

The Impact of Education and Islamic Microfinance as an Economic Empowerment for Women in Poverty: A New Paradigm

Aas Nurasyiah, Suci Aprilliani Utami, Rida Rosida, Aneu Cakhyaneu, and Neni Sri Wulandari
Departement Islamic Economics and Finance, Universitas Pendidikan Indonesia, Bandung, Indonesia
asnur.fna@upi.edu

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Abstract: Among the poor, women are relatively vulnerable and extremely live below the poverty line in the developing countries. Indonesia as a developing country has demographic characteristics indicated by the percentage of Household Heads, poor women level has increased from 2012 to 2015. This research would like to reveal a new paradigm from a concept of poor women empowerment using the Islamic principles. In the concept of Cumulative Women Empowerment Index said that the women's empowerment influenced by level of education, access towards the media, cultural and social norms within the society, participation level on labour and household as well the Islamic values. In addition using the Grameen Bank Model, Muhammad Yunus has proven that by giving access towards a micro financing for women has effectively helped in empowering the poor. This research conducted by housewives to get the micro financing access from BMT ITQAN, Bandung, using the purposive sampling. The samples for this research are taken from 350 respondents. Using the interview method, the data collection is taken. The multiple linear regressions is used for the data analysis. It is concluded that the education level has influenced the economic empowerment of poor women, but Islamic microfinance is not.

1 INTRODUCTION

Among the poor, women are vulnerable and the majority live in poverty in developing countries (Todaro, 2011: 292). Indonesia as one of the developing countries has demographic characteristics in 2012-2014 which shows that the percentage of head of household (KRT) of poor women has increased to 14,20% (2014) from 13,39% (2012), (BPS, 2016). Women become Head of Household (KRT) because men who become head of household have not able to run its role again. Causes include death, separation, or unemployment. Poverty is closely related to women as head of household because as head of household, a woman has a double responsibility, that is taking care of housework and fulfilling the life necessity of all household member by working.

Some of the options made by women from poor families who work, among them are: First, women who choose to work as Female Labor (TKW) abroad. The problems that are often faced by TKW Indonesia are unilateral layoffs, troubled employers, labor-related illness, ill-treatment and sexual harassment (BP2NTKI, 2014). Second choice, the poor woman

who choose to work as factory worker (industry) in the country. The problem is that the net income received by women is much lower than that of men. Among the contributing factors are the marginalization of work, the subordinate position of women in social and culture, the stereotype of women and the low level of women's education (Khotimah, 2009). The lower level of education women have can be shown by illiterate figures. Up to 2015, the female illiteracy rate (5.95%) is still much higher or about twice that of men (2.61%).

The last option, which is women who choose to try their own with entrepreneurship or trade. The problem is the difficulty in gaining access to capital, so often stuck in loan money lenders (Loan sharks). Several studies in Latin America and Asia conclude that if women can get credit in carrying out their informal sector business, then the rate of return or repayment of credit is equal to or exceed the rate of repayment of male credit. (Todaro, 2011: 412). Women's much better track record than men in credit repayments does not cause them to get credit opportunities, as most financial institutions will channel credit only to the formal sector, so women who generally do business in the informal sector can

not get loans, although The loan amount is relatively small.

The concept of women's empowerment is defined as "gender empowerment" which is often interpreted differently by each author. However, the key word is the ability of a woman to manage her life. The process of empowering women is done by improving its ability to manage or manage its life by providing access to education, access to formal employment, access to entrepreneurship, access to finance, and control of fertility. (Center for Economic and Business Research, 2008).

Economic empowerment of poor women can be done through three forms of intervention, namely micro-finance, education and law (Center for Economic and Business Research, 2008). A combination of education and microfinance is needed to address the problem of poverty (Hadi, et al, 2015). Empowerment of poor women is influenced by education, access to media, socio-cultural norms in society, the level of women's participation in work and households and their knowledge of Islamic values (Chaudhry & Nosheen, 2009). Projects that enhance women's role in economic activity will have a positive impact on family welfare and women's empowerment will reduce poverty levels (Khan & Bibi, 2011).

Among the Islamic institutions actively involved in the poor empowerment program are Baitul Maal Wat Tamwil (BMT) as the embodiment of the Islamic microfinance concept. According to Ridwan (2004), BMT is an institution that is not only business oriented but also social. In fact, BMT has been able to empower the community of most members of mothers through syariah-based micro financing that is much needed by the community at the level of root graas. Based on some research results, such as Abdur Rohman (2007) and Yuniar (2015) concluded that BMT can be an institution that plays a role in reducing the poverty level of members and communities involved in it.

In addition, education level becomes another factor that influence the empowerment of women according to the research of Haque et.all (2011); Gholipur et.all (2010); Tripathi (2010); Rahman and Ayub Ali (2013). On the other hand, Kabeer et.all (2011); Chouhury and farhana Nosheen (2009); Swain and fan Yang Wallentin (2008); as well Suminah (2014) viewed tha the education has no influence on it.

Interestingly, Islamic Microfinance is said to have significant impact on women empowerment according to Khan and Zainab Bibi (2011); Maika

and Eddy Kiswanto (2007); Paul Kato (2013); Rehman, et.all (2015).

On contrary, Bayulgen (2015) and Khan (2013) concluded that Islamic Microfinance have no significant impact on the women empowerment.

Thus, this study aims to describe how Islamic education and microfinance role in empowering women from poor families.

2 LITERATURE REVIEW

One other development economist who pays attention to women illustration in poverty alleviation program is Amartya Sen. In his theory of Entitlement and Poverty, Amartya Sen (1999) reveals that a set of basic needs, such as food, clothing, housing, health care and the protection of human rights coupled with a set of ethical values will reduce poverty in women.

Within the OPIP2 region the value aa is below the curve of the curve, it indicates an area where women are unable to meet their basic needs and cause starvation to poor women. The optimal point is a * as the optimal value of the set of rights women should have. The value is above OP1P2 area, because besides the right to fulfill its basic needs, poverty alleviation program for women must be added with ethical value.

Feminisation of poverty as a term used to describe the misfortune of society because of class, racial, and gender relationships based on access to resources and opportunities defined in women does not gain equal access to resources and opportunities. In addition, he argues that the problem of women's poverty is due to gender in social, economic and political issues. Thus, according to him, if access to these resources and educational opportunities is given equally between men and women, then access to welfare increases (Kohler, 2001). Women's helplessness is caused by their illiteracy, lack of awareness, low knowledge and skills and confidence they have (Parveen, 2007). Factors that will affect women's perspective on her function, other than religion are social status, personality, residence (village / city), and family culture (White, 2010).

The phenomenal thinking in modern economic development theory is the idea of Muhammad Yunus taking a different path, his great thought again revealing that poverty alleviation would be more effectively initiated by women (Wahid, 2014). Grameen Bank as a manifestation of Muhammad Yunus's manifestation of development in Bangladesh and the world in general is much different from that of conventional banks. It is these principles that can

then exclude the poor from structural poverty/structural pitfalls. First, Grameen lends on micro-scale, so that the poorest people can reach this credit. Second, the main principle adopted by Grameen Bank is "trust". Grameen assumes that every borrower is trustworthy, there is no need for any legal instrument between the debtor and the creditor. With such trust, Grameen also does not impose any collateral for the debtor (Yunus and Allan Jolis, 2007).

In practice, Gramen Bank, pioneered by Muhammad Yunus in Bangladesh, is not a sharia financial institution that still uses interest instruments in providing financing to the poor. There is, therefore, a deep concern of conventional microfinance practices from an Islamic perspective, as Wilson (2007) points out, extending the materialism and consumerism of rural communities and urban slums that undermine social cohesion by increasing long-term false hopes and frustrations. Ahmed (2002) notes some of the differences that differentiate conventional microfinance from Islamic microfinance. Conventional microfinance and Islamic microfinance can mobilize external funds and customer savings as a source of funds. However, Islamic microfinance can also take advantage of Islamic practices such as zakat and waqf as their source of funding for funding. For financing models, conventional microfinance is interest-based while Islamic microfinance should eliminate interest and use the revenue share in its operations. Islamic microfinance can also maximize social services by using zakat to meet basic needs and increase the participation of the poor.

The point of view of the role or position of women in the economy differs between conventional (western) thinking and Islamic thought. In western countries, a career woman is considered a necessity, so the following demands arise (Syahatah, 1998: 125).

1. Restricting working women means limiting women's freedom and reducing the nature of its existence.
2. Prohibiting women from working is no longer appropriate to the progress of time and modernization
3. Prohibiting working women means spaying potential human resources.
4. The invitation of religious leaders to allow women to return to their homes is a setback.
5. Women should be able to work even when the environmental conditions are harsh and not in accordance with their nature.

In Islam, the natural task of women's work is to care for the household, to be a wife, to be the mother of her children, and to be a teacher, organizer, and housekeeper. Woman is the leader of her household, and she will be held accountable for her leadership. This is described in the Qur'anic verse: "And you shall remain in your house ..." (Al-Ahzab: 33). Besides that, Rasullulah SAW once said: "No believer pleads anything that is beneficial to him after the piety is better than the sholehah's wife, the obedient wife when commanded, pleasant when seen, doing good when swearing, and being able to take care of himself and nurture Treasure when the husband is not at home.

However, based on these fatwas Islam does not prohibit women from working. But the most important thing is the decision to work to qualify or in accordance with circumstances that allow him to work. These circumstances are: 1) The family requires the cost of fulfillment of primary and secondary needs, when the husband is dead or sick, or his income decreases. This is illustrated in Surah Al-Qasas: 23-25 on the story of Prophet Moses and the daughters of the Prophet Syu "disgrace is an example for such circumstances, and 2) Islamic societies need women's skilled hands for jobs in accordance with nature Femininity and not men's special occupation.

The goal of women's empowerment that develops in the conventional or development economics perspective that studies women's backwardness in developing countries is often linked to gender issues or feminism demanding unlimited freedom of women. In addition, the socio-economic empowerment of women is only identified with the mastery of material from women. Here are Goals of Women's Empowerment that exist in the conventional development economy, among which are as follows: GDI (1995) with indicators of health, education and living standards; GEM (1995) with indicators of political, economic and resource participation; And GII (2010) with indicators of reproductive health, educational empowerment and participation in labor markets.

As for some indicators that have been built by previous researchers in confirming the dimensions that are used as keywords in empowering women poor that are more comprehensive and multidimensional, including the Women Empowerment Index consisting of Economic Decision Making (who spend money, the Buying house, buying daily necessities, Household Decision Making (health care, child health, cooking, family planning), Freedom of Movement, going out on your own, going to a hospital, Etc. The scoring is similar

to that used by Human Development Index (Haque, et.al, 2011)

Chaudhry & Nosheen (2012) explains that women's empowerment is influenced by education, access to media, socio-cultural norms in society, the level of women's participation in work and households. Another important and interesting thing (Chaudhry & Nosheen, 2012) concludes that what will affect the empowerment of Muslim women is the Islamic knowledge which later became part of the Women Empowerment Index.

3 METHODS

The research method used in this study using a quantitative approach with OLS regression analysis. OLS regression is used to determine the effect of Islamic education and micro finance on economic empowerment of poor women.

The alternative hypothesis proposed in this study, as follows:

1. There is an influence of education on economic empowerment of poor women
2. There is an influence of Islamic microfinance on economic empowerment of poor women

Population in this study are women who are housewives and become members of the empowerment of BMT ITQAN. BMT ITQAN is one of BMT located in the city of Bandung with asset value and the largest number of empowerment members. Sampling technique using purposive sampling based on predetermined goals and criteria, ie housewives who have micro business. Gain access to microfinance sharia from BMT ITQAN. The number of respondents is 350 people. Data collection techniques conducted using questionnaire research instrument as a guide in conducting interviews directly to respondents.

4 RESULTS AND DISCUSSION

4.1 Results

With the help of SPSS 22.00 software, the following research results are shown to examine the influence and significance of Islamic education and microfinance variables on economic empowerment of poor women. Education as an independent variable is indicated by the level of formal, informal (course / training) education and religious education. Islamic microfinance variables are indicated by a number of

Islamic microfinance obtained by members of the empowerment of BMTs. The economic empowerment of women in this study is indicated by the involvement of women as housewives in every decision and economic activity. Overall model testing can be seen in ANOVA table with significance 0.000.

The results of further research indicate that partially only significant variables of education influence. This can be seen from the value of t-arithmetic & gt; T-table and its significance value is less than 0.005. Thus, the hypothesis proposed in this study (Ha) which states education affects the economic employability of women is acceptable. Another variable is Islamic microfinance (IMF) whose significance value is greater than 0.005 (0.768) indicates that the proposed hypothesis (Ha) which states that Islamic microfinance affects women's economic employability is unacceptable. . In addition, based on Summary Model table in SPSS output it is known that the influence value of educational variable and Islamic microfinance is 5.4%. This value is relatively small considering only significant education is influential and many factors outside the model affect the economic empowerment of poor women.

4.2 Discussion

4.2.1 Education and Economic Empowerment

Education is an important factor that will determine women's empowerment. The logic is that when women get a good education, women will feel more confident with their potential, so as to actualize its potential in family life and society. This is expressed by Parveen (2007) which explains that women's helplessness is caused by their illiteracy, lack of awareness, low knowledge and skills and confidence they have. Therefore, indices of empowerment built by various institutions or researchers in explaining the objectives of women's empowerment are never independent of indicators of women's participation in education.

According to Gholipour, et.all (2010) education and work participation have a very important role in improving women's empowerment. When compared between work participation and education, education has a more significant influence on women's empowerment. Furthermore, according to him, the formal higher education obtained by women will be very meaningful to devote himself to the family and society. Not for his personal interests. In addition, education is a powerful tool for obtaining new values

that will improve the relationship of women with other humans in the surrounding environment. The results of Haque, et.all (2011) concluded that women who obtain higher education will have high empowerment in making economic and family decisions.

Furthermore, Suminah, et.all (2014) concludes that education is a significant determinant of women's empowerment, but the significant education is formal education, whereas informal education in the form of training / courses has no significant effect. This is because formal education makes the women of poor families more confident in taking every decision and building cooperation with other parties. Conversely, the training / courses that run so far focus more on honing skills that are generally easy to have women from poor families. However, most of them are relatively very scared when going to access capital aid for fear of not being able to return.

The results of this study conclude that education has a significant positive effect on the economic empowerment of women. Previous studies which give the same conclusion, namely Haque, et.all (2011); Gholipour et.all (2010); Tripathi (2010); Rahman and Ayub Ali (2013). The indicator of the educational variables in this study, in addition to formal education and training is religious education. This is to know the influence of religious education that will result in Islamic knowledge of Islamic women's empowerment. This indicator of religious education is still rarely studied in previous studies, although this indicator is enough to determine the level of women's empowerment (Choudhury and Farhana Nosheen, 2009).

4.2.2 Islamic Microfinance and Economic

Empowerment the Islamic microfinance model run by BMT is part of a structured and systematic empowerment program in fostering the poor or underdeveloped through various activities in order to gain a better life. Empowerment programs are considered to be an effective way for governments / NGOs or others to alleviate poverty. The independence built by women as a result of the empowerment program causes women to be more empowered to participate in every family, economic, mobility and political decision. Several previous studies which concluded that empowerment programs positively and significantly influence women's empowerment are Khan and Zainab Bibi (2011); Maika and Eddy Kiswanto (2007); Paul Kato (2013); Rehman, et.all (2015).

This study concludes that Islamic microfinance has no positive and significant effect on women's empowerment. Islamic microfinance as measured by the amount of aid funds obtained is not in line with the empowerment of the woman. The conclusions of this study are supported by Bayulgen's (2015) study that examines the relationship of microcredit programs and women's political empowerment in Pakistan. According to him, access to microfinance given to women in poor families only improves their socio-economic status, while women's empowerment to express opinions in the family and play an active role in economic and political decisions in society remains low.

Other research conducted by Khan (2013) concluded that Islamic microfinance programs undertaken to alleviate poverty only improve the economic life of the family, while the position of women in the family and society is still low. Evidenced by the still occurrence of violence, exploitation and discrimination in women from poor families. The underlying factor is the patriarchal culture that is still widely embraced by most people and often positions in a low position.

The author considers that the empowerment program in the form of access to Islamic microfinance which is only oriented to the provision of this capital becomes less sustainable in the long term. The empowerment program has not yet considered the aspects that women need to have capabilities that are more suited to their social and economic functions in their families and communities.

5 CONCLUSIONS

Education has a significant effect on the economic empowerment of women. Women with higher levels of formal education, getting more courses / training and better religious education have a higher economic empowerment of women as well. Better education level will make women more confident and confident of the potential they have and able to have a better social / social relationships as well. Islamic microfinance has no significant effect on the economic empowerment of women, the implementation of Islamic microfinance program is still much oriented to the provision of business capital assistance less attention to the character building of the woman. In addition, women from poor families who became respondents in this study have a weak character as reflected in the level of confidence, mental and courage are still weak. Formation of this character takes a long time, while the participation of

members (women) in Islamic Microfinance program is still not too long. The recommendation of this research is the need of Islamic microfinance program accompanied by business mentoring and mental spiritual coaching by involving practitioners and academics (students), santri and religious leaders in the implementation of empowerment program. Further research may include other research variables that have not been included in this research model and are considered to have an effect on women's empowerment and family poverty reduction, such as the number of family members, access to information, self-confidence (psychological factors), health and so on.

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