Microfinance has proven to be a powerful tool for alleviating poverty, empowering women, and benefiting families. Most of the evidence suggests women and their families benefit from participating in microfinance programs. As a result, microfinance services often are tailored to serve women entrepreneurs, sometimes exclusively. Much has been written on the impact of microfinance services on women’s empowerment and the role that social capital plays in binding clients together for mutual benefit. Less is known about the role microfinance plays in enhancing women’s influence in the political realm and how this impacts their membership in social networks/groups that are politically active.

This presentation will provide an overview of microfinance then explore the role that structural social capital (participation in groups) and cognitive social capital (the sense of trust and collaboration) play in the success of microfinance, particularly among female clients. The presentation will conclude with an exploration of women’s social and economic empowerment through microfinance, particularly as it relates to indicators of political participation and empowerment.

A growing interest in social capital as an alternative measure of a community’s assets of value is emerging, in part, from the success of poverty alleviation interventions such as microfinance. The success of microfinance has often been attributed to its innovative role in tapping into the non-monetary, but equally valuable, assets of social networking and community trust and collaboration. In a number of cultures, the unleashing of this resource for economic activity has coincided with, or helped spur on, a subsequent movement of utilizing the same power to shift women’s involvement in the political arena.

Studies that have explored differing practices of individual microfinance institutions and how those practices contribute or detract from varying levels of women empowerment often consider how specific gender strategies and non-financial add-on activities (like education, often called ‘credit-plus’) are utilized. Part of the aim of this presentation is to discover what may work from an institutional perspective in fostering political empowerment of its women clients.

We believe there is potential for continued growth and improvement among microfinance practitioners in relation to them actively promoting political empowerment of their female borrowers that, hopefully, will lead to significant social change in terms of current gender norms and expectations. As women who were previously held back by suppressive social systems gain decision-making power through their involvement in a microfinance intervention, new roles can begin to be shaped in the democratic process of developing countries.

Our presentation will be organized in three stages. The first stage will outline a brief history of microfinance, mention some of the common debates in the industry and highlight the latest developments in the field. The second stage will define structural and cognitive social capital and
explore the results from a number of studies done on social capital measures and microfinance services. The third and final stage will focus on the existing research on women’s empowerment in the political realm. The presentation will conclude with a dual consideration. We will summarize practical ideas this research offers to practitioners who are working on poverty alleviation. We will then summarize further research ideas to pursue for academics interested in this topic.