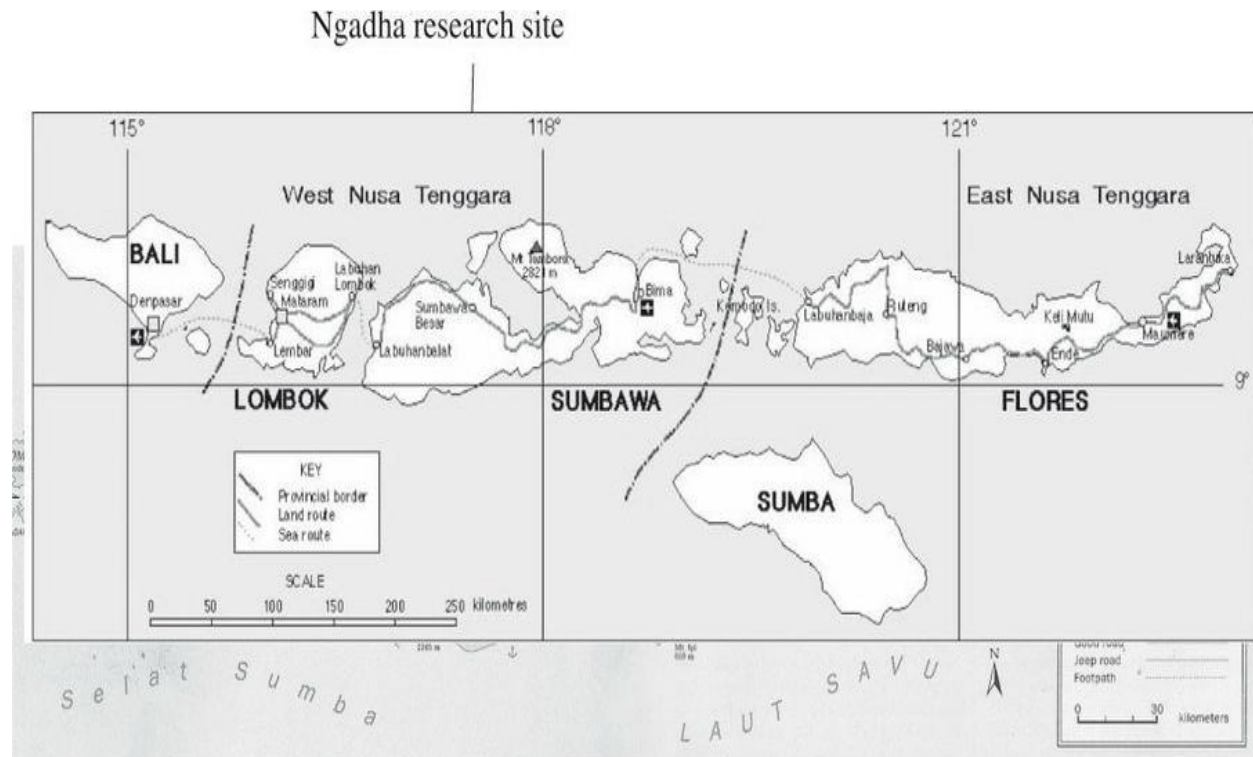
In addition to that, poverty rate is higher in rural areas compared to that in cities and urban areas. (IFAD, 2013). Women are more exposed to poverty due to their lack of access to health and education and their exclusion from social and economic activities. All these factors contribute to that they can be regarded as the most disadvantaged group of the society. (IFAD, 2013). In addition to that, agricultural sector is highly prone to natural hazards contributing to that people living in poverty are caught in a vicious circle, where poor people can feel trapped and incapable to climb out of severe poverty. As communities are highly susceptible to natural hazards, disasters hits and afflicts the poorest and most disadvantaged. This can cause many insecurities in food production and can have implications for commerce and trade within communities (as infrastructure, as for example roads can be destroyed.

This indicates that people in rural areas still face many challenges, due the incompetence of political institutions accompanied by financial difficulties and climate change. Another challenge is gender disparity in many areas, as women are still considered as a vulnerable group of the society.

## **2.2 Brief presentation of Flores – history and the complexity of development challenges**

Poverty can be attributed to a combination of several different factors which contribute simultaneously to the high rate of poverty. Flores was first colonised by the Portugese before, however, the Dutch colony appeared to have greater influence and impact on the area. (Cole,

2008). Flores is situated in the eastern part of Indonesia, as part of the province called Nusa Tenggara Timur and it is one of the Sunda Islands.



Cole (2008)

Adat is still strong in the area and have a significance and function in resolving many social issues in Flores island. It is also argued that *adat* withstood the passage of time and all the external influences of modernisation and globalization. There is also a diversity of adat systems, as each area has its own rules and regulations. Adat is an unwritten law which influences and determines many realms of people's life in a community. It is even argued, that *adat* has still influence on legal matters as well, where institutional regulations are not trusted by local people. In other words, *adat* is a certain code of conduct for the society which determines the way to behave and conduct rituals and ceremonies in the community.(Cole, 2008).Ngada is a regency

situated in Central Flores, as part of Nusa Tenggara Timur. Ngadha consists of several smaller remote villages where poor road conditions exacerbate their communication and mobility to other, surrounding villages. (Scroeter,2005).

Colonial powers were not present in this area of Flores before the 20 th century, and even when the Dutch colonists arrived, they did not introduce a suppressive colonial rule for indigeneous people. However, later on, military forces were applied which was followed by dividing Flores into different administrative regencies. Kabupaten Ngadha has become one of these regencies. (Scroeter, 2005). Women's vulnerability to poor health conditions and other, poverty related diseases are much higher compared to that of men in the area. Lower education among female infants is often more common than among their male-counterparts, which is believed to be a major development challenge in the area. Higher fertility rate can also often be linked to the lower education level of women. (NTA, East Indonesia Aid, 2015).

One of the main reasons is its geography and its vulnerability to the negative effects of climate change. As the majority of the population relies on agricultural production, climate change is a major threat on the livelihood of poor, farmer household. This causes insecurity in access to food which is coupled by limited access-if any-to clean water. That means that the population is exposed to a complexity of development challenges which is exacerbated by that local institutions fail to handle these issues in an effective way. According to Nagekeo Dalam Angka, 41, 03 % of the population have obtained primary education in the area, and 29,66 % of the population has no education at all. Only a very few, 2,21% has university degree. (Nagekeo in Figures, 2012,). These numbers indicate a generally low education level in the area.

As a result of decentralization, local governments tend to be often ineffective and do not respond to real local needs. This is because institutions used to apply a “*top-down*” way to handle and solve community issues. Educational and training Services provided on agriculture and land cultivation do often not reach out for women, as there is a lower level of education and worse economic situation among women compared to men in the area. It is also argued, that women- even if they work in the public sphere- have “lower and weaker” voice compared to men. It is also believed that cultural traditions can also stand in the way for economic development. (UNDP, 2015).

### **2.3 Traditional gender roles in Indonesia**

It is argued by several social scientist and anthropologists, that Indonesian women have gained significant independence on many areas compared to societies in other developing countries. However, despite the high degree of autonomy among Indonesian women- gender inequality still exist in different parts of Indonesia. An example to this is the Hindu communities in Bali, where certain economic activities – such as trade -are considered to be inappropriate for women to take. (Azahari, 2008).

*“In Indonesia, men are still perceived as the head of the family, and thus, in general, men are still perceived as the owner or inheritor of family assets such as land, company and house.”* (Tambunan, 2014, p.9).

Based on the research conducted by Scroeter in Ngadha, men have a considerable power when it comes to public occasions such as ceremonies and social gatherings, in decisions related to

marriage alliances. Even though women have right to hold speeches in ceremonies in Ngada, it is more common, that men are the one who take this kind of responsibility in public events. According to observations of Schroeter, women's opinion is respected in families - which can be reflected in decision-making based on a mutual agreement between men and women. (Schroeter,2005).

Despite the different role of each gender, Ngadha women and men have a tendency to cooperate and balance power within the family. Cole also argues that Ngada people have a more harmonized gender relation compared to other ethnic groups of Indonesia. This indicates that instead of male dominance, gender relations were rather built on a „*mutual dependence*” between husband and wife. (Cole, 2008). This can also imply that despite the harmony and complementary role of husband and wife in the marriage, female independence and autonomy is less emphasized. However –as it was mentioned above – women have still options to become more independent.

According to Schroeter, the difference in gender roles and the different responsibilities women and men is a result of “*gender habits*” by the people of Ngada, and it cannot be attributed to domination of either sexes. (Schroeter, 2005) This also indicates that male dominance –as a main feature of patriarchal system- is not significant compared to values of patriarchal gender norms.

*“Living in harmony — and this is the ultimate goal of everything in society — is only possible when opposing elements of a pair are in balance. Southeast Asian societies are well known for gender symmetry in the symbolic order.”* (Schroeter, 2005, p.341).

This implies that harmony is a substantial and essential part of the culture of people in Indonesia, which also determines the way they interact and live together.



However, perception and traditions regarding women's role and position at the household level vary depending on cultural contexts inside Indonesia. In Java for example, female autonomy is widely recognized as a fact, and women have great influence on decision-making. According to Lont (2000), in Southeast Asia, women can be considered as powerful at the household level. (Lont, 2000).

However, it is also argued that in many households, decisions are made together, and both man and women are involved in the process of decision-making. Married couple are considered to be as a "team" and they cooperate for the family.(Panjaitan-Drioadisuryo et al., 1999).However, this cannot be generalized to all community, as there are many ethnic groups in Indonesia with different cultural traditions regarding women's role and position.

Although Ngada is believed to be a matrilineal society, there are many controversies regarding male and female power distribution and gender equality. However, -according to the matrilineal practices and traditions - children belong to their mothers clan and all rights in the big house- in Sao Meze- are reserved to women. Inheritance for example is the privilege of women of the house and men have no right to inherit land and economic assets of the family. Belis -or bride price - is negligible or none. This indicates a strong female power already in the starting phase of the marriage. However based on empirical researches by Cole(2008) , some informants claimed that there is a tendency that the complementary gender roles are starting to be less significant compared to that in earlier times in when women and men joined together in many activities. Today, they do things more separately. However, they still work as a team and complement each other.

He also argued that gender relations are expressed in building constructions which can be found in the different communities of Ngadha.(Cole,2008). However, Schroeter found that ngadhu and

baga –the two buildings expressing male and female roles - are symbolic and do not necessarily determine and indicate the way men and women interact with each other in their daily life. (Schroeter, 2005).As Schroeter pointed out, these cultural symbols do not indicate any dominance in regard to the relation between women and men. (Schroeter, 2005).

Nagekeo and Ngada. have distinctive socio-cultural characteristics in regard to gender roles. In Nagekeo, there is a patriarchal system, which means, that men are considered to be as head of the households and women are deprived certain rights as for example right to speech during ceremonies. In patriarchal traditions, women do not have the right to manage land and financial assets of their natal family. It is also argued that women are not allowed to take any „*legal actions*” without the interference of their husband. (Prawiranata,2013).

Unlike Nagekeo, Ngada is a matrilineal society. Matrilineal societies are regarded as so-called „*gender-egalitarian societies*”. This expression indicates that there is no subordination and dominance in these societies. Complementary gender roles are basic characteristics for societies with matrilineal traditions. That means that cultural norms determine the relation between men and women, and between husband and wife. However, it is also argued, that these societies are governed and ruled by certain principles which maintains order and harmony in the society. Unlike patriarchy, these gender differences do not mean uneven power relations between the two genders. This has been confirmed by the study of Goettner-Abendroth (2008), where the author argued for that the common feature for matrilineal societies is a community spirit, which is based on „*equality*”. This implies that the interest of the whole community is more important. Furthermore, motherhood and the role of women have also significance and is an important symbol in the society. In patriarchal societies, motherhood is also essential; however, the symbolic meaning of motherhood is much stronger in matrilineal societies. Social bonds are tied

together by intermarriages between clans. By uniting clans through marriages, everyone will be connected in the community. Therefore matrilineal societies are based on kinship. When it comes to women's position in families, it is the woman who controls certain assets in the main house of the clan of her mother (Goettner-Abendroth, 2008).

When it comes to economic development, there is a theory, that cultural traditions can impede economic development in the long term, as for example in the case of Ngada. According to Stoler, one of the traditions based on the *adat* system in Java is that women's work in the household is regarded and accepted as a job by which women contribute to the family economy. This supports the argument of Geertz as well, that married couples are considered to be "*an economic unit*", which means that husband and wife cooperate and work together for the family. (Stoler, 1977). Based on these observations, household work can be seen as part of the couple's livelihood strategy. It implies that both, women and men have a –gender specific role and duty to fulfill and it is the way they complement each other. This indicates a certain degree of equality, however, it can also be interpreted as constrain and barrier for women to get paid work outside their home.

However - as she further argues - gender-based division of labor have great significance in daily life, which means, that both men and women have their own prescribed roles and tasks to perform. (Schroeter, 2005). However, Schroeter also observed women working all day long, taking care of the family and take other jobs as well outside their home.(Schroeter,2005). This indicates that women tend to take on too much responsibilities and tasks compared to men. This implies a certain degree of inequality when it comes to the difference in workload between husband and wife. However, according to Schroeter : "*...women know that even if their work is hard, their labour guarantees their independence.*"(Schroeter, 2005).This implies that even if

women have heavy workload and in a subordinated position compared to men, women regard their own work as the key to be less reliant on their husband and become more independent.

Even though in everyday life, men and women collaborate with each other, women's brothers have strong position when it comes to conflict resolution. However, in everyday life, couples decide together. On the other hand, women's independence is indicated as well by that women have strong financial position and good economy. (Scroeter,2005).

However, as Schroeter puts it:

*“Even if one takes into consideration that women often earn an income by selling food or weavings or by obtaining employment as office workers or teachers, the modern economy privileges men. It is easier for men to get a job, and men’s jobs usually pay higher wages than women’s jobs. A rising middle class thus shows a remarkable trend that increasingly relegates women to the non-productive sector. This development runs parallel with the idea that women should primarily be mothers and housewives, a notion supported by state policies and the media.”*(Scroeter, 2005, p.342).

The so-called “*interdependence*” in the community and in the society as a whole throughout Indonesia, is a common societal value, which permeate all walks of life of Indonesian people. That also implies that belonging to a community is of great significance in people’s life and determines their actions in economic matters as well. (Curnow,2008).The strong social tie inside the community can also be demonstrated by yearly ceremonies such as *Reba*, which is a new year’s celebration and a community gathering at the same time. This is an social event where the members of different clans of the village gather to celebrate with dancing and talking to each other

## **Adat and its significance**

Adat can be defined as an unwritten law and custom which was transferred from generation to generations and can be considered as a cultural legacy of a given community. It is argued, that Adat is closely related to the ancestors and the rules established by them. Therefore, present and past are often linked together, as ancestors are believed to have influence on the lives of villagers. Ceremonies and sacrifices to ancestors are all an integral part of the culture people's belief systems in Flores and other part of Indonesia, as fear of bad spirits permeate their lives and every day activities to a large extent. (Webb,1986).

However, due to the diversity and variations in *adat* laws and systems, there is no single and precise definition and explanation for *adat* and its laws and customs. According to Webb, adat helps also to unite and hold together clans within a village. (Webb, 1986).

## **3 Global history of microfinance**

The first, commercial microfinance services have been introduced and occurred in the 1970s. When microfinance was recognized as a potential strategy for poverty alleviation in the 1960s, and microfinance institutions began to expand in developing countries, many of them failed to address real poverty issues and targeting the poorest of the poor. According to Robinson (2001), at that time, these credit institutions did not manage to reach out to poor people. (Robinson, 2001). Non-Governmental organizations, however, recognized that there is a need for microcredit

services for poor people in rural areas, who were often compelled to use services of informal credit resources, which operated with high interest rates. However, services provided by NGOs were only partly successful due to their tight budget to operate with. Followed by the failures and limited success of microcredit schemes in developing countries, a new concept for microcredit was introduced. Grameen Bank, in Bangladesh, is considered to be the first bank which managed to extend its services to poor households, by introducing new methods for poverty alleviation with microcredit. (Robinson, 2001). Muhammad Yunus received a Nobel Peace Prize for his initiative to introduce new methods to fight poverty in developing countries. His main objective was to target the poorest of the poor and provide them credit services with the so-called “*group lending methods*”. (Sengupta, 2008). However-despite the success of programs in reaching out to the poor, the services provided by Grameen Bank was not sufficient to address challenges and poverty issues poor households had to face. It was only in the 1980s, when changes and adjustments has been made to design microcredit services which were adjusted to the needs of poor households. These programs were designed based on the methods of previous microcredit schemes; however, new programs-such as saving services-were also introduced and became part of the services provided by microcredit institutions. These new programs have first been developed in Indonesia, in 1970, followed by Bolivia in 1980. (Robinson, 2001).

### **3.1 A brief introduction of microfinance programs in Indonesia**

Microfinance institutions have been long operating in Indonesia and in the aftermath of the financial crisis, these institutions has proved to be an adequate tool to fight long-term poverty in Indonesia. The beginning and expansion of microcredit lending method can be traced back to the 1970s. The first, formal microcredit institution in Indonesia was Bank Dagang Bali. Microcredit institutions achieved remarkable results in reducing poverty rate in Indonesia between 1970 and 1990. However, it is argued, that despite the spread of microcredit institutions, and easier access to loans and credits, these programs did not reach all the groups of the society. Poor households for example, did not benefit from Credit BIMAS programs for example, which was a credit scheme for stimulating rice production. (Robinson, 2001).

In the 1980s, formal credit institutions became commercial financial institutions, which made it cumbersome for poor people to get access to microcredit services provided by formal credit institutions. (Prawiranata, 2013).

Commercial microfinance institutions have been long operating in Indonesia. The so –called Badan Credit Desa are situated in villages and provide commercial microcredit services. It is estimated, that there is around 5000 Badan Credit Desa, which operates in different villages. In 1984, Bank Rakyat Indonesia has introduced services, called for BIMAS, for stimulating rice production. (Bramono et al., 2015).

.There are other programs as well, such as Badan Kredit Kecamatan, which demonstrates that poor women are often excluded from credit programs requiring land as a collateral. However, there is a program initiated by the Indonesian government, called the Small Farmers Development Program, which aimed at assisting low-income families living from both agriculture and fishing. It is a complementary, a so-called “*credit—plus* „program. (Panjaitan-Drioadisuryo et al., 1999).





## 4 Literature review

### 4.1 Empowerment

According to the study by World Bank, there are five major areas where women can gain empowerment:

- *Economic*
- *Familial/interpersonal*
- *Legal*
- *Political*
- *Psychological*

(Malhotra, Schuler & Boender, 2002,p.13).

However, According to the study by Malhotra et.al.(2002), there is a wide range of definition and approaches which can applied for to interpret the concept of women's empowerment.

That also means, that it is challenging to specify the concept of empowerment and therefore scholars have applied and used the concept in different ways in their studies. Empowered can also be described as a process, and can be associated with the elimination of gender inequality, and the majority of academicians researching on empowerment interpret it as a process to reduce gender-related suppression of women. (Khader,2014).

According to Khader(2014), empowerment can be interpreted as follows:

*“Women’s empowerment requires increased ability and desire to agitate for more egalitarian gender relations.”*(Khader,2014 ,p.3).

The latter formulation indicates, that women’s aspirations and ambitions have to be also considered when it comes to assess whether they heading into the right direction towards empowerment.

*“A desired process by which individuals, typically including the “poorest of the poor” are to take direct control over their lives. Once “empowered” to do so, poor people will then (hopefully) be able to be agents of their own development.”*(Allen, 2000, p.35).

As Allen formulated above, *“control over their lives”* and *“be agents”* are important empowerment indicators. Kahder also argues (2014), that it is necessary to distinguish between *“welfare agency”* and *“feminine agency.”* *Welfare agency* “means only economic empowerment, and it does not guarantee women’s control how to use the resources available. *Feminine agency* indicate an overall empowerment, where women are enabled to utilize and dispose of their resources. (Khader, 2014).

Another important term related to empowerment is agency. Kabeer (1999) uses the expression *“strategic life choices”* in her interpretation of *empowerment* and discerns three different aspects which enable women to make strategic life choices:

- *Resources,*
- *Agency*
- *Achievement.*

Resources encompass all the domains –both economic and social domains-, which have the potential to enable individuals to make these *strategic life choices*. The next phase of the

empowerment process indicates the capability of using resources available. This encompasses the influence on decision-making and own motivation to achieve a goal. Achievements are the result of both resources and agency-which means that the outcome is influenced by the combination of resources and the ability to achieve something by utilizing these resources. The outcome or achievements are all the gains which an individual obtains by taking specific steps for a desired outcome. (Kabeer, 1999). However, empowerment is a quite broad term, including many different fields where women can be empowered. There are also different kinds of – culture-specific - interpretations as well on what female empowerment means in that specific cultural context and environment. Therefore, there is no single and universal tool to measure empowerment which could be applied to each context and developing country. (Malhotra et al., 2002).

Furthermore, the concept developed by Kandiyoti (1988) can also be applied when examining women's empowerment in developing countries. The so-called "*patriarchal bargain*" is a term expressing all the cultural constraints women have to face due to the rigid system of the patriarchal societies. The term implies that women behave according to the norms expected by the patriarchal values system, and adapt and internalize all these values. This only strengthens and maintains the patriarchal system and women's oppression. The concept entails as well that relationship between husband and wife in patriarchal societies is characterized by negotiation and even *conflict* between men and women. An example to this is when women stay home and fulfill their roles as wives and mothers, and have to suppress their own ambitions to get an education.

This means that women's position can also be influenced by different tools or interventions, and help women to feel more powerful to influence different decisions. It indicates as well, that even if cultural values restrict women in many ways, they have possibilities to "break out" of their subordinated role. Microfinance and an economic base can be considered as a

helping tool for women to get more empowered when it comes to discussions and decision-making within the household.

It is also important to note that, as Malhotra argues (2002), autonomy presumes *independency*, while empowerment can occur even in the case of *interdependence*. (Malhotra et al, 2002, p.7). This means, that empowerment is possible in marriages and relations even if the husband and wife are “dependent” on each other. It implies also that in patriarchal societies, while empowerment can be a possibility for a woman, autonomy is more challenging, as it would require a high degree of independency as a woman. However, development projects or other financial aid provided to women do not necessarily bring about “overall” empowerment for women (Malhotra et al.,2002). Even though economic and financial resources have the potential to give various benefits to women; women may be impeded or hindered in other areas of life as well. Education and cultural traditions for example also influence women’s empowerment in the long term. This indicates that all these factors have to be taken into consideration when assessing women’s empowerment. Regardless of who has control over financial assets and have the main influence on decision-making in financial matters in the family, an enlarged economic base can have the potential to improve women’s subordinated and suppressed position in the family. However, it does not automatically mean, that women with having access to capital can have a full control over their own life and decision-makings in families. Despite that both Kabeer and Lont pointed out the positive correlation between financial resources and women’s enhanced influence on certain decision-making, this cannot be applied in each and every cultural context. Lont conducted his study in Bujung, Yogyakarta, where women have already a great influence on decision-making in family issues than in other cultures in Indonesia. He even argues for that most of the women have usually bigger power in household decision-making compared to men in that area of Indonesia. He added that in other households - instead of an absolute male dominance - wife and husband

are regarded as equal partners and family decisions are based on a mutual agreement between women and men. (Lont, 2000).

#### **4.2 Indicators to measure women's empowerment through microfinance**

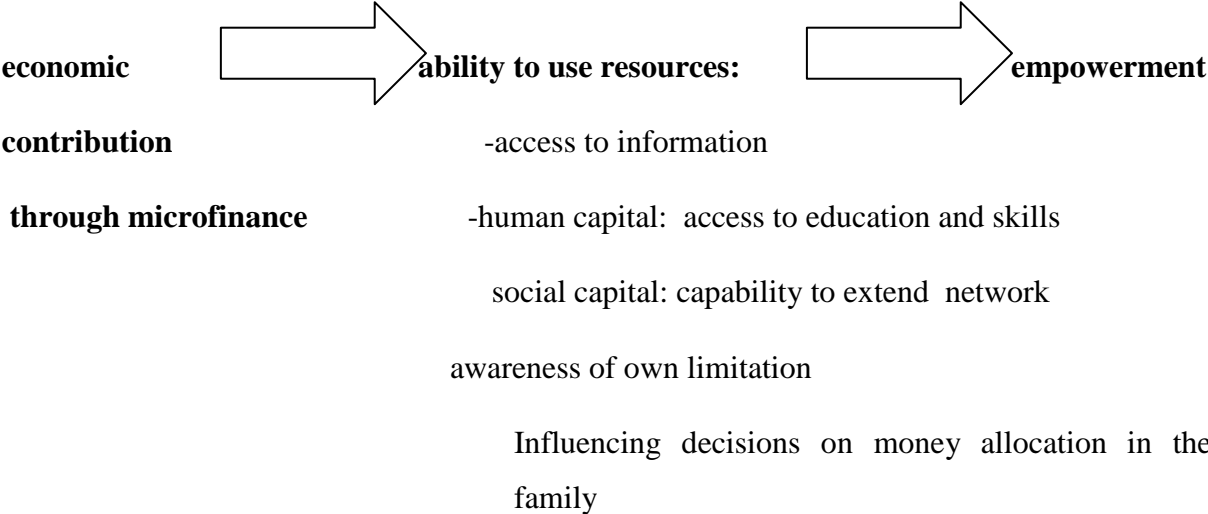
There are several interpretations and methods for how to measure empowerment. The most commonly used indicators are the influence on decision-making and change in power relations regarding decision-making at the household level. This includes woman's influence on the family decisions and her own well-being, as for example children's education and better nutrition. (Malhotra, Schuler & Boender, 2002, p.11).

According to Kabeer (2005), empirical findings prove that microfinance has the potential to influence women's position and power on decision-making at the household level. (Kabeer, 2005). Panjaitan-Drioadisuryo et al. (1999) have also included household-decision making as an important empowerment indicator in their research on the impact of microfinance on female empowerment. in Indonesia. (Panjaitan-Drioadisuryo et al., 1999 ).They used several areas of household decision-making for their research, and investigated whether women gained influence and more power on these areas of family decision-makings. One of the areas of decision-makings was the impact on decisions regarding children's education. They found that being a member of The Small Farmers Development Program, female members have more influence on decisions related to children's education. (Panjaitan-Drioadisuryo et al.,1999).

Several authors argue however, that empowerment is quite ambiguous and there are no "direct indicators" or operational tools to measure empowerment. In addition to decision-making,

education and employment are also considered to be appropriate indicators for to measure women’s empowerment. (Malhotra et al., 2002, p.11).

Based on the theory presented above and in the previous chapter by Sen and Kabeer on “capability”, the process of empowerment through microfinance can be demonstrated as follows:



When it comes to compare the preconditions for women’s empowerment through microfinance in the two different research areas, cultural characteristics will also be accounted for in the analysis. As it was presented in the descriptive part of the essay, matrilineal gender relations and patriarchal gender norms have significance for women’s empowerment. In addition to this, women’s ability to work outside their home is also essential when measuring women’s empowerment. As Ford and Parker argue on women’s possibilities to work outside their home :

### **4.3 Gender inequality and its implications for women's empowerment through microfinance**

As Kabeer (2005) points it out,-the result of researches made on the linkage between microfinance and women's empowerment are many times inconsistent because of the wide range of cultural contexts and conditions where researches are conducted. This means that cultural aspects cannot be ignored, and research results cannot be generalized, as cultural traditions may vary even within the same country where the fieldwork is carried out. The complex challenges related to women's empowerment through microfinance is also mentioned by Khader (2014), who pointed out, that cultural context determines intra household decision-making and women's ability to "*build a network*".

An essential question is whether microfinance contributes to empower poor women who suffer from suppression, and long lasting and severe poverty in developing countries. There is a vast amount of literature and academic article which discusses and even doubts the effectiveness of microfinance programs when it comes to empower women at the household and community level. Kabeer (2005) argues for that those women who contribute economically to the household income, appears to be less dependent on their husbands economically. This indicates that by generating income or contributing to the family economy, women can gain more independence from their husband. However, traditionally, it is the men who accounts for providing financial resources to his family in Indonesia. (Tambunan, 2014).

As it is argued by Kabeer, when analyzing household decision making between women and men - there is no clear evidence that microfinance influences the same way in every cultural setting and contexts the already existing power relations within households. (Kabeer, 2005).

*“It is not the delivery of credit per se, but the context in which credit is delivered is which is vital in ensuring that women’s control over resources and bargaining power is increased.”* (Oxaal and baden 1997, p.10).

Even in Java, where female autonomy is more common compared to other part of Indonesia, women are still impeded by cultural norms and expectations. These norms imply that women should put their family and its member’s demands first.

*“For a married woman, searching for a brighter future is about helping her husband to earn money for the family.”* (Ford & Parker,2008).

This means, that cultural traditions imply that woman’s aspirations –such as becoming economically independent from their husband– should be suppressed and is not considered as a priority or primary goal for married women in some cultures. According to the study by Lont, women microfinance beneficiaries in Indonesia were more concerned about their family’s well-being and about taking care of the rest of the family. Lont also argues for that female autonomy implies in their culture that they are capable to influence money allocations to support their families. (Lont, 2000, p.99). On the other hand, Mayoux argues, that access to microcredit loans has the potential to bring about positive changes related to women’s empowerment and to the well-being of the family. According to Mayoux, gaining access to capital, and by contributing to family income, women get more involved and take actively part in decision-making at the household level, even if a women has no paid work outside their home. (IFAD,2009).That also indicates, that the notion of financial autonomy and independence have different connotations and meanings depending on the cultural context.

Based on the theories presented above, it is an important question that what the main criteria and precondition is for that ingrained cultural values change over time? What has to be done, and achieved to change people’s views and preconceptions? Women, who have a



subordinated status at both, family and a community level, are restricted by their culture and for them it is challenging or even impossible to break out of their subordinated position.

As Cheston and Kuhn (2002) argues:

*“The ability of a woman to transform her life through access to financial services depends on many factors—some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group.”*(Cheston & Kuhn, 2002, p.14).

As for the intra-household decision-making, it is also argued that microfinance is not a panacea for altering power relations and gender inequalities within the household and gender related decision-making varies in each context and cultural setting. (IFAD, 2009). It is especially the case, when it comes to microfinance programs in patriarchal societies. As Kabeer and Lont (2000) and other scholars suggest, access to capital has the potential to have more influence on the household decisions. However, according to Lont, financial resources generated by wife in indonesia does not automatically lead to change in gender hierarchy inside the familiy household. As even if women become entrepreneurs, they do not become automatically financially independent. (Lont, 2000). Lonts main argument is that financial autonomy is dependent on the total income and the size of budget to operate with. He compared wealthier and less wealthier groups of women in Java, and informants with better financial situation were proved to be more empowered. (Lont, 2000). This indicates that context and factors as economic base of the family household can have impact on the success and outcome of empowering women by microfinance programs. Another argument by Kabeer(2005) supports these conclusion as well, as she explored, that women with a better financial background had more impact on certain family decisions, compared to their counterpart, who were in a more economically disadvantaged situation –before taking credit from microfinance institutions

According to Mayoux , the type of economic activities women do usually engaged in are one of the main causes for that not all women manage to profit equally from their financial resources provided by microfinance institution. In several rural areas, women have only a limited number of job types available – as it is men who usually take the more profitable types of works. It is also important to note that the kinds of economic activities vary in each cultural context, which means that there are different conditions and possibilities for women to operate with their finances. As it is argued that one of the most common cultural hinder for empowering women by microfinance programs is the male-dominant gender relation in Asian societies. (IFAD, 2009).

On the other hand, some scholars argue that when women borrow money from microcredit institutions, they can gain more power both at the household and community level. However, studies made on the linkage between the use of microfinance services and change in existing gender inequalities vary in their finding and conclusions. In addition to this, research results are also divergent and different in each and every context (Kabeer, 2005).

#### **4.4 Previous empirical findings on the linkage between financial resources provided by microfinance and women’s empowerment in patriarchal societies**

In matrilinear societies, it is the women who inherit assets of the family and it is the husband who moves into the wife’s house. This indicates a strong position of women compared to women in patriarchal societies, who are entirely dependent and exposed to her husband and his family. This economic base can be considered as one of the reasons for women’s strong position in families of matrilineal societies.

As Malhotra argues:

*“...studies also show that the fact that a woman brings resources into the home or marriage may strengthen her position in the household, even if she exercises little control over the resource.”* (Malhotra et al., 2002, p.27).

As for patriarchal traditions, women leave the parents house, and her economic situation is dependent on her husband. As a result of *belis* or bride-price, women are in many cases treated as belongings and “possessed” by their husbands. That means that women from these cultures are appeared to have less autonomy compared to their counterparts in matriarchal societies.

It also appears to be a part of the patriarchal values, that women is “in the background” and the men is the main breadwinner. This makes women more reliant on their husbands economically. This also creates a kind of trap for them, as the system hinders them to be their own “agent”.

A study on rural credit programs in Bangladesh showed that despite credit access and ability to pay back loans from microcredit institutions among rural women, women do not always have power and possibility to influence how loans are going to be used and invested. (Kabeer, 2005). It is also argued that when men take up loans from microfinance institutions, many times, women do not get involved in how these loans are used and allocated and invested by their husbands. (Kabeer, 2005,). This indicates that women are often excluded from important decision-makings related to family issues. This also implies, that even if women have access to loan and microcredit programs, it is not guaranteed that they can also dispose over the loan. This lead to the assumption that gender inequality-as part of the culture- has great significance in influencing women’s empowerment through microfinance at the household level.

However, in several cases, women managed to attain self-reliance, authority and decision-making power despite religious and traditional constraints regarding women's role in the society. A good example to this is Nepal, where over 60 percent of women have gained power in areas, which traditionally were controlled by men in households and in the society. (IFAD, 2014). Another example is in a Muslim community in Thailand, where women gained power in several fields due to microfinance programs. Women participating actively in community activities have gained higher status both in their community and at home. (IFAD, 2014,).

Another case study conducted in Sierra Leone showed however, that microfinance institutions have considerable positive-effect on people's economic situation, but as regard to empowerment, on decision-making, there were no significant changes after having loans from microfinance institution. (Humboldt Universität zu Berlin, 2010). This implies that providing only financial resources do not automatically lead to empowerment, as the success depends on both the strategy of the particular microfinance institutions and other, socio-cultural and political factors in a specific country. The underlying causes for this phenomenon are most probably the lack of possibility for women to change rigid values systems in the society

#### **4.5 Challenges and possibilities for women's empowerment through microfinance and self-help groups-access to social and human capital**

It is required that all the context specific characteristics and challenges will be taken into consideration when designing microfinance program. It is particularly important, as microfinance programs do not suit to every group of the society as each area and context has different challenges and characteristics. It is especially the case in the South Asian context, where gender disparity is often exacerbated by social stratification and a rigid cast system

There are several other factors as well which influences whether women can benefit from loans provided by microfinance institutions. According to the study of Khader(2014), most of the programs for eliminating poverty and empowering women ignore the fact, that gender relations cannot be altered by only providing financial resources. ( Khader,2014 ). According to her, empowerment is a *process* and has to be measured over a longer period of time. (Khader,2014). This means that microfinance programs can be an appropriate tool for empower women for a longer term. She also emphasizes the importance of “*moving into the right direction*” as one important empowerment indicator. (Khader,2014). It is also argued, that it has significance whether they use their loans on productive or non-productive investments. As Lont argues (2000), it is seldom, that women use microcredit on productive purposes. He further argues, that even in cases, where they invest in businesses and use money on productive purposes, they do not necessarily gain more autonomy by simply generating more income. It would rather make them working longer hours and cause them problems with time management. (Lont, 2000). It is coupled with their lows social status, and cultural values which contribute to women’s subordination

*“Women’s mobility increases in terms of income-generating activities, but the social stigma of women’s mobility remains. “(IFAD, 2009, p.20).*

Many argue, that non-productive use of microcredit programs will only exacerbate women’s situation –as they are burdened with repayment and indebtedness. However, when it comes to for example entrepreneurship, it is important to note, that women are often hindered in starting businesses. This can be explained by the fact that in many cases their expected role in families and the society is confined to do domestic work such as household chores and taking care of children. (UNESCAP,2015).

In addition to challenges in terms of culture, it is also argued, that when commercial banks provide financial services which is not adjusted to the needs of the poorest of the poor, and it

is the households with better financial background who are eligible and benefit from loans provided by these formal credit institutions. Studies show, that in most of the commercial banks, female borrowers do not comprise more than 20 percent of all clients. (Panjaitan-Drioadisuryo et al., 1999 ).

It is coupled with the strict policy adopted by formal Indonesian microfinance institutions that both women and men are denied to take up loans without the signature of their spouses (UN,2014). Therefore, informal lending options have great potential in empowering women in developing countries. One of the most important benefits of self-help groups is the access to information. When it comes to informal credit institutions and their impact on women's empowerment, *self-help groups* are proved to be effective in empowering women in many ways. The so called ROSCAs (Rotating saving and credit associations) are considered to be the most wide-spread informal credit institutions in developing countries with a very high rate of membership. (Andersen & Baland, 2002). In these associations, members gather on a regular basis for attending meetings. Each member contributes with a fixed sum of money in every meeting, and it is only one of the members –who pulled out her name tag from the pot– who will get the money collected by all the members.

As Fletschner and Kenny argues (2011), there are several factors influencing and impeding women's ambitions to generate income –in case they want to invest their loans or savings. The most important one is their limited access to information. Women get usually less access to information resources compared to their male counterparts. This hinders women's advancement in the long term, as financial advices and other; skill training programs do not reach out for women to the same extent as it does to men. This implies, that skills have also significance for women's empowerment and their ability to get access and control resources.

Furthermore, social capital has also great potential in terms of women's empowerment through microfinance. As it is argued by Mayoux (2001), group-based lending can give

women several other personal gains as well beside the easy access to financial resources. Mayoux conducted her research in Cameroon, and concluded with that microfinance programs are successful when social capital is used as part of the strategy of microcredit institutions. (Mayoux, 2001). She calls it for a “*virtuous spiral*”, when empowerment on one area results in empowerment in an additional area in women’s life. She further argues, that when women use group-based lending methods, they are more capable to invest money in businesses which both, them ,and their family will benefit from in the long term. (Mayoux,2001). She also pointed out, that their economic empowerment-as the consequence of their productive investments of the borrowed money –can give them bargaining power by which they can influence decisions related to family issues. (Mayoux,2001). In her study about the linkage between social capital and women’s empowerment, Mayoux further argues that social capital should be more emphasized and be included in strategies of microfinance programs. She concluded with that currently, microfinance institutions focus too much on “*financial sustainability*”. (Mayoux, 2001)

Based on previous researches on the effectiveness of self-help groups:

“In the field studies undertaken for the IFAD gender mainstreaming review, women who generated increased income through self-help schemes reported that they had gained greater respect within the household, often with perceptible attitudinal change.”(UNESCAP, 2002,p.71).It is also argued, that by joining self-help groups, many informants developed solidarity and sympathy towards others. Women members of self-helps groups felt also more confident and having a higher self-esteem ( IFAD,2015).

According to women who are members of self-help groups, there was a positive change in terms of their “*mobility*” as well. (UNESCAP,2002). As the research of Panjaitan et al.,demonstrates (1999), a microfinance program with additional skill training for women have the potential to empower them by enhancing their bargaining power and influence on

family decisions. In developing countries today, informal credit associations gain more and more significance in addressing poverty in rural areas of developing countries. This holds true especially for women, who are often not eligible to loans provided by formal institutions.

However-despite all the benefits of self-help groups for women's empowerment, according to . it is still a long way to go to empower women in patriarchal societies. Certain decision-making areas are still dominated by men and exclude women to exercise their power. (IFAD, 2015).Based on the discussion on culture and women's empowerment through microfinance and self-help groups, it can be assumed that context specific design of microfinance programs can be of key importance for empowering women. There should be a shift in the focus and strategy of credit unions in order to address development issues, such as women's subordinated status in patriarchal societies. In the following chapters, empirical findings will be presented and discussed in the light of the literature presented in the first four chapters. The main focus will be on women's status in patrilineal and matrilineal systems and how and what way microfinance institutions and self-help groups can contribute to empower women in the two culturally different areas.



## 5 Methodology

### 5.1 Research design and research description

I chose multiple case study design as the appropriate research design for my project. One of the main limitations regarding qualitative research methods and case studies is the difficulty to generalize collected data for the whole population. It is argued, that it is not possible “to transfer” research findings of specific locations and cases on other cases and locations when applying qualitative researches. Therefore, the main criteria for qualitative researches when it comes to its external validity is:” *...the findings of qualitative research are to generalize to theory rather than to populations*” (Bryman, 2012). This implies that qualitative researches do not intend to generalize their findings on the whole population. As my chosen research design is multiple case design, I will conduct my research in several villages, for to compare two different communities with distinctive religious and cultural traditions and customs. My main intention is to examine to what extent these traditions can have an implication for that female beneficiaries of microfinance programs succeed or do not succeed financially in the long term. to benefit this particular social phenomenon which were selected based on their relevancy to the research question. This implies that there will be limited time and possibility to do an in-depth analysis as I decided to conduct my research in more than one location in Indonesia. I intend to concentrate on two different cultural and religious contexts and compare them in regards to their socio-cultural characteristics, which could influence women’s economic e7

empowerment. As the predominant religion in Flores is Roman Catholic, I will first conduct research in the catholic community and then concentrate on the Muslim population at the coastal area of Flores

## **5.2 Selection of locations**

In order to be able to answer the research questions and investigate the topic, I decided to conduct my research in the rural part of Indonesia, where poverty prevails and women are still believed to be subordinated and suppressed in many ways compared to men in this area of Indonesia. The empirical research took place in two different locations or regencies, in Nagekeo and Ngadha in a course of three weeks. These locations were selected because their cultural traditions are different in regards to women's position and role in the family and therefore is a relevant research site to conduct my study and collect empirical data for analyzing the research topic. Flores is an island located in east from Java in Indonesia. The majority of people are catholic, but there is a Muslim community as well along the coast. The reason for choosing this specific site in Indonesia is that it seems to be relevant in terms of its cultural and religious diversity. There are also a several microfinance institutions as well on the island, which I plan to contact personally while doing the fieldwork. It is important to gather information on women's economic activities and basic cultural value system as a starting point for the field research. Religious traditions and practices have also a significant role for the research as possibilities of women may vary depending on religious traditions in the community.

### **5.3 Sampling method**

I chose both stratified purposive sampling and snowball sampling within the category of purposive sampling for to select the right and appropriate participants for the research. Purposive sampling implies that the researcher selects his or her informants based on their significance and relevance for the topic being investigated. Stratified purposive sampling indicates that the researcher intends to pick out those interview objects which are typical examples of a certain social phenomenon. The research question serve as a guidance in finding the appropriate participant for the research project. (Bryman, 2012). Using the right participants is essential for gaining more empirical knowledge on the topic and being able to answer the research questions. However, there is always an insecurity whether these participants can be regarded as representative for the whole population. I chose snowball sampling, as the appropriate sampling method for the project. Snowball sampling is a type of sampling method, where researchers select their research subjects based on the recommendations for new participants given by informants, which were already included in the research projects. (Bryman, 2012).

With the method of snowball sampling, the process of research is much more flexible when it comes to choosing participants. However, it is quite important to bear in mind, that not all the informants can be used in the research, which were recommended by others, as there is a need for a strategic selection of participants. Research question serves as a guide at both sampling and data collection, as it gives a direction for the researcher during the whole process of the research. That means that research question and the theoretical base of the project can determine which participants are useful for the project.

## 5.4 Collecting data

Local Microfinance institutions or credit unions are important information resources as they can provide a list with the name on female beneficiaries and they may be willing to present their programs and achievements in empowering and helping poor women. It is purposeful find out the overall objective or the mission statement of these credit unions. Data collected from microfinance institutions would help to analyze what are the necessary preconditions for that microfinance can succeed.

My main objective is to collect data on the individual level, which means that I would like to concentrate mostly on women's possibilities on the household and community level. It is also purposeful to find out the different challenges related to women's empowerment on a local level for to find which challenges women face regarding their economic empowerment.

In order to find out views and perceptions about women's role in the Indonesian society, I chose interview as the appropriate method for data collection for the research. I chose semi-structured interviews as the main tool for my data collection. As first step, it is essential to have a translator for to conduct all the interviews with the participants. Even if participants were fluent in English, I would suppose that they are more willing to speak their native language and that it easier to express themselves when they can use their mother language. With semi-structured interview, it is essential to prepare an interview guide, however the guide should not be strictly followed the whole time. (Bryman, 2012, p.471) New questions and ideas can evolve during the conversation with the participants, which can be relevant and important in order to illuminate the research question. I find semi-structure interview an appropriate tool for collecting data, as it is flexible when it comes to include new aspects and

views of the participants being interviewed. This implies that even though the researcher has full control on that the conversation covers the research topic; informants do have influence on which topics will emerge during the conversation. (Bryman, 2012). This could reveal other views and attitudes, which would otherwise remain most probably hidden if the researcher would only follow a strict order of questions in his interview guide. As it is a quite sensitive topic, it is particularly important to apply methods, which helps to uncover and reveal, how participant think and relate to it as a private person. Another method for gathering data is using focus groups for making interviews. Working with focus groups can be useful in stimulating conversation on sensitive topics as members of the group are concerned about the same topic: it might happen that they are more willing to share their feelings and meanings with people having the same situation. (Bempah, 2014).

## **5.5 Categories of Participants**

There were alltogether 28 interviews which were conducted in the two research sites, in Nagekeo and Ngadha. The interviews took place both in towns and surrounding villages. When visiting villages as Rakalaba and Mangulewa in Ngadha, there were many women chatting and socialised outside their home or doing household work or working in their *kiosk*. In most of the interviews there were only women who were present, which I consider as an advantage for collecting quality data. I suppose that data and information would have been different if a male would have been present in conversations. The most important informants of the research are both beneficiary women of microfinance institutions, and women who are not member of any credit institutions. However, I selected women informant as well for the research, and compared views, experiences, and perceptions on culture with

that of women beneficiaries of credit unions and *arisan*. The reason for using both participants is that it is interesting to explore whether any change occurred in the case of female microfinance beneficiaries in terms of their decision-making power and empowerment at the household level compared to their counterparts, the group of women who are not members. Furthermore, there are some respondents whose answers are included in the analysis part, as for example government officers and *Kepala Adat* who provided relevant information on women's situation and cultural traditions. I also aggregate women in two further categories, based on their marital status. As divorce is very seldom in research site, the majority of my informants are married women. There is only one single mother and one widow, widow in Mbay, Nagekeo who can be regarded as financially independent. It is interesting to examine differences between these two groups, regarding the level and the extent of their empowerment through microfinance, and their perceptions and narratives about their own possibilities for being empowered. The majority of female informants were married and had no higher education.. who lives under the poverty line and who belongs to a better-off category in rural Indonesia. It is particularly important to examine both groups of women, as domestic and other conditions can vary from household to household for women to succeed. It is interesting to do a research on which possibilities and conditions the better – off group of women had before using the loans. I will set up two additional categories based on religion and cultural background. At this stage of the research, I will try to participate in daily life and ask them questions on cultural and religious beliefs and practices. After having collected the necessary data, I intend to compare these two categories and aggregate the poorer and the better off in two additional categories. This could give a more detailed overview and would shed light on the possible differences and similarities between the two categories. It is interesting to do a research on which possibilities and conditions the better – off group of women had before using the loans. Data collected on this particular topic could help to find

out factors, which enables poor women to benefit more from services provided by microfinance institutions. I will also select out and aggregate them in different groups according to their occupation and income level. I will ask them about their perception on women's role in their community and whether they are excluded from any economic activities due to the gender roles in their community. I will also pose questions about their daily routines and main duties in the household and community. It is important to find out whether they tried to invest money they have received from microfinance institution and whether they succeeded or failed. Do they have any activities outside the home – as for example any social group they have joined after taking up credit from microfinance institutions? As my intention is to find out the underlying causes for underdevelopment of women in rural areas in spite of the help and presence of microfinance institutions, it is important to find out factors influencing women's economic development.

Did they get any financial advices how to invest money? Do they have a certain level of autonomy regarding the financial matters of the family. Therefore, microfinance institutions are key informant with regard to their information base about women taking up microcredits. I will contact a couple of microfinance institutions and try to get access to them for collecting data and get an overview on their activities. With regard to travel cost and the limited time for each step of my research project, I am going to use microfinance institutions, which are located in the neighboring villages to my selected research site. I consider it as a major challenge to get informations on loan takers, as it can be confidential if microfinance institutions have strict policies for giving out names or informations about loan takers.

One of the other group of informants groups are men in families in the selected villages in Indonesia. By making an interview with men on topics as gender roles and traditional family values in the society, it is possible to get an insight into the traditional cultural values and attitudes men usually have toward women's role in families and in the society. It can also be

purposeful to make interviews with local schools and communities and posing questions about how women are normally “treated” - whether they are excluded from any activities – as for example local village meetings - and how high is the rate of school attendance among girls and women. This information can be crucial for to assess to what extent women are included or excluded in social activities and settings and how these can contribute to their economic situation and long-term poverty. As for example, division of labor in households and traditional attitudes toward women’s “place” and duties in families can indicate that social values regarding women’s role can impede economic development and empowerment in the long term. This would mean, that even though women have the economic resources available, they are not “empowered” to use and take advantage of them. As it is only an assumption, it can also happen that in many families there will be a tendency for women to take over decision-making on finances. As this research seeks to find answer to whether societal values and cultural traditions have a strong implication for development, it is also important to pay attention to not only the negative but also the positive implications of societal values on development. It can happen, that there are aspects of culture, where women are more empowered and enabled to make decisions on their own. Therefore, it is important to have a wide range of participant, as it is particularly important to research the topic from several perspectives. Local politicians can also be an important information source, as they might talk more “freely” and objectively about the topic compared to “private persons” as for example men in families. However, new participants and interview subjects might be included at a later stage of the research process, as with snowball method, the selection of participants is an ongoing process during data collection. However, it is quite important to keep in mind, that even when applying snowball method, it is important to stay focused on criteria such as relevancy, when it comes to selecting out new participants.



## 5.6 Challenges related to access to informants

One of the main challenges is related to the access to informants in the selected research sites. It is often suggested to try to use existing contacts or ask for help of other students and supervisor. (Bryman, 2012, p.437) It is also recommended to use “gatekeepers” as for example local NGO’s which could give some clues and ideas for the researcher how and where to start the project. However, I find it quite challenging to get access to more “confidential social settings”, as for example families and group of people relevant to the research. Even if I get access to people and informants, it will be challenging to start conversations on the topic, as it may happen, that some people reject to talk about it or even participate in the research. The reason for that is that it is a possibility that the topic is a taboo in the society, which implies that it is not appropriate to talk about it and discuss it at all. As others can consider the topic as quite private, it will be challenging to get access and start conversation on the topic. Therefore, I find it quite important to get first familiar with cultural customs and traditions, and most importantly, with the basic codes of social interactions as the first step to start the practical research. It is often a challenge when it comes to time management, as there is only a limited time for each stage of the research project. However, I regard this stage of research as quite necessary for succeeding with the subsequent stages of the project. That means that I would apply participant observation as my first step in the research project. It requires that the researcher gain access to an organization or other social settings, where he or she takes part in activities and observes people interacting with each other. As I regard observation as a quite important step in my research, I would chose to be a “participating observer”. That implies that observation is the main priority of the researcher for to gain knowledge on social and cultural settings being observed and researched. (Bryman, 2012).Ethical considerations and challenges related to data collection

## **5.7 Ethical consideration regarding anonymity and privacy of informants**

There are a huge number of ethical aspects, which should be taken into consideration before setting out a research project. One of the most important aspects is to avoid causing troubles or any harm to people being involved as participants in the project. (Bryman, 2012, p.135) As it is a sensitive topic, it is quite important to respect participant's right to privacy and most importantly their right to anonymity. As I chose participating observation as one of my methods to collect necessary data, it is very important to point it out, that it will be an overt during participating observation. By applying participating observation, it is easier to avoid ethical problems as for example intrusion of privacy. However, it can be an obstacle when it comes to getting admission and access to closer settings and group of people. Informed consent is widely applied in the case of an overt participating observation. In addition to that, language can also be a barrier when it comes to understand cultural codes and customs. in Ngada , local languages vary from village to village so it was also necessary to use one local translator in addition to my translator from Flores, Indonesia. In most of the interviews, there were only women who were present during the conversations, which made these interviews more credible and trustworthy - as the interviewed women were not disturbed and distracted under our conversations.

## **6 Data analysis**

Deduction - induction

In this research, I intend to find empirical evidences and answers to that attitude and values in society have great influence on development, more specifically, on women's empowerment in families. As economic independence do not necessarily mean autonomy and empowerment in other areas for women as it was pointed out in the theory part of the thesis- it can be assumed that there are several factors – both political or societal factors which can contribute to that women do not benefit from microcredit program. microcredit institutions usually do not have the necessary programs to address issues as women's empowerment and do not take into account subordinated situation and their possibilities to become more empowered. This indicates as well that simply providing financial assistance and funding, women can still feel that However, the different areas of empowerment can also be closely related with each other, as economic empowerment combined with the ability and possibility of making decisions can facilitate development and empowerment of women in the society. I would like to find out whether societal values determine women's further development and try to underpin it with empirical evidences that financial resources cannot be the end goal, but a facilitator and a means to development. Both women's narratives and concrete information on the socio-cultural characteristics were taken into account during data analysis. That means that aspirations and opinions of women informants matter in analyzing women's empowerment through microfinance at the household level. As it was written in the theory part, empowerment is also a process, which means that –despite that women suffer from restrictive cultural traditions, women's aspirations for being more respected and empowered can indicate

their “right direction” towards empowerment. . The adequate tool for analyzing data collected on the topic will be the so-called analytic induction. Analytic induction requires that the researcher formulates a research question and then an “assumption” or a possible explanation to the phenomena. After having done that, the researcher begins to gather information and data necessary to underpin or reject the formulated hypothesis. (Bryman, 2012, p.566) In analytic induction, the hypothesis can change during the course of data analysis - depending on the data collected by the researcher. It can happen that data given by the selected informants do not confirm the hypothesis, so there is a need for formulating a new hypothesis. (Bryman, 2012, p.567) The relevance and the validity of the hypothesis is therefore strongly dependent on the collected data or informations gathered from the participants chosen by the researcher. Therefore, it is important to formulate hypotheses already at an early stage of the research. I formulated the following hypothesis:

**Societal values have significant impact and implications for women’s empowerment and therefore, economic contribution through microfinance alone cannot bring about changes in existing gender relations.**

One of the main challenges with analytical induction - compared to grounded theory- that there is no rule of thumb regarding the number of cases required to reject or confirm our hypothesis. (Bryman, 2012, p.567) This can be confusing for the researcher as it is difficult to decide to what extent the hypothesis is valid or not. As participants are selected based on their relevance to the research question, and because with analytic induction there is no requirements regarding the number of cases to be investigated, it will be quite difficult to generalize the data for the whole population – as it is the case in probability sampling, where researchers are more able to generalize their findings on the whole population. (Bryman, 2012, p.416) Therefore, theory can also serve as a helping tool for the researcher when it comes to interpret the collected data (Rye, 2014).



## **7 Analysis of theory and empirical findings**

The research took place in two districts of Flores, in Nagekeo and Ngada. My main objective was to find out factors influencing women's empowerment through microfinance and comparing the two districts in terms of their cultural values and traditions and to what extent these factors have significance for women's empowerment through microfinance and self-help groups in the two areas. Data was collected from 29 informants within two culturally distinctive areas.

The chapter of the presentation of empirical findings is divided into two main section, and relevant data will be presented based on the theory chapters of the essay.

Culture, and its implications for women's empowerment are the first subchapters which will be followed by data presentation collected on credit unions and self-help groups in the two different district of Flores.

### **7.1 Nagekeo**

Research was conducted in the capital of Nagekeo in Mbay and in Baewae and informants were selected according to their relevance for the research .

#### **Categories of informants**

The majority of informants who were selected from Nagekeo were women. Out of 11 female respondents, nine women were already married and only two of them were single. Male

respondents were civil servants who provided useful information on women's position and cultural restrictions and expectations in Nagekeo.

### **Gender inequality and its implications for women's empowerment through microfinance in Nagekeo**

The majority -12 out of 18- of respondents described women's status in families as subordinated and used the expression *women are second class*. *Belis* or *bride price* was often mentioned as the main reason for women's exploitation: as one of the female respondents explained: "*men think they can possess women because of belis*". (resp.1). Respondents also mentioned that there is a *lack of respect* and *inequality* which they consider as major challenges for women to become more empowered. According to the informants, *belis* contributes to that women *are* subordinated and that male can dominate in families. A female teacher argued that men can misuse this system, as when women enter their husband's house:

*"Some men still think that they can possess their wife because of the belis system."*(resp.1).

They also compared women's situation in Nagekeo with that of women in Ngada, and explained that women are more respected in Ngada because there is no bride wealth and women are more appreciated by men and treated as equal partners. An advisor for a credit union in Baewae even said that "*women are not safe*" when they enter their husbands house. (resp.6). Three informants explained that *adat* is much stronger in rural areas, and in more traditional households. Furthermore, a shop-owner man in Baewae expressed his feelings towards *adat* and its significance for gender roles:

*"Tida adat harga": "Without adat, women would be priceless"*. (resp.3).

When asking about the culture and its implications for women's empowerment, informants mentioned that women do not inherit anything, and they enter the man's house after they got married. It was also emphasized, that women have no right to speak in ceremonies and they are often expected to do only the housework - such as cooking in the kitchen.

**The linkage between financial resources provided by microfinance and women's empowerment in Nagekeo—culture as a barrier?**

According to a male informant in Mbay : *“culture discriminates women.”* *“Women are not respected and expected to stay home.”*(resp.11). This is supported by the argument presented in the theory chapter in regard to women's mobility and economic activities outside their home:

As it was pointed out in the theory chapter:

*“Women's mobility increases in terms of income-generating activities, but the social stigma of women's mobility remains.”* (IFAD, 2009, p.20). (ch.3.4).

Another informant mentioned that according to the values of *adat*, women are expected to be at home and *“serve their children and husband.”*(resp.2). However, in Mbay, an employee of the governmental office for family planning and women's empowerment (Badan Keluarga Berencana) pointed out, that

*“women in Nagekeo are not that empowered, but they have the opportunity to contribute to the family economy.”*(resp.11).

However, an advisor for credit unions added that even though women have more opportunities to work outside their home compared to before, it can be a source of conflict if a women earns more than her husband.( resp.4). This can indicate a certain degree of gender inequality and can be a hinder for women to break out from their subordinated position.



However, both male and female informants were fully aware of women's subordinated position, and explained that women are not respected due to the cultural traditions. During the conversations, female respondents appeared to be dissatisfied with the values of patriarchal system and many of them pointed out that they desire a "*change in women's situation and position in families*". This implies, that they are fully aware of their limitation and they desire and want change in regard to women's suppressed role. This can indicate awareness about cultural barriers both by men and women: As it was argued in the theory section, "*moving into the right direction*" is an integral part of the empowerment process. (ch.3.1). Furthermore, female and- most of- the male informants considered economic contribution as the right tool to empower women. However-as male civil servants pointed out-that women are still *second class* individuals and they need more opportunity and skill-training to become more empowered.

.On the other hand, another female respondent, a farmer in Mbay explained, that there is a so-called "afternoon work" for women in her village, which is called for *Sorekasi*. Its main purpose is to encourage women to work outside the house. This indicates that women are allowed and encouraged to work outside their home as well. However, another, female interviewee described *adat* as something positive regarding women's economic contribution, as local *adat* norms support women's activities within the households. These activities include domestic work such as taking care of pigs or weaving. She mentioned that according to the values of *adat*, with these activities they contribute to the family economy. ( resp.2).

This also indicates-as it was referred to in the theory chapter- that even if women do not have paid work outside their home, they can still be empowered through microfinance:

*"According to Mayoux, gaining access to capital, and by contributing to family income, women get more involved and take actively part in decision-making at the household level, even if a women has no paid work outside their home. (Mayoux,2001) "*(ch.3.1)

Based on the arguments above, even if women do not have a monthly income, they can still influence decisions in family. This also indicates, that, in this sense, cultural values do not hinder women to become empowered, such as expectations as “*staying at home*”. Most of the civil servants-both employees in credit unions and civil servants meant that non-productive use of loans can lead to indebtedness and default among clients. According to a female owner of a credit union in Mbay, most of her clients are women, and most of them run businesses, such as selling vegetables. However, productive use of loans is not a precondition for women to gain more empowerment at the household level.

“According to Mayoux, gaining access to capital, and by contributing to family income, women get more involved and take actively part in decision.” (ch.3.1).

This indicates, that access to capital by credit union can contribute to women’s empowerment in terms of their influence on decision-making. By investing in children’s education- even if they do not generate monthly income-they can influence decisions related to money allocation in the household. As it was argued in the theory chapter: “*For a married woman, searching for a brighter future is about helping her husband to earn money for the family.*” (Ford & Parker, 2008). (ch.3.2.1).

However, access to credit does not necessarily bring about change in decision-making at the household level:

*“As for the intra-household decision-making, it is also argued that microfinance is not a panacea for altering power relations and gender inequalities within the household and gender related decision-making varies in each context and cultural setting. (IFAD, 2009). It is especially the case, when it comes to microfinance programs in patriarchal societies.”* (ch.3.3)

”... according to Lont, financial resources generated by wife in indonesia does not automatically lead to change in gender hierarchy inside the familiy household.” (ch.3.3)

In addition to this, productive use of loans from microfinance is not necessarily the key to women's financial independence:

"... even if women become entrepreneurs, they do not become automatically financially independent. (Lont, 2000)." (ch.3.3)

However, a shop-owner woman, with higher education in Mbay explained, that beside the financial benefits: "*if I really want to buy something and the husband do not approve it, I buy it anyway, because I have my own income.*" (resp.9). This indicates, that skills and education combined with financial resources can have great potential in empowering women. As it is indicated above, access to credit alone cannot influence strong cultural values related to women's position and status in the family. This can be corroborated by information provided by informants on decision-making: The majority of the informants meant that by using loans from credit union alone does not empower women in decision-making:

An entrepreneur woman said for example that even if she has her own income, issues related to money allocations should still be discussed with her husband. (resp.8).

However, self-esteem, and self-respect was mentioned when asking about in what way economic contribution influence women's life, status and position.

Informants also claimed that husband and wife discuss family issues before a decision is made, men have still stronger voice and more influence compared to women, based on the data collected from informants in Nagekeo. Respondents explained that there is still male dominance in Nagekeo, and some decisions are made entirely by men.

## **How can microfinance and *arisan* contribute to women's empowerment in Nagekeo? social and human capital**

When it comes to cultural restrictions regarding women's mobility in Nagekeo, three respondents were concerned about women's limited access to information and network. They pointed out, that they are constrained by cultural values which expect them to stay home. The consequence is that they lack a network and social life where they could exchange information with each other. A woman from a farmer family even expressed her desire to become more "*free*" to meet others and she wishes to get permission from her husband to do that. (resp.14). Another informant explained, that women would be judged by the community if they would socialize for "*private purposes*".

Based on the conversations with both female entrepreneur and male civil servants, women need more information and skills to become more empowered through microfinance. However-as it was implied above-women are restricted by cultural norms and have to follow certain traditional norms. Most of the informants think that education and skill-training have great potential to empower women. It can be regarded as a springboard for women to start a business and become entrepreneurs and make wise decisions. As one of female civil servant for the industry division for empowering women in Mbay put it: "*funding combined with skill-training was very successful in women's empowerment*". ( resp.10). She explained that they have several programs for women as a target group, and that their main objective is to empower them by skill training. There are different courses in weaving and processing coconut oil for example. A male civil servant also added, that microfinance give only financial resources, and it is not enough to empower women. Another civil servant in the governmental division for stimulating microfinance in the area explained, that microfinance institutions have too much focus on "*managerial stuff*" and do not invest in and take into

account “*people’s welfare*”. (resp.13). This is in line with the argument in the theory section, as it is argued that microfinance institutions has to introduce more programs which aim at women’s empowerment for example:

“...*social capital should be more emphasized and be included in strategies of microfinance programs...microfinance institutions focus too much on “financial sustainability.”*”(ch.4.4)

Another female entrepreneur had the same opinion about the role of education and skills in women’s empowerment: “*In families with lower education, men think that they can dominate.*” (resp.9).

Most of the respondents meant, that women need more skills and education to be more respected and have stronger voice in household decision-making.

As a civil servant put it: Most of the female members of both arisan and microfinance pointed out, that financial resources provided by microfinance did not help them alone to become more empowered. However, *arisan* gave them encouragement as entrepreneurs, access to information and social network. These informants claimed that by joining *arisan*, they got easy access to capital and built a network at the same time. A woman from a farmer family said- who is member of both microfinance and *arisan*, that combining these two can have a positive outcome for women’s empowerment. ( resp.14). Another female respondent explained, that *arisan* helped her to buy things which she otherwise could not have afford. She also added: “*By joining arisan, I feel purpose in my life.*” She also mentioned the word *encouragement*, as one of the benefits of joining a women’s group, like *arisan*. (resp.15). They did not mention any change in decision-making pattern in the family, however, they used their money on children’s education. This can indicate that women –when having access to capital- many times use it on her family’s well-being:

*“Lont also argues for that female autonomy implies in their culture that they are capable to influence money allocations to support their families.(Lont, 2000, p.99).” ( ch.3.3).*

This can be an important indicator of empowerment, as there are many cases, where married women have no influence on how their loan will be used:

*“A study on rural credit programs in Bangladesh showed that despite credit access and ability to pay back loans from microcredit institutions among rural women, women do not always have power and possibility to influence how loans are going to be used and invested. (Kabeer, 2005).”(ch.3.4)*

However, as it was argued in the theory chapter:

*“...despite all the benefits of self-help groups for women’s empowerment, it is still a long way to go to empower women in patriarchal societies. Certain decision-making area are still dominated by men and exclude women to exercise their power.” (ch.3.3).*

## **7.2 Ngada**

### **Informants in Ngada**

There were altogether 11 interviews which were conducted in Ngada. Similar to Nagekeo, the majority -7 out of 11- of informants were women in Ngada. Out of the four male informants, there two civil servants, one *kepala adat*- adat expert.

### **Gender inequality and its implications on women’s empowerment through microfinance in Ngada**

According to a teacher female informant in Bajawa, women are still restricted by the culture, however, education helped them to become more empowered. She also compared women's position in Ngada with that of Nagekeo, and pointed out, that women are less subordinated in Ngada compared to Nagekeo. Women have right to speak in ceremonies, and they are more *respected*. (resp.1). However, the majority of informants thought, that women are still subordinated by the culture. Lack of *respect* and *gender equality* at the household level was mentioned as important factors contributing to women's subordination. At the same time, Based on the interviews in Ngada with female informants, women feel respected by their husbands and regarded as an equal partner with their husband. Respondents also pointed out, that they discuss everything in their family, they feel respected regardless of their economic contribution. A female teacher also claimed that women are more respected in decision-making compared to women in Nagekeo. This can be supported by the argument on Indonesian women and their status in at the household level, presented in the theory chapter:

*"Married couple are considered to be as a „team” and they cooperate for the family.”*(ch.1.4).

This statement confirms what Scroeter found out about traditional gender roles in Ngada:

*“...the difference in gender roles and the different responsibilities women and men ascribed to is a result of “gender habits” by the people of Ngada, and it cannot be attributed to domination of either sexes.”*(ch.1.4).

Some of the informants stressed, that they do not feel dominated by their husbands when it comes to discussions on family issues. One informant pointed out that: *“if my husband wants to borrow money, we discuss how we should use and allocate it which we are about to borrow.”*(resp.9). On the other hand, one female respondent explained, that even though she

feels *respected* by her husband no matter what, some decisions are made by men. She demonstrated it with an example, that when someone asks their family for borrowing money or animals, the husband is the one, who should approve it. (resp.9). This can indicate that women and men are more equal, however, it does not indicate that women have strong influence on decision-making. On the other hand, it was argued in the theory chapter that – when women have financial assets on their own in the beginning of the marriage, they have better position to influence certain decisions: According to a *kepala adat*- adat expert-the brother of wife has great influence when it comes to speeches and decisions in ceremonies. Brothers play also an important role in mediating between husband and wife in case of conflict. When men get married, they have to give away all their financial assets to their sisters. On the other hand, women inherit everything, and they have a strong financial connection to their natal family. (resp. 7).This was also confirmed by another, male informant, who also explained that women are attached to their natal family. (resp.8).

In most of the cases, women claimed, that men and women make decisions together and they always discuss family issues, regardless of who is contributing to the family income. Some decisions are even made by men. This also indicates, that women are less autonomic in marriage, even if they are more respected and equal compared to women in Nagekeo.

However, the *kepala adat* also added, that men have more *dignity* and *respect* compared to women. According to the *kepala adat*, women have bigger authority in families. He demonstrated this with an example, ” *when women do not give food to the husband, husband should accept it.*”(resp.7). He also added, that women and men are regarded as more equal compared to Nagekeo. According to the *kepala adat*, “*women work often together with their husbands, and do the same work (except for heavy works).*”(resp.7).

A man informant in Rakalaba, in a village near Bajawa explained that there is gender equality when it comes to decision-making within the household. He added that no one dominates in



his family. (resp.8). But when it comes to inheritance, women are the ones who control and manage lands inherited from their natal family. (resp.8). This is confirmed by the adat expert, who explained that men have no right to manage lands inherited by their wife. However, all the financial assets and lands which the couple earned and bought together, belongs to him as well, and he has the same right as his wife. (resp.7). Based on the argument in the theory chapter, women with an economic base already at the beginning of the marriage, has more stronger position and bargaining power:

*“...studies also show that the fact that a woman brings resources into the home or marriage may strengthen her position in the household, even if she exercises little control over the resource.”* (Malhotra et al., 2001, p.27). (ch.3.3).

However, based on the informations provided by respondents in Ngada, women are more respected because there is a low bride price-if any-in Ngada. This means, that in this sense, culture can be a barrier for women to become more empowered in Nagekeo than for women in Ngada.

### **The linkage between financial resources provided by microfinance and women's empowerment in Ngada-culture as a barrier?**

Only two out of 11 respondents said that they feel more respected by contributing economically to the household income. However, two entrepreneur women pointed out, that by contributing to the family income, they feel more equal with their husband, and have more self-respect. This implies that regular economic contribution to the family income has the potential to enhance women's self-esteem and their feelings of being more equal- even if they cannot alter the existing power distribution between husband and wife. This also indicates that women's long-term contribution to the family income -such as by paid work outside their

home-can contribute to women's empowerment in terms of their self-esteem and feeling of being equal. However, according to the respondents in Ngada, the only benefit from credit unions was their economic progress. The rest of the informants did not feel that economic contribution by credit union would influence the way decisions are made in their family and that they feel respected by their husbands regardless of their economic contribution. According to the informants, matrilineal culture has more significance, and economic contribution has not much influence on power distribution. However, it still has significance in women's empowerment:

*"...women know that even if their work is hard, their labour guarantees their independence."*(Schroeter,2005, p.338). (ch.1.4).

However, based on the information provided by respondents in Nagekeo: despite women's strong position- financial resources from credit union and arisan alone does not guarantee women's empowerment in decision-making. This supports the argument presented in the theory section:

*"As it is argued by Kabeer, when analyzing household decision making between women and men - there is no clear evidence that microfinance influences the same way the already existing power relations within households in every cultural setting and contexts."* (Kabeer, 2005,p. 4713). (ch.3.3)

## **Challenges and possibilities related to women's empowerment through microfinance and self-help groups in Ngada- social and human capital**

Most of the interviewees were positive about *arisan*. According to them, *arisan* gave them encouragement, motivation, inspiration, self-confidence and a wider network. At last but not least, access to capital and information were also mentioned as important benefits when being the member of self-help groups or *arisan*. Furthermore, they also mentioned, that *arisan* helped them to strengthen social bonds, by sharing experiences and developing sympathy towards others is .

They explained, that there are different types of *arisan*, such as *teachers arisan* and *family arisan*. The purpose of *family arisan* is to keep in touch with family members. Most of the women use *arisan* money to save for their children's education. There was only one woman who gave *arisan* money to her husband. However, the majority of informants explained, that even if they did not use *arisan* money for productive purposes, *arisan* is definitely beneficial for them in many ways. According to a teacher informant, access to information and educational level has the potential to reduce gender inequality. (resp.1). On the other hand, one of the informants mentioned that "*skills and education do not change the way decisions are made.*" (resp.10.) Skills were only considered to be as an important tool for enabling women to make wiser decisions. Most of the informants were positive about the economic benefits by joining credit unions, however, they did not mention any additional benefits other than that. They mentioned however, that women's economic possibilities were very limited before the establishment of credit unions. The most important benefits of joining credit unions was that women was able to support their children's education and buy properties. Most of the informants, who was beneficiaries of either microfinance institutions or *arisan*, used the borrowed money on financing their children's education. Some informants considered it as

challenging when it comes to poverty and indebtedness. They meant that non-productive use of loans would exacerbate the situation of the already poor households and would cause problems with repayment. Credit unions were considered to be as an effective tool to get access to financial resources. However, no other benefits were mentioned by women in Ngada. According to an employee in Sangosay credit union, the majority of women borrow money for non-productive purposes such as children's education. They have a policy, that both parts should be equally responsible when husband or wife take up credit at the credit union. They also added that they do not have any programs for empowering women.

## 8 Conclusion

Microfinance programs are considered to have great potential in empowering women in developing countries. Extended empirical researches, however, found out that women's empowerment through microfinance is a complex process, where both strategies of microfinance institutions and contextual differences have implications for the outcome of microcredit programs. Microcredit institutions often disregard the fact that woman's access to credit does not guarantee her freedom and empowerment. Therefore it can be argued that both context and perceptions on women's role in the specific culture has to be taken into consideration when designing microcredit programs.

Based on the interviews conducted in Nagekeo and Ngada, there are both differences and similarities regarding women's possibilities to become empowered by microcredit and *arisan*. Cultural values determine women's position, and therefore culture plays a significant role in women's empowerment through microfinance. Women do often not have any control over the money they have borrowed from credit institutions, or they do not have the possibility to use it for productive purposes, such as for starting a business. Empirical findings showed that in Nagekeo, women are subordinated and less respected. They have also less influence on decision-making, as in most of the cases it is the men who decide about family related issues. However, most of the women in Nagekeo regarded economic contribution as the key to their empowerment in terms of having more respect and self-esteem and their influence on decision-making. However, cultural traditions-as for example that they are expected to stay home- restricts them to take paid work outside their home. As a consequence, they also lack network and access to information, which further restricts them to start business and generate income. This indicates that in this sense, culture can be a barrier for women to take advantage

of microcredit loans in terms of their empowerment. On the other hand, most of the women borrowed money to invest in children's education. This can indicate that women are able to influence certain decisions –such as money allocation–even if they do not have the possibility to generate income. However, women in Nagekeo did not think that financial resources alone borrowed from microcredit could make them more respected and more equal with their husband. Education, access to information and an extended network have significant role in that they can be more respected and regarded as equal in the family. This indicates, that self-help groups combined with microcredit services can have a great potential to influence women's empowerment in patriarchal societies, such as in Nagekeo. When comparing women's position in Nagekeo with that in Ngada, women have more power and influence in decision-making and regarded as more equal with their husband. Economic contribution has less significance in terms of women's empowerment in decision-making, as they are respected regardless of their economic contribution. Decision-making is based on a mutual agreement and consent between husband and wife, and many cases it is still the men who decide. However, when it comes to self-respect and self-esteem, economic contribution appeared to have significance in women's empowerment. Based on the empirical findings and theories presented in the previous chapters, it can be argued, that empowerment has many aspects and many interpretations, depending on the specific context one is about to analyze and examine. For women, in both Nagekeo and Ngada, respect and equality was the two main indicators of empowerment. It is challenging to alter gender roles and existing power distributions by only providing microcredit to women in developing countries. However, when women's challenges and possibilities in the particular cultural context are taken into consideration, microcredit can be an effective tool for women's empowerment at the household level.

## Reference list

Allen T. (2000). *Poverty and Development into the 21<sup>st</sup> century*. New York: Oxford University Press.

Anderson S., Baland J.M.(2002). The Economics of ROSCAS and Intrahousehold Resource Allocation. *The Quarterly Journal of Economics*,08,2002.

Retrieved from: 04.05.2015

<http://qje.oxfordjournals.org/content/117/3/963.short>

Azahari D.H. (2008).Indonesian rural women: The role in agricultural development.

Analysis Kebijakan Pertanian. Vol.6 (1).

Retrieved: 03.09.2014.

From: <http://pse.litbang.deptan.go.id/eng/pdf/files/ISU6-1a.pdf>

Bempah S. (2014). *Interviews*.

Retrieved from: 04.05.2014

<https://fronter.com/uia/main.phtml>

Bramono D.,Chung M., Eom Y., Khan K. (2015). Microfinance in Indonesia.

Retrieved from: 02.03.2015

[http://faculty-course.insead.edu/dutt/emdc/projects/Sep-Oct05/Group\\_A.pdf](http://faculty-course.insead.edu/dutt/emdc/projects/Sep-Oct05/Group_A.pdf)

Curnow J. (2008). Making a living on Flores, Indonesia: Why understanding surplus distribution is crucial to economic development. *Asia Pacific Viewpoint*(49:3),p.370-380.

Retrieved from: 06.04.2015

<http://onlinelibrary.wiley.com/doi/10.1111/j.1467-8373.2008.00384.x/abstract>

Banik D.(2006). *Poverty, Politics and Development*. Bergen: Fagbokforlaget.

Drakeley S.(2005). The History of Indonesia. British Library Cataloguing in Publication Data.

Retrieved from: 27.05.2015

[https://books.google.no/books?hl=en&lr=&id=ILx67Gbe--8C&oi=fnd&pg=PR5&dq=history+of+indonesia&ots=FZL5kK6NNR&sig=6Vsu4xLb5nQ74K5WIZg0phFmuns&redir\\_esc=y#v=onepage&q=history%20of%20indonesia&f=false](https://books.google.no/books?hl=en&lr=&id=ILx67Gbe--8C&oi=fnd&pg=PR5&dq=history+of+indonesia&ots=FZL5kK6NNR&sig=6Vsu4xLb5nQ74K5WIZg0phFmuns&redir_esc=y#v=onepage&q=history%20of%20indonesia&f=false)

Bryman A. (2012). *Social Research Methods*. New York: Oxford University Press.

Cheston S, Kuhn S. (2002). *Empowering Women through Microfinance*. Retrieved from:  
26.04.2014

<http://storage.globalcitizen.net/data/topic/knowledge/uploads/201101311419705.pdf>



Chowdury A. (2009). *Microfinance as a Poverty Reduction Tool- a critical assessment*. (Desa Working paper no. 89. Retrieved from: 24.04.2014

[http://www.un.org/esa/desa/papers/2009/wp89\\_2009.pdf](http://www.un.org/esa/desa/papers/2009/wp89_2009.pdf)

Christabell P.J. (2009). *Women empowerment through capacity building, the role of microfinance*. New Delhi: Concept Publishing Company.

Retrieved: 05.10.2014

From:

[http://www.google.no/books?hl=en&lr=&id=lZ1KfiD4hwYC&oi=fnd&pg=PA2&dq=indonesian+women+and+microfinance&ots=ys3rEH9Swp&sig=8ISMmT8UmHXil22wREmfAsJ1jB8&redir\\_esc=y#v=onepage&q=indonesian%20women%20and%20microfinance&f=false](http://www.google.no/books?hl=en&lr=&id=lZ1KfiD4hwYC&oi=fnd&pg=PA2&dq=indonesian+women+and+microfinance&ots=ys3rEH9Swp&sig=8ISMmT8UmHXil22wREmfAsJ1jB8&redir_esc=y#v=onepage&q=indonesian%20women%20and%20microfinance&f=false)

Cole S. ( 2008). *Tourism Culture and Development. Hopes, Dreams and Realities in East Indonesia*. Clevedon: Channel View Publications.

Cole S.(2008). Image. Ngada Research site.

Fletschner D., Kenney L.(2011). Rural Women's access to financial services.

Credit,Savings and Insurance. ESA Working Paper No.11-07.Agricultural Development Economics Divison.

Retrieved from: 02.04.2015

<http://www.fao.org/docrep/013/am312e/am312e00.pdf>

Ford M, Parker L. (2008). *Women and Work in Indonesia*. London: Routledge.

IFAD (2009).Gender and rural microfinance: Reaching and empowering women. Retrieved

09.09.2014, from: [http://www.ifad.org/gender/pub/gender\\_finance.pdf](http://www.ifad.org/gender/pub/gender_finance.pdf)

Kandiyoti D (1988). Bargaining with Patriarchy. *Gender and Society*, Vol. 2, No. 3, Special Issue to Honor Jessie Bernard. (Sep., 1988), pp. 274-290.

Retrieved from: 06.05.2015

<http://org.uib.no/smi/seminars/newsletter/Pensum/kandiyoti,%20Deniz.pdf>

Khader S.J.(2014).Empowerment through Self-subordination. Microcredit and Womens Agency. *Oxford University Press*.

Retrieved: 23.05.2015

[http://www.academia.edu/4109152/Empowerment\\_Through\\_Self-Subordination\\_Microcredit\\_and\\_Womens\\_Agency](http://www.academia.edu/4109152/Empowerment_Through_Self-Subordination_Microcredit_and_Womens_Agency)

Goettner-Abendroth H. (2008). Matriarchies as Societies of Peace: Rethinking Matriarchy.

*Off our backs*, 2008, vol.38(1)p.49.

Retrieved from: 12.05.2015

<http://connection.ebscohost.com/c/articles/34739004/matriarchies-as-societies-peace-re-thinking-matriarchy>

IFAD (2013). Enabling poor rural people to overcome poverty in Indonesia. Retrieved from: 30.04.2014

<http://www.ifad.org/operations/projects/regions/PI/factsheets/id.pdf>

Kabeer, L. (1999). Resources, agency and achievement: Reflections on measurement of women's empowerment. *Development and change*. Vol.30 (1999). 435-464. Blackwell Publisher LTD. Retrieved: 12.10.2014

<file:///C:/Users/Kitty/Downloads/1833-4646-1-PB.pdf>

Humboldt Universität zu Berlin (2010). Economic empowerment of women through microcredit.

Berlin: Humboldt Universität zu Berlin

Retrieved 22.09.2014

From: <http://edoc.hu-berlin.de/series/sle/240/PDF/240.pdf>

IFAD (2015). Mainstreaming Gender in IFAD Projects in Asia.

Retrieved from: 14.04.2015

<http://www.ifad.org/gender/regional/pi/1.pdf>

Kabeer N. ( 2005). Is microfinance a “magic bullet” for women’s empowerment? Analysis of Findings from South Asia. *Economic and Political Weekly*.

Retrieved: 04.04.2015

<http://www.lse.ac.uk/genderInstitute/about/resourcesNailaKabeer/kabeerNoMagicBullets.pdf>

Kabeer N.(1999). Resources, Agency, Achievement: Reflections on the Measurement of Women’s Empowerment. *Development and Change* vol.30 (1999),435-464.

Retrieved from:

02.04.2015

<http://www.utscc.utoronto.ca/~kmacd/IDSC10/Readings/research%20design/empowerment.pdf>

Lont H. (2000). More money, more autonomy? Women and Credit in a Javanese Urban Community. *Indonesia* 70.

Retrieved: 14.04.2015

[http://cip.cornell.edu/DPubS?service=Repository&version=1.0&verb=Disseminate&view=body&content-type=pdf\\_1&handle=seap.indo/1106942852#4](http://cip.cornell.edu/DPubS?service=Repository&version=1.0&verb=Disseminate&view=body&content-type=pdf_1&handle=seap.indo/1106942852#4).

Malhotra A., Schuler S.R., Boender C. (2002). Measuring Women's Empowerment as a Variable in International Development.

Retrieved from: 27.04.2014

<http://www4.worldbank.org/afr/ssatp/resources/html/gender-rg/source%20%20documents/technical%20reports/gender%20research/tegen5%20measuring%20women's%20empowerment%20icrw%202002.pdf>

Mayoux L.(2001). Tackling the Down Side: Social Capital, Women's Empowerment and Microfinance in Cameroon. *Development and Change Vol. 32 (2001), 435-464.*

Retrieved from 14.05.2015

<http://www.arabic.microfinancegateway.org/sites/default/files/mfg-en-paper-tackling-the-down-side-social-capital-womens-empowerment-and-micro-finance-in-cameroon-2001.pdf>

Nagekeo Dalan Angka(2012). *Nagekeo in Figures.*

NTA, East Indonesia Aid( 2015). *Gender equality Policy.*

Retrieved from: 30.04.2015

[http://www.nta.org.au/gender\\_equality\\_policy](http://www.nta.org.au/gender_equality_policy)

Panjaitan D., Rosintan D.M.,Cloud K.( 1999). Gender,self-employment and microcredit programs. *Quarterly Review Economics and Finance, Special issue,39(3),p769-781.*

Prawiranata I.R. (2013). *A Sustainable Microfinance in Indonesia. A Socio-Cultural Approach*. (Thesis for Doctor Degree, College of arts, Victoria University).

Retrieved from: 03.05.2015.

<http://vuir.vu.edu.au/22309/1/Iwan%20R%20Prawiranata.pdf>

Razavi S., Miller C. (1995). *From WID to GAD: Conceptual Shifts in the Women and Development Discourse*. United Nations Research Institute for Social Development United Nations Development Programme. Retrieved from: 30.04.2015

[http://www.unrisd.org/80256B3C005BCCF9/\(httpAuxPages\)/D9C3FCA78D3DB32E80256B67005B6AB5/\\$file/opb1.pdf](http://www.unrisd.org/80256B3C005BCCF9/(httpAuxPages)/D9C3FCA78D3DB32E80256B67005B6AB5/$file/opb1.pdf)

Robinson M .(2001).*The Microfinance Revolution: Sustainable Finance for the Poor*. Washington: The World Bank.

Retrieved from: 10.05.2015

[https://books.google.no/books?hl=en&lr=&id=ympCBiFwzmMC&oi=fnd&pg=PR17&dq=the+history+of+microfinance&ots=RKhy7jzPAJ&sig=uUjAgHCWakJ2c8sDPspYzQHEK3U&redir\\_esc=y#v=onepage&q=the%20history%20of%20microfinance&f=false](https://books.google.no/books?hl=en&lr=&id=ympCBiFwzmMC&oi=fnd&pg=PR17&dq=the+history+of+microfinance&ots=RKhy7jzPAJ&sig=uUjAgHCWakJ2c8sDPspYzQHEK3U&redir_esc=y#v=onepage&q=the%20history%20of%20microfinance&f=false)

Rye S. (2014). *Research Proposal and Project Planning*.

Retrieved from: 01.05.2014

[https://fronter.com/uia/links/files.phtml/792810038\\$696711133\\$/Course+material/Module+4/Mini+lecture+3\\_prcnt\\_3A+Research+proposal+by+Rye](https://fronter.com/uia/links/files.phtml/792810038$696711133$/Course+material/Module+4/Mini+lecture+3_prcnt_3A+Research+proposal+by+Rye)

Sengupta R. , Aubuchon ,C.P. (2008). Microfinance Revolution: An Overview .*Federal Reserve Bank of ST. Louis Review*.

Retrieved from: 15.05.2015

<https://research.stlouisfed.org/publications/review/08/01/Sengupta.pdf>

Schroeter S.( 2005). Red Rocks and Black Hens. Gendered Symbolism, kinship and social practice in the Ngada Highlands. *Bijdragen tot de Taal-, Land- en Volkenkunde (BKI) 161-2/3 (2005):318-349*.

retrieved from: 08.03.2015

<http://connection.ebscohost.com/c/articles/18416268/red-cocks-black-hens-gendered-symbolism-kinship-social-practice-ngada-highlands>

Stoler A. (1977). Class Culture and Female Autonomy in Rural Java. The complexities of change. *3(1),Signs*.

Retrieved: 27.04.2015

[www.jstor.org](http://www.jstor.org)

Stroma, C. (2008). *Tourism, Culture, and Development Hopes, Dreams and Realities in East Indonesia*. Clevedon: Channel View Publications.

Tanbunan T.T.H. (2014). Development of Small and Medium Enterprises in a Developing Country: The Indonesian Case.

Retrieved: 17.08.2014

[http://www.growinginclusivemarkets.org/media/publications/development\\_of\\_small\\_and\\_medium\\_enterprises\\_in\\_a\\_developing\\_country\\_indonesian\\_case.pdf](http://www.growinginclusivemarkets.org/media/publications/development_of_small_and_medium_enterprises_in_a_developing_country_indonesian_case.pdf)

UNESCAP (2015). Enabling Entrepreneurship for Women's Economic Empowerment.

Retrieved from: 07.04.2015

<http://www.unescap.org/sites/default/files/Enabling%20women%27s%20entrepreneurship.pdf>

UNESCAP (2002). Empowering Women through Self-Help Microcredit Programs. *Bulletin on Asia –Pacific Perspectives 2002/2003*.

Retrieved from:

14.04,2015.

<http://www.unescap.org/sites/default/files/Bulletin02-ch6.pdf>

United Nations (2014). The challenge of human rights and cultural diversity.

Retrieved: 14.08.2014

<http://www.un.org/rights/dpi1627e.htm>

UNDP (2015). Country: Indonesia. Project Document.

Retrieved: 06.042015

[www.undp-alm.org](http://www.undp-alm.org)

Webb, R.A.F.P.(1986). Adat and Christianity in Nusa Tenggara Timur: Reaction and Counteraction. *Philippine Quarterly of Culture and Society* (14) p.339-365