

Executive summary

[Sociology](#), [Poverty](#)



EXECUTIVE SUMMARY It has been forty years since our glorious independence for which millions of people willingly sacrificed their lives. But the matter of great regret is that still the people of this nation have to fight, not against the enemy, but against hunger, starvation, and poverty. Almost half of the population is still living under the poverty line. Many economic plans had been adopted by the policy-makers to improve the poor economic condition of the people. Long time has already passed away but the poor economic condition has not significantly improved. Bangladesh is a third-world Muslim country in which gender discrimination is a chronic problem. For this reasons one of the important plans the micro-credit program, which targeted to improve the total economy by improving the economic condition of the rural women through micro-entrepreneurship, has not been as successful and effective as it was expected. Due to various gender-related reasons such as gender discrimination, social, cultural and religious barriers, male-dominant society, lack of access to business resources, a very few number of women entrepreneurs under the microcredit program have seen the success. The poor women, in general, have not been much benefitted from the micro-credit program. Hence, the policy-makers are in search of new and more effective alternative to fight poverty. Various studies on the successful women entrepreneurs indicate that those women are more likely to be successful who have strong social capital. This study has come up with various cases showing the positive inter-relation between social capital and women entrepreneurship. Social capital refers to the strength of social values, norms and social networks which have high potential to broaden the path of success for micro-entrepreneurships. Social capital involves not only

the household values and networks but also relationship with the broader society. The NGOs have critical role to play to build up social capital among the rural women which will promote accurate decision making with combination of resources mobilization, communication and conflict resolution. Ultimately, it will result in making effective and efficient projects at the field level and the poverty is expected to be reduced significantly.

INTRODUCTION The article “ Social Capital and Women Entrepreneurship in Bangladesh” written by Dr. A. N. M. Shibly Noman Khan has been sourced from Independent Business Review, Volume 2, Number 1, January 2009, 41-

64 The problem discussed in this article is about the inability of micro-credit system to alleviate poverty greatly and improve overall economic condition of rural poor women of Bangladesh through successful women

entrepreneurship. Instead, social capital has been referred to as a significant and effective alternative in the present structure of society which can cause the economic condition improve faster and better than micro-credit can do.

Poverty has been the primary economic problem of Bangladesh for long. But it is inconceivable to plan for improving this poor economic condition by

wasting half of the human resources (women) by discrimination on the

ground of sex. In the patriarchal society most of the women are deprived of their due rights, privileges and freedom of taking decisions about their lives.

They are the helpless victims of cultural taboos and societal prejudice. Male dominance in agricultural farming, population density and landholding

capacity have kept them away from agricultural development (Mohanty, 1991; Scott, 1995). Poor women are deprived of the access to credit from

formal financial institutions. They are denied their due moral and social

status in the society and most of them are still living in an oppressed condition in this male dominant society mostly in the rural areas. But few of them have been successful in midst of adversity by virtue of family support or charismatic personality. But the number of these successful entrepreneurs is very trivial in comparison to that of the developed countries. Micro Enterprise Micro-enterprise is a tiny business, usually with one owner, commencing with minimal investment and requiring no formal establishment (Sanders, 2002; Schreiner, 2001). Micro-enterprise development has even greater potential in Bangladesh as the country is substantially endowed with indigenous raw materials and a cheap supply of labour. (Rahman et al., 1979) Micro-enterprise literature emanating developed and developing countries has focused on economic growth. (Chaganti & Chaganti, 1983; Du Rietz & Henrekson, 2000; Hornaday & Wheatley, 1986). Micro-Credit Thinking of the poor women's difficulty in getting access to the credit from the formal financial institutions, micro-credit program was initiated by Professor Yunus in 1976 which targeted the poor women in the rural sector of Bangladesh. But participation in microcredit program did not significantly promote self-employment for women through enabling them to start micro-enterprises at the household level but the same participation significantly helps the husbands of the women members to start micro-enterprises and create self-employment opportunities for themselves. These household micro-enterprises are managed and controlled by the husbands or other male members in the household. (Chowdhury, 2009). Due to various social and cultural barriers women could not make efficient and effective use of this credit. They used to invest it in their husband's business. Hence,

sometimes, female borrowers might have trouble meeting their weekly repayments because their husbands fail to use the loan profitably. Social Capital Social capital is a sociological concept which refers to those stocks of social trust, norms and networks that people can draw upon to solve common problems. The concept of social capital highlights the value of social relations and the role of cooperation and confidence to get collective or economic results. It covers not only the household networks such as family support but also the relationship with the broader society (Putnam, 1993). In fact, people have an element of common perceived interest among them for which values and morality arises in them which ultimately have positive impact on the economic growth (Cole et al., 1991; Preston, 1996). The durability of this social input depends on the trust, norms and knowledge. The women who have strong social capital are more likely to become successful in their entrepreneurships. MAIN ISSUE How can the potential economic livelihood of the poor women be improved and sustained by using social capital in the development of micro-entrepreneurial activities? THEME OF THE STUDY Poverty is an enveloping feature of Bangladesh. To reduce poverty it is imperative to involve the women, who comprise 50% of the total population, in the mainstream of economy. But in Bangladesh women are lagging far behind the men in all spheres of life due to social, cultural and religious barriers. The gender bias embedded in a society of patriarchal mind set limits women's mobility, interaction, active economic participation and access to business development services. In these circumstances, it is very difficult for women entrepreneurships to flourish in full extent only through micro-credit program and improve the

economic condition of the women. Instead, it is evident from many cases that the social capital (the power of social network) can significantly benefit women to alleviate poverty through successful micro-entrepreneurships.

Social capital which refers to the stocks of social trusts, norms and networks will significantly help to remove the problems of women entrepreneurships such as lack of mobility, lack of market access, lack of communication, information gap, limited access to business resources etc. It will thus clear the path for the micro-entrepreneurial activities to thrive with full force and substantially improve the total poverty condition. ANALYSIS AND

INTERPRETATION Table 1a: Entrepreneur's Percentage | Area | Background | Entrepreneurship's Status | 52. 5% | Rural | Family Business | Successful | 70% | Urban | Family Business | Successful | 17. 5% | Rural | Farm Ownership | Successful | 17. 5% | Rural | Working Class | Failure | 52. 5% of the rural respondents and 70% of the urban respondents had come from a family business background. Another 17. 5% of the rural respondents were from a background of owning farms and another 17. 5 % were previously agricultural laborers. The latter group was most likely to fail in their business because of their working class background and weak social capital. Table 1b:

Entrepreneur's Family Status | Weekly Interest Repayment | Entrepreneurship's Status | Joint Family | Able | Successful | Single/Nuclear Family | Unable | Failure | It has been observed by the researchers that the entrepreneurs who have come from joint family are able to repay weekly interest because the joint family gives them a wide social network and personal connection that help them to develop new relationships. On the other hand women entrepreneurs who tend to live under a single family

structure are less likely to access adequate resources for their business and hence fail to repay weekly interest on the credit. Apart from this, property conflict causes split in the joint family and ultimately results in narrowing the path of success for micro-entrepreneurships. Table 1c: Entrepreneur's Background | Academic Status | Entrepreneurship's Status | Family Business | Higher | Successful | Farm Ownership | Higher | Successful | Working Class | Low | Failure | Women entrepreneurs coming from family business and large farmland owner background are highly resourceful and encouraged to complete a college or university education. They are more likely to be successful in their entrepreneurships due to their relevant knowledge and skills. But women having working class background are those who drop out of school after completing their primary education and they are more likely to fail in their business. Table 1d: Entrepreneur's Area | Participation in Social, Religious & Family Functions | Impact on Entrepreneurship | Rural | Low | Negative | Urban | High | Positive | Urban women entrepreneurs tend to be more active participants than their rural counterparts in the social, religious and family functions as they are highly encouraged by their family members to do so. Participating in these activities often incurs additional expenses which may be a reason for indifference towards attending the functions especially for those who are facing the liquidity problem. But participation in these functions always has a positive impact on an entrepreneurship as it establishes and strengthens social values and networks. Table 1e: Lower Income Group Entrepreneur's Area | Income : 1 — 7, 000tk | Income: 7, 001 — 14, 000tk | Rural | 30% | - | Urban | - | 10% | Among the lower income groups, rural respondents are more conspicuous

with almost 30% of them earning less than Tk. 7, 000 while only 10 % of urban respondents were making between Tk. 7, 001 and 14, 000 Table 1f: Higher Income Group Entrepreneur's Area | 14, 000tk — 21, 000tk | 21, 000tk — 28, 000tk | 28, 000tk - 35, 000tk | Rural | - | 22. 5% | 37. 5% | Urban | 30% | - | - | But among the higher income groups the rural respondents are doing better with more than one thirds earning Tk. 28, 000 to 35, 000 and 22. 5% making between Tk. 21, 000 and 28, 000. The urban respondents seem to have more success in earning middle level income with 30% making between Tk. 14, 000 and 21, 000. Table 1g: Credit Resources | Income | Weekly Interest Repayment | Entrepreneurship's Status | High | High | Able | Successful | Low | Low | Unable | Failure | Respondents having access to a larger amount of credit are more likely to generate more income than those having limited credit resources. Access to a large amount of credit increases production as that credit can be invested in buying necessary machines, labor, and raw materials. But respondents with limited credit resources have difficulties weekly repayment of interest due to low income and fall in the vicious cycle of not being able to access further loans. Table 1h: Percentage | Duration of Survival | Weekly Interest Repayment | 70% | 5+ (years) | Able | 30% | 3 (years) | Unable | Micro-enterprises surviving more than 5 years are regarded to be successful. And the success is more apparent within the urban respondent group with 70% of them surviving more than 5 years while the failure rate is also high with 30% of their businesses lasting for only 3 years. Figure 1a: Respondents Earning for Family The majority of rural respondents (77. 5%) have taken their business endeavour for the purpose of generating income for families while only 30% of the urban respondents

have the purpose of supporting their family Figure 1b: Respondents Earning for Becoming Independent Only 22. 5% of the rural women entrepreneurs have the desire to become independent through their entrepreneurship programs. On the other hand 70% of the urban respondents are involved in the entrepreneurships with the motive of becoming independent. In fact, the highly educated entrepreneurs exhibit a tendency to start their business for the purpose of becoming independent. Hence, the tendency to become independent is higher in the urban areas than in the rural areas. Better communication, education, transportation, easy access to information, more flexible business environment, wide range of marketing facilities have made it easier for a large number of urban women entrepreneurs to enter business and production.

GENERATION OF QUESTIONS 1. The researcher has not paid any importance on building up human capital to make the micro-entrepreneurship successful. Human capital refers to the knowledge, skills, abilities and experiences which are vital for making a business successful. A Chinese proverb says “ To plan one year, sow seed; to plan ten years, plant trees; and to plan 100 years, develop human resources”. So building human capital is a very important strategy which will substantially contribute to eliminate poverty.

2. The researcher has not emphasized the enforcement of laws to ensure women’s due rights, freedom and privileges. There are many irregularities in Bangladesh though laws have been there to stop them. For example, despite the circular of the Bangladesh bank, women entrepreneurs do not get expected loan facilities from the banks. Moreover, in maximum cases the women entrepreneurs do not get justice from Law Enforcement Agencies (LEA) against sexual harassment for which they grow sluggish out

of the fear of insecurity. Hence, strong implementation of laws will be quite helpful for developing women entrepreneurships. 3. The researcher has not mentioned the negative aspects of social capital. Erickson (2002, p. 547) identifies the following paradox regarding social capital: 'every feature of social structure can be social capital in the sense that it produces desired outcomes, but also can be a liability in the sense that it produces unwanted results'. A stock of social capital is simultaneously productive and perverse. For example, the kinds of groupings and associations which can generate social capital always also carry the potential to exclude others (Hunter 2000; Morrow 1999; Szreter 2000). 4. Some important issues have not been discussed by the researcher such as lack of infrastructure for business, lack of training programs, lack of knowledge of ICT, regulatory barriers regarding company registration, tax, VAT etc. Apart from this, the women entrepreneurs have double responsibility of both taking care of the family and carrying on the business. Due to divided focus the entrepreneurship programs are more prone to become unsuccessful. Lack of day care facilities is another barrier for women's entrepreneurships.

SUMMARY and CONCLUSION Recapitulating the above discussion, it can be said that by keeping half of the total population confined within the household activities, social and cultural barriers, the economic development of this nation is unimaginable. The women have to be included in the main stream of business and ensured their all due rights and full support from their male counterparts. Though the micro-credit program was initiated more than forty years ago with a strong hope of women empowerment, it has frustrated and disappointed us with its very little contribution and lack of capacity to

generate the expected outcomes. Hence, it is clear that in the perspective of Bangladesh, the participation in micro-credit program alone is not sufficient to improve economic livelihood of the poverty-stricken women. Time has come to think for a better alternative which is more effective for present social circumstances. Now the micro-enterprises have to flourish basing upon the strength of trust, norms, values and social networks which together form the social capital. Social capital can be a powerful strategy for making the entrepreneurship programs successful and it is a strategy which is not only gender sensitive but also gives importance on social structure and agencies platform for developing women's entrepreneurship in rural Bangladesh.

POLICY PRESCRIPTIONS

- * The NGOs need to be monitored so that they can build up social capital within very short period of time.
- * A focus on building up the human capital beside social capital is needed since the former is one of the fundamentals for thriving in business
- * Full support from law should be ensured for the women entrepreneurs.
- * Effort should be given to reduce the negative impact of social capital as much as possible.
- * Regulatory difficulties should be reduced regarding the entrepreneurship. Infrastructure should be developed to increase business opportunity. Day care facilities should be built for the women entrepreneurs' convenience.
- * Men should renounce the mentality of confining women into household and reproduction activities.

DIRECTION FOR FUTURE RESEARCH

The future research should concentrate on

- i. measuring the effectiveness of social capital in developing women entrepreneurs in the rural areas
- ii. how successful the NGOs in building up social capital
- iii. difficulties in building up the social capital and its successful utilization.
- iv. the negative impacts of social capital on the

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