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## **WOMEN'S EMPOWERMENT AND WELFARE TRAFORMATION IN THE CONTEXT OF MICROCREDIT IN TURKEY**

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### **ABSTRACT**

Gender inequalities are of the main problems in almost every society. Like all other parts of the system, economic and business environment haven't attempted sufficiently in struggling with this issue. When these inequalities combined with development problems the growth of poverty among women and their exclusion from society multiplies. Although there is so much struggle for constructing equal society women are still considered as ignorant part of the society and hence, vulnerable beings, who have to be protected and taken care of. In this sense women have not much chance for being "independent individual" both in social and economic terms. However these constraints upon women's vulnerability and inability are tried to be changed by Microfinance system to move from the perspective of women's empowerment. In this paper, we try to analyze whether the performance of practices by the non-governmental organizations ability to achieve objective to improve the living conditions and interest of the women in the society or not by comparing to micro credit organizations in Turkey. We also try to answer whether women's participation in employment contributes to well-being their lives and contributes their role in working life.

**Keywords:** microcredit, women, welfare

**JEL Codes:** M13, I31

### **1. INTRODUCTION**

Along with the gradual domination of neo-liberal policies and globalization in 1980s, change in roles of the state brought about problems in many areas. Poverty, one of those problems, and the struggle against it have been on top of the phenomena for which solutions have been sought in inter-state level but not resolved yet.

While many instruments and proposals have been foreseen for the struggle against poverty, microcredit comes forth as a gradually prevailing element in our country. Though the story of microcredit is older, it got popular in 1990s and in Turkey it has become more prevalent after the Marmara earthquake. The literature on microcredit tends to handle and assess this instrument with elements such as poverty, female poverty and employment while evaluating it with both positive and negative aspects.

When the economically unequal position of man compared to woman is assessed with other areas, it is observable as a situation deepening the gender inequality. In Turkey, even though there are many studies to challenge unequal position of woman in cultural, social, economic and political sense, desired level has not been achieved and the problems still remain. Taking this as a starting point, the main problematique of this

study is: first; whether microcredit addressing women can become an instrument to empower women, to eradicate poverty and to increase employment, and second; in which area it is more efficient in Turkey.

In order to complete this task, we will present the literature review concentrating on microcredit by considering poverty and microcredit definitions and historical progress of the microcredit. In the following section, we will be touching upon microcredit process in Turkey and we will attempt to provide information about projects of different institutions. In the last section, the results of 22 surveys and 2 in-depth-interviews, number of which we are planning to increase in time, will be evaluated within the frame of our main problematique by considering the data by related institutions. Our survey questions are multiple-choice and there are 50 questions to evaluate the change experienced thanks to the microcredit such as: general information, income information, how they started the microcredit activity, support during the microcredit process, and the meaning of the microcredit for women. Even though the results are pretty narrow for the time being, they become more meaningful with the other assessments in literature, still, they need to be enlarged and deepened.

## **2. MICROCREDIT AS AN INSTRUMENT OF STRUGGLE AGAINST POVERTY**

While the struggle against poverty was turning into an internationally recognized topic and coping mechanisms were being discussed in 1990s, microcredit emerged as one of these mechanisms. The concept of poverty might be encountered in various definitions. It is not solely an economic, but a multi-dimensional concept containing social, political, cultural and psychological aspects as well (Bayraktutan and Akatay, 2012:2). Generally, poverty is referred as the state of being unable to satisfy basic needs. This can be interpreted as one's inability to cover his/her needs for food, clothing, sheltering and healthcare which constitute the minimum level of individual welfare. While this situation is referred as absolute poverty in the literature, relative poverty is deprivation of differing needs of human as a social being beyond physiological needs. In that respect, poverty is closely related to possessing or lacking the minimum standards of living defined by the society one lives in (Oren, Negiz and Akman, 2012:316).

Besides these definitions, there are also definitions addressing poverty based on "capability". According to this perspective, capability is the ability to avoid situations such as hunger, ill health, poor sheltering conditions and ignorance from which people would want to refrain (Korkmaz and Bayramoglu, 2007: 99). In line with this, the World Bank has defined poverty as: suffering hunger, depriving of shelter, inability to access healthcare, depriving of proper education or illiteracy, unemployment, worrying about future and daily survival to meet basic needs, infant mortality due to water contamination, weakness, deprivation of representation and freedom. In addition, there are also different kinds of poverty such as urban-rural poverty, objective-subjective poverty, income poverty and human poverty.

As well as differentiation of poverty based on individual perception, regional differentiation is also possible. Therefore, what poverty means would not be the same for individuals living in rural and urban areas. Poverty in urban areas means having inadequate income, deprivation of public services in the neighborhood, being obliged to live in the outskirts of the city, and facing inequality in education and in decision-making processes (Bayraktutan and Akatay, 2012: 3). It should be stated that it is not possible to separate the issue of poverty from employment opportunities. Struggle against poverty can be maintained only by accepting the fact that there is a right to work for everyone willing to work. Hence, the right to work is to be seen as a social right. With respect to this right, neither prevention of poverty in global and social scale nor rendering every individual an autonomous being capable of using his/her capacity seems possible unless the right to work is provided (Koray 2010:19).

Recently, Microcredit has been on top of the instruments which are used to struggle against poverty. For the people having low income levels and deprived of receiving loans by the current system, microcredit is perceived as a "true friend". One of the main perspectives of microcredit system is that poor people actually have potential but they are only lack of pecuniary resources to expose their potential. According to this perspective, prevention of poverty should not be limited to assistance in form of grants, and indeed the opportunity to stand on their own feet should be provided to the poor who are capable of working by offering them a small capital to develop income-generating activities. At this point, microcredit is a driving force in

recovering from poverty. Thus, microcredit does not teach fishing or grant fish, but it provides the users with fishing net or rods to catch the fish.

The most important aspects distinguishing microcredit from other loans are that; it is provided to people who are not able to receive loans from commercial banks, it is offered without any guarantee or assurance and free from foreclosure and court practices, and the credit distribution process is held based on groups by prioritizing women having no assets or income. While the amount of the credit increases depending on the value of possessed assets and the ones having little or nothing are remained outside the scope of microcredit in traditional banking, the microcredit system actually attempts to reach those who are left outside. Even though it is referred as microfinance in literature from time to time, the microcredit and microfinance are different in essence.

Microfinance is a mode of finance which was formed to address the poor or low income families and micro-entrepreneurs among them, who are not able to access official finance institutions, or who are not (or inadequately) served by official finance institutions in the economy. While microfinance services refer to a more comprehensive concept of service including saving, microcredit and money transactions; microcredit, as a subgroup of microfinance, can be referred as a low amount of credit provided to the poor who need a small capital to cover the expenses such as operational capital, raw materials or means of production in order to initiate an income-generating activity (Bayraktutan and Akatay, 2012:5-6). Microcredit for women in particular can be defined as following; microcredit is a small capital for low-income women which facilitates formation of their own income-generating activities, and it does not require assurance or guarantee (Mikrokredi Bülteni, 2015: 5).

Considering the proliferation of the microcredit, it is possible to point out a relationship between the rise of globalization and neoliberalism and the decline of the understanding of social state. Despite diversity of definitions, globalization refers to deep-rooted changes in social, political, economic and cultural levels. In this way, the integration of people and countries around the world has increased, and this increase has brought about the dependencies at the same time. As this relation of dependency has emerged on a ground far from being a relation between equal partners, it has caused the continuity of poverty along with many other problems. In spite of the increasing global trade of the present day, it is unfortunately not possible to eradicate the inequality between developed and developing areas. Countries' trend of growth does not reduce the poverty on its own, and the importance should be given to the distribution of resources and increasing incomes (Koray 2010:5). In developing countries, relative poverty has a big share in addition to the absolute poverty. It is clearly understood that growth is accompanied by a very unjust distribution of income. With the rising technology in the process of globalization; unemployment on one side and the prevalence of poor working conditions on the other cause increase of poverty in many countries, and this situation weakens social unity. It is already known that people in extreme poverty are in deprivation of services peculiar to the civilized world such as education and healthcare, however, beyond this fact, most people are also struggling against hunger let alone poverty. If a poor family make their child work rather than study, prospect of getting rid of poverty remains low for the inadequately educated child; then deprivation and poverty sustain in a vicious circle breeding and feeding each other (Koray 2010:6). Being capable of remaining above the hunger threshold thanks to either children's support as they grow up or in a network of relatives and neighbors, namely being able to eat something every evening, does not mean that a family has overcome the chain of poverty. This particular phenomenon can be encountered more or less in every corner of the world. As a result, poverty for many is experienced as constantly postponing the life, in which they could never make ends meet, to the day after (Adaman and Bulut 2007: 166). Despite its scope which is supportive of this unequal growth, globalization has paved the way for discussion of this problem in international level, for prevalence of communication among the institutions in different countries, and for the increase of microcredit capital and the number of its beneficiaries. When the government relinquished his hand from the social sphere, microcredit made an appearance as a social policy. However, with the increasing impact of globalization and neo-liberalism, it can be argued that the microcredit of 1970s which was based on global struggle against rural poverty; shifted its focus of attention to low-income women rather than rural poverty, increased the interest rates, and started to pay special attention to the mission of financial sustainability towards 1990s (Balkiz and Ozturk, 2013:2).

Prevalence of microcredit increased in 1990s, and this phenomenon started to be discussed more in the international arena. In the first microcredit summit gathered in Washington in 1997, it was aimed to reach the poorest 100 million families, especially women, around the world by 2005, and the foundations of the unity called Microcredit Summit Campaign were laid in this gathering. In 2006, new goals were added to the program. These goals were: reaching the poorest groups, empowering women, building a stable finance structure which sustains itself, and having end results which can be evaluated (Oz and Colakoglu, 2014:182).

Struggle against poverty and the use of microcredit as an instrument paved its way to the UN agenda as well. In 2000, UN held its millennium summit and placed struggle against poverty in the first line in its agenda. Microcredit gained importance as an element, which would empower women, decrease poverty and serve for development at the same time, while the plan of action was decided covering following goals: to eradicate extreme poverty and hunger, to provide primary education for all children around the world, to support gender equality, to empower women, to reduce infant mortality, to improve maternity health, to struggle against diseases such as HIV/AIDS and malaria, to ensure ecological sustainability, and to build global cooperation for development (Okumus, 2010: 165-166). After the summit, within the scope of United Nations Development Programme (UNDP), institutions of World Bank, International Monetary Fund (IMF) and United Nations started to cooperate in order to define poverty, to decide on the threshold of poverty, to allocate resources for the struggle against poverty and in documentation of these into numbers (Korkmaz and Bayramoglu, 2007: 99). In this period, 2005 was announced as the year of microcredit by the UN and following goals were planned to be achieved:

- The contribution of microcredit to the Millennium Development Goals should be evaluated and encouraged.
- Public awareness should be raised regarding the inseparability of these structures from the development.
- Foundation of inclusive financial sectors should be encouraged.
- Sustainable access to the financial services should be provided.
- Strategic partnerships and innovations should be encouraged in order to build and enlarge the scope and success of the microcredit.

Within the frame of the enlarged microcredit activities, especially poor women were started to be assessed as the target group. The fact that the target group of the microcredit was the poor women brought about the analysis of the feminization of poverty issue as well. The emphases out of the studies on this issue can be summarized with the following points: at a time in which labor sector got clogged and chances to find a job ran out for men, who were traditionally expected to support the household, opportunity for women to save their families from absolute poverty by establishing their own business is one of the goals of the microcredit. Rejection of the women in such conditions even after applying official institutions for help, their inability to reach banks, small scale of their activities, off-the-record nature of their work, and lacking of guarantee or assurance leave these women outside the traditional entrepreneurship and credit processes (Adaman and Bulut 2007: 34). The picture resulted from this situation is as the following: the number of unemployed women is more than their male counterparts. Similarly, when the woman joins the paid labor force, her wage is often less compared to men's. A great amount of women working in informal sector are deprived of rights such as retirement and health insurance. The role of women, either working in agriculture or not working, as unpaid house laborers causes women to get affected more in case of a probable socio-economic crisis. The main reasons why the microcredit is especially offered to women can be related to the perception; that women tend to use money for the needs of the household by saving and increasing, and women are provident and more loyal to their debts compared to men. Addressing the microcredit as an element to empower women is also reinforcing this perception.

The term feminization of poverty was first used by Diane Pearce in 1978 in order to denote the increase in the number of poor women as opposed to the increase in the participation of women in labor force in the United States. In the Platform for Action of the Fourth World Conference on Women, held in 1995, the concept of feminization of poverty was included as well. Certain topics such as; discrimination against women in labor

force and credit market, exploitation of labor, informalization of labor force, and relatively low opportunities of woman-headed households, have been covered in interest areas of empirical studies analyzed within the scope of this concept, and it has been emphasized particularly in publications on woman and economy, or on woman and employment.

Participation of women in economic and social life requires the presence of women outside their house as well as their presence in the house. However, in our society there are significant differences between men and women regarding the level of women's participation in economic life and the extent to which they benefit from social and economic development, utilizing opportunity of education, inclusion in employment, and the level of representation and participation in decision-making. The main factor throwing women outside the labor force is the patriarchal social system. Restrictive impact of marriage on women's participation in labor force is mostly associated with the child-care (Işkur;2007). On the basis of gender roles, women are seen as more effective in performing constant child-care and handling household responsibilities. Moving from this view, the gender discrimination which is faced in every domain, deprivation of education, and unequal distribution of household responsibilities are added up to the factors preventing women from participation in employment. On the contrary, women's participation in employment, gaining their economic independence, and their presence in the public space contribute a lot to women to develop their individuality and self-confidence (Işığışok, 2007:46). Although the gap between men and women has been the result of various national traditions in education system, familial and social organizations, and production system, it is further deepened because of the deprivation of services which can enable women to combine their family lives with their professional lives. The need for a policy of conciliation between professional life and family life is seen as a matter of priority now (Koyuncu: 206).

The difference between men and women in employment caused the subject to be handled in the international arena as well. Embodied in 1997 in Amsterdam Summit, employment guides which constitute the operational basis of the European Employment Strategy were grounded on four main pillars. These are called; employability, entrepreneurship, adaptability and equal opportunities. Being in line with our concentration, specific importance was paid to creation of equal opportunities between men and women, and especially to increase women employment under the scope of entrepreneurship and equal opportunities (Toksöz 2007:61). These are what ought to be done in order to restore minimum living standards for the groups in poverty and excluded from the sovereign way of living, and to empower their connection with the society. The first attempt should be to increase employment opportunities and improve working conditions. The microcredit is thought to have significant role to achieve this goal.

Despite all this positive framework, there is also criticism against the microcredit. Main arguments can be listed as following. Women working in professions conducted thanks to the microcredit, especially the ones including production at home, actually continue working off-the-record. The Exemption from any kind of assurance or guarantee while providing the microcredit cause the waste of the capital in case of a failure of reimbursement. There is certain doubt whether the microcredit always reaches the poorest of the poor. Despite the fact that the microcredit mostly address women, occasionally it is used by other individuals for different purposes; and this situation causes problems in reimbursement, thus fails the goal of the microcredit. The microcredit is not enough on its own in most cases and certain investment should be made at some point in order to increase individuals' competitiveness in the market, support their adaptability and form suitable conditions to sell their products, otherwise it cannot be possible to progress in income-generating activities. Rather than build a stable employment sector, the microcredit attempts to find temporary solutions for the areas the government has relinquished its hand and sustains operation of the informal sector. In addition, microcredit's concept of self-sufficient individual who stands on his/her own feet is consistent with the ideal individual of neo-liberalism. Moreover, there is an assumption that these people can reach an equal status when the opportunity of equal access to the credit is granted. However, the obstacles, which are formed by social, economic and political developments, preventing individuals' access to equality, and whether providing credit can be sufficient as a solution on its own should be questioned. Besides all these points, even though the microcredit is a significant attempt to empower women in the patriarchal social order, unfortunately it remains inadequate.

### **3. HISTORICAL EVOLUTION OF THE MICROCREDIT AND MICROCREDIT IMPLEMENTATIONS IN TURKEY**

In 1983, Yunus founded an unusual bank in order to provide capital access to poor people. Yunus was aware of the fact that the existing banking system would not respond the needs of the poor. Filling long pages of forms, signing documents and making applications in person by going to the bank in order to receive loans were indirectly excluding the illiterate and women from banking services. In Bangladesh where religious codes banning women even from leaving the house, the possibility of making transactions in commercial banks was beyond imagination for women. Banks were not assessing women as credible, and official contracts were obliged to be signed by a male relative. A reliable credit institution which was shaped according to the needs of the low-income female entrepreneurs was lacking (Adaman and Bulut 26). The purpose of this bank would be to respond the needs of poor women especially living in rural areas and to increase their level of income by providing them with the initial capital. The founding principle of Grameen Bank was not to deliver help to the poor, but to provide them with an access to capital for business establishment. The women who receive credit was going to start saving as they would start making profits, and these savings were going to turn into investments in time; and finally their income which would increase thanks to these investments was going to save them from the trap of poverty. According to Adaman and Bulut, in Turkey case, the microcredit has not created a miracle in the lives of the poor. It only offers an exit ticket to the people who have been trapped in the poverty. The ones who receive the credit will decide on which direction they would go with this ticket.

Turkey has also developed various programmes similar to the microcredit in time (Adaman and Bulut s119-121). First, Halk Bankası (People's Bank) started to provide credit for business establishment to tradesmen, craftsmen and small business owners. However, in order to be able to benefit from this particular credit, it was compulsory to become a member of one of the Confederation of Turkish Tradesmen and Craftsmen (Türkiye Esnaf ve Sanatkârlar Konfederasyonu) associations, and to provide assurance or guarantee. Another example might be the credit provided by Ziraat Bankası (Agricultural Bank of the Republic of Turkey) to the agricultural enterprises. However, the problem of default of debtors caused financial obligation for the banks in this case. Credit opportunities got limited seriously in this process. Additionally, the Development Foundation of Turkey (Türkiye Kalkınma Vakfı) which is a non-governmental organization started to provide small scale credit in rural areas in order to support the struggle against poverty. The main aim was to support agricultural development, but within the scope of "Entrepreneurship Support Fund" (Girişimci Destek Fonu) it also encouraged determination in urban areas by providing financial support as well as education and supervision to local entrepreneurs having potential of income-generating. However, it faced fund-raising problems later. Another institution addressing the poor, the Promotion Fund for Social Cooperation and Solidarity (Sosyal Yardımlaşma ve Dayanışmayı Teşvik Fonu), also provided credit for small scale projects within the scope of "Social Risk Mitigation Project" (Sosyal Riski Azaltma Projesi) conducted with the loan by the World Bank. The aim was to support local entrepreneurship which would increase the employment opportunities for the poor. However, it was obligatory to prepare and present a well-planned project in order to receive this credit. Long and detailed application process adding to the time period till the announcement of results excluded many people from benefiting from this credit (Adaman and Bulut 124). Another example can be the Maya Project, which started its activities in the western part of Turkey, supporting low-income women in order to struggle against urban poverty.

The Maya Project, which is one of the first microcredit initiatives in Turkey, was launched in Marmara Region after the earthquake in 1999 by the Foundation for the Support of Women's Work (Kadın Emeğini Değerlendirme Vakfı). However, the pilot run started at an earlier date. The project was conducted between 1995 and 1998 in Istanbul, by providing microcredit to 100 women in a pilot area which was specifically chosen in a shanty neighborhood. As the project was constructed based on the demand previously raised in women and children centers, reimbursements were received successfully. Having directed all its resources to Marmara Region after the earthquake as done by many other NGOs, Foundation for the Support of Women's Work started its microcredit activities thanks to the assistance by an international organization. However, as the lacking of a legal ground would cause problems, it was a necessity to found a financial institution to conduct

the project. After this process, the first branch was opened in Kocaeli in 2002 thanks to the technical and monetary support by the international organization. Women were informed about the microcredit through field studies, personal interviews, meetings and conferences. Then, applications of women were collected in groups of 4 to 5. In 2002, the project distributed 55 thousand TL credit in total to 200 women. Range of the first set of credits provided was between \$30 and \$300 (Korkmaz and Bayramoglu,2007:110). Solidarity habits of women based on our culture and their tendency for collective saving thanks to regular gatherings to save gold and dollar for each member in turn are important factors which facilitated group-based distribution of the microcredit. It should also be noted that there were certain limitations during the formation of groups. These limitations include banning of first degree relatives' membership in the same group, and requirement to be living in the same neighborhood for the group members. The aim of these limitations is not only to reach more than one household but also to divide the risk to prevent family from becoming poorer in case of being unable to reimburse the credit. Additionally, supporting solidarity and pressure was also targeted by forming groups among people who lived in the same neighborhood and knew each other.

After Kocaeli area, the microcredit activities started in Adapazarı, Düzce, İstanbul and Eskişehir. Based on our discussion with the project administrator in March 2015, microcredit limits for the first credit were set as 100 TL to 800 TL. The amount can be increased in the following credit on condition that woman's capacity to reimburse increases, and she convinces officials that she needs the particular amount for her work and she will be able to reimburse. Monthly reimbursements which were planned when the programme was first launched have currently been changed with weekly reimbursements lasting 46 weeks in total. In addition, collections which were made through banks before have been replaced by weekly collection model conducted during visits by the field personnel. This change was made because collections through bank were both breaking the connection between the women and the foundation, and they were causing difficulties for women who do not have bank accounts or do not know processes well. Whether the applicant is really in need of receiving the credit or not is decided through home or workplace visits. However, there are still some women who use all or particular amount of the credit for different purposes.

Three types of credit have been presented within MAYA Project. These can be counted as: Group Credit (aka *Maya Biz* meaning We-Maya), Individual Credit (aka *Maya Ben* meaning I-Maya) and Assistance Credit (aka *Maya Aile* meaning Maya Family). Group credit: group credit can be provided to all women having an income-generating activity and in need of credit to develop this activity. The aim of the credits provided by Maya can be stated as to support building or developing business. However, credit is more often distributed for the development of an already existing business. Namely, it is important to have certain business experience for the women applying for credit. The amount of group credit might vary between 100 TL and 900 TL, and the payment term can be decided in a range of three to eight months. Individual credit: since November 2003, individual credit has also been provided. The individual credit also support building or developing business like the group credit. The amount of individual credit might vary between 100 TL and 2000 TL, and the payment term can be three to twelve months. Assistance Credit: Maya member women who pay their individual or group credit reimbursement regularly and in need of cash for an urgent matter such as health, education or paying bills can apply for assistance credit. The amount of credit varies between 100 TL and 500 TL, and the payment term can be negotiated on two to six months (Oren, Negiz and Akman, 2012:323).

Turkish Grameen Microfinance Program (TGMP) founded the first bank for the poor in Turkey. Turkish Foundation for Waste Reduction (Türkiye İsrافی Önleme Vakfı) founded the Food Bank (Gıda Bankası) in Diyarbakır on January 24<sup>th</sup> 2004; just like Grameen Bank, this bank addressed the basic needs of the poor by distributing food, clothing and cleaning materials to the people living in hunger threshold. TGMP and Food Bank served as brother institutions; by directing the aid from the Food Bank to the microcredit beneficiaries, both the number of people who demanded microcredit increased, and the ones in need of the Food Bank's assistance were detected. In addition, TGMP did not only become part of the Food Bank's activity scope, it also became resource partner with the Promotion Fund for Social Cooperation and Solidarity. The Foundation of Social Cooperation and Solidarity is an organization founded to support people in order to meet their basic needs. However, channeling the resources of the foundation into the microcredit brought about the fear of abandoning other policies which can be very important in struggling against poverty (Adaman and Bulut, 2007: s.117). Despite all the criticism, the microcredit continues to prove its success in alleviating the impact of the

poverty. As the project proves itself, it attracts the attention of more and more people, and it gets enlarged in other cities. Within the scope of Turkish Grameen Microfinance Program; until January 19<sup>th</sup> 2015, credits had been provided to 45.608 members in 68 cities and 108 branches only based on trust without demanding any assurance or guarantee. In addition, up to the present day 379.865.454,81 TL credit has been distributed, and 100% reimbursement has been achieved for all microcredits within their payment terms.

The microcredit has been observed as an element which is used for different purposes by its beneficiaries. Generally the biggest problem of the families who do not have a regular income is that they do not have any saving to cover their expenditures. While individuals interpret the microcredit as a cumulative money source, they do not have any problem in reimbursing weekly payments after they have resolved their cash requirement. However, in rural areas, work activities in which microcredit is prevalently used are mostly home-centered such as knitting, embroidery, handiwork and homemade food. This situation causes all the women to channel into the same work force and produce similar end products. These individuals generally decide on starting a business parallel to their talents, and mostly they maintain production processes through a few work forces with low added-value. This situation leads to marketing problems for their products in small areas (Adaman and Bulut, 2007: 56-57). As an addition, one of the areas in which microcredit is mostly used is house maintenance (Adaman and Bulut, 2007: 74). No matter how sensitive and careful TGMP tries to be about the purposes of the microcredit, there are cases in which TGMP, as a bank providing service to the poor having no saving, could not prevent the perception of microcredit as some kind of a credit for urgent needs (Adaman and Bulut, 2007: 75). Even though there are women who start a business with the credit they receive, the division of labor has not changed in some families and gender roles have remained the same. Thus, in some of these cases the handiwork produced by women at home is sold outside by men, and in some other, the credit is directly used by men.

Another important point about which we should be careful in microcredit studies is that microcredit beneficiaries in big cities are not actually the poorest of the poor, and despite this fact they receive the credit. Without any doubt, membership of these people in TGMP must have been assisted by the field personnel. As it is already known, before approving a credit, TGMP field personnel make a list of goods and furniture owned by the applicants by visiting their homes, and in this way they attempt to prevent non-poor from joining in the project. However, microfinance branches have to enroll certain amount of members each year, and the fact that they could be seen as unsuccessful if they cannot fill their quotas changes the dynamics and forces the personnel to enroll people who are not poor but willing to receive microcredit (Adaman and Bulut s. 38). Another issue is based on the idea that it can be easier to work with relatively affluent people. According to this idea, people who are very poor cannot use the money efficiently, and they can spend it for their basic needs instead of starting a business. These kind of members might hinder their reimbursements, and late reimbursements are interpreted as the failure of the related branch as well. This situation alienates the TGMP personnel from the aim of reaching the poorest of the poor, and it causes the enrollment of the people who have relatively good economic conditions; and certainly it creates the risk of prevention of the poor from accessing the microcredit.

Some of the microcredit beneficiaries, especially the ones living in Istanbul, uses the microcredit by adding it into the capital which they have already saved for their existing workplace. These individuals have built their workplace without receiving microcredit, and they are in a condition to sustain their business without receiving the microcredit if they need to. If the aim of the microcredit is thought as offering a new opportunity to the poor, the question of whether these individuals really need microcredit might arise in our minds. As it is known, in the beginning, one of the criteria set by Maya.

Project for the microcredit applicants was the necessity of having a small scale business. For this purpose, the microcredit was provided to the women who need money in order to develop their existing business regardless of the sector. By enlarging the scope of the credit in time, microcredit for starting a business was also provided in order to support the economic participation of women who had not found any opportunity to work before. In such cases, the main aim was to reach the poorest of the poor just like in TGMP. Surely the profiles of microcredit beneficiaries change in different regions. Change is not only in the amount of the credit or in the

level of income, but it is in the life expectations and needs as well. Modesty and solidarity which are observed in less-populated areas cannot be seen in big cities so often.

As it has been emphasized above, one of the aims of the microcredit project is to provide the women who have been excluded from the labor market with the opportunity to start their own business by offering credit. The starting point for the idea of microcredit was that poor people are also as creative, productive and hardworking as rich people but they lack of business opportunities to implement their skills. Poverty was not the result of individual laziness and incapacity, but it was the inevitable outcome of structural problems piled like a skein (Adaman and Bulut 2007: 23). For Koray (2010), rather than the importance of the owned income or goods on their own, it is more important to concentrate on their capacity to change the lives of individuals. At this point, the main paradigm is the analysis of whether the microcredit has any contribution to get rid of poverty and reach a dream life. Obviously, what a good life means might change from person to person. Although it helped some people come out of the trap of poverty by offering the opportunity to start a business, we still have a problematique that microcredit on its own cannot be the ultimate solution to the issue of poverty. In the end, as long as poverty stands as a problem of income distribution, macro-level policy amendments are required in order to bring about a radical solution to this problem by covering education and health issues as well (Adaman and Bulut 2007:117).

#### **4. Data and Evaluation**

It has been possible for us to acquire a general point of view on microcredit usage in Turkey based on the surveys and interviews which we have conducted with TGMP credit beneficiaries and MAYA Project coordinator, but not completed yet and intended to enlarge.

First, it might be useful to state that both of these non-governmental organizations define their success based on reimbursements. The proportion of reimbursements is mostly reflected on the graphics as a sign of success, but besides that there are notes of experience and observation rather than solid data on how much they influenced lives of people. As they have also stated, they do not have any data showing the change and effects of the increase in individuals' level of income thanks to the credit. Though accepting that this needs to be measured, there is confusion on what to be preferred as the scale in measurement. However, it can be said that certain data and standardization have been chased in the forms with questions such as income of the beneficiary family, having own house or rental, having any property or not, having any pet or not, having any disease or not, list of belongings and their conditions.

Besides, increase in the number of branches is also seen as a measure of success. As opposed to 108 branches of TGMP which had started their activities by 2014, MAYA is able to sustain its activities in cities of Marmara region and Eskişehir. However, there are differences in the numbers of members and credit beneficiaries in both programs, which indicates that either every member does not receive credit or the ones having received credit once does not receive further credit. In TGMP which had reached to 63347 members by December 2014, 43699 members are said to receive credit. The amount of credit which was distributed has been recorded as 377.728.901,73 TL and it continues increasing.

Second issue coming forth is related to difficulties due to financing and funding problems which have been the common problem for all non-governmental organizations. While TGMP is coping with this issue relatively easier thanks to its connections developed in time and sponsor institutions, in MAYA, which is older, funding problem is addressed in cooperation with international platforms and by internet campaigns.

A common feature of both organizations is that majority of the members is constituted by women as it is the case for different microcredit programs in most places. While the significance of women's participation in the economy for development is often stated, woman's role as "mother" and her importance in family are also emphasized in TGMP. From this point of view, providing credit to a "mother," not only a woman, is actually seen as a support provided to a family. This situation conveys an important message which shows us that the idea of an independent woman has not been fully recognized yet. On the contrary, in MAYA executed by Foundation for the Support of Women's Work there is a perception of "woman" as more of an individual, and a more macro-level approach has been developed containing empowerment of women in economy and struggle

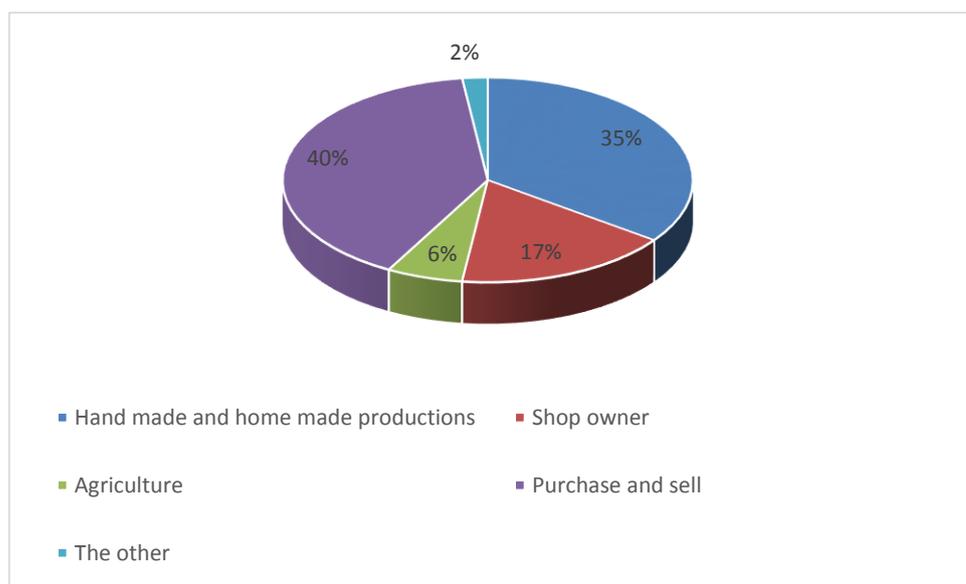
against violence, political and cultural values. Even though their beneficiaries are different, existing communication and attempts for networking prove solidarity and cooperation among NGOs.

As an obstacle preventing the microcredit from reaching beneficiaries, set of traditional, local values and prejudices has had an impact in addition to financial problems. As the credit is offered without any assurance or guarantee, it has caused certain question marks like why they are distributing “free money”. In breaking this perception by explaining the process, cooperation and meetings with local authorities have been very supportive as well as personal interviews. Another problem is related to the “interest” rate. However, TGMP seems to have resolved this problem by using a phrase which causes less fear and tends to increase beneficiaries: “service cost”. From this view, when 10% service cost is explained as a requirement to cover costs of the field personnel and branches, it does not seem to create a negative perception like “interest”.

Another problem coming forth is lacking of the legal ground. On which legal basis these organizations would conduct their activities, how reimbursements would be recorded in legal framework, and how funds would be declared are not stated in any legal regulation, therefore this situation can be stated as a common problem for both organizations. Although there are drafts of law for the relevant legal regulation, both organizations face problems in their activities from time to time as those drafts have not passed into law yet.

According to the table below which was prepared based on sectoral report by TGMP on microcredit usage fields, purchase and sale of goods has the first place. It contains the sale of portable goods through peddling as well as cosmetics and clothing. Depending on this data, it is possible to say that women are more interested in trade as opposed to the general assumption. Production and sale of home-made food and hand-made products, which has the second place in the list, shows that earning money by doing familiar works and keeping home order is still important for women. Following place of shop-owning and related spending for shop activities show that micro-entrepreneurship has started to become more prevalent among women. Though they are relatively less, agriculture and stock breeding activities are still maintained. The category of other has been used for the data such as motorcycle, refrigerator, iron, field-hiring etc which were not defined in the sectoral report.

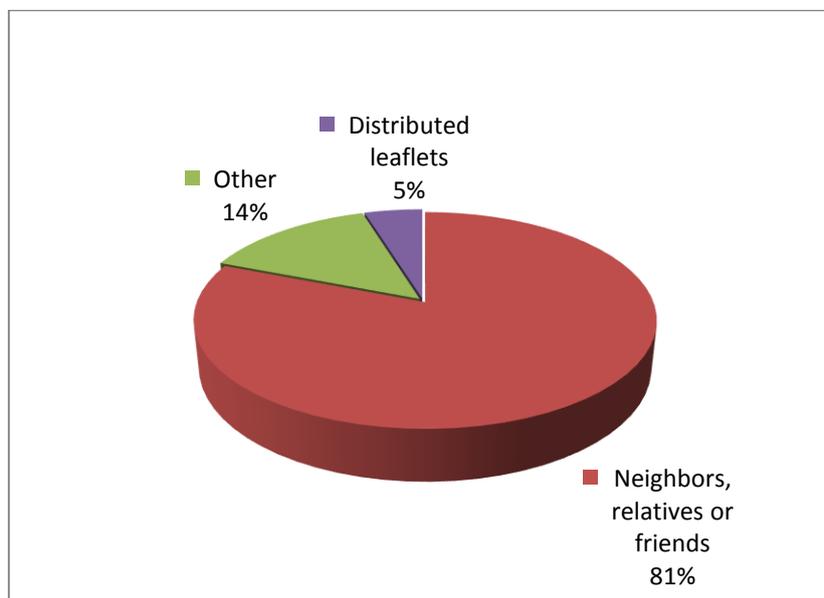
**Graph 1: Microcredit Fields**



As a result of our interviews with the credit beneficiaries within our survey, questions attempting to evaluate dimensions of microcredit usage and changes in the lives of the microcredit beneficiaries have been added to the survey. Through the analysis of responses to these questions, below results have been acquired.

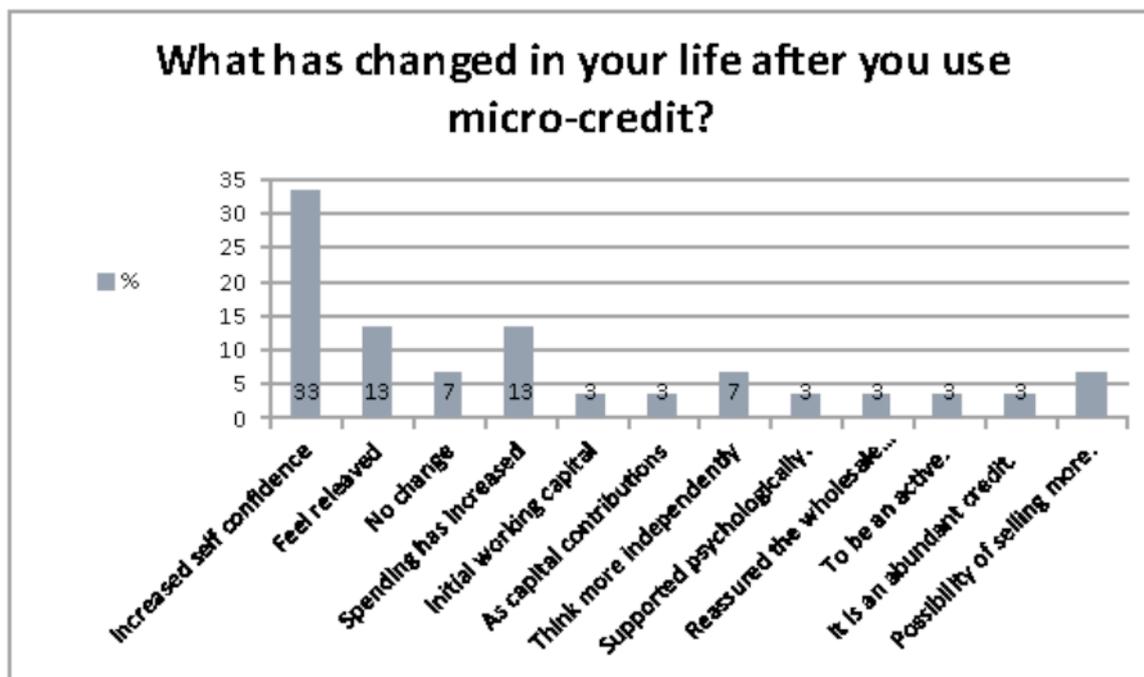
The first question in the study is addressed to learn how the microcredit beneficiaries met with the microcredit. The source of information for the microcredit beneficiaries: 81% neighbor, relative or friends; 5% brochures. Remaining 14% responded the question as other sources.

**Graph 2: Source of information for the microcredit beneficiaries**



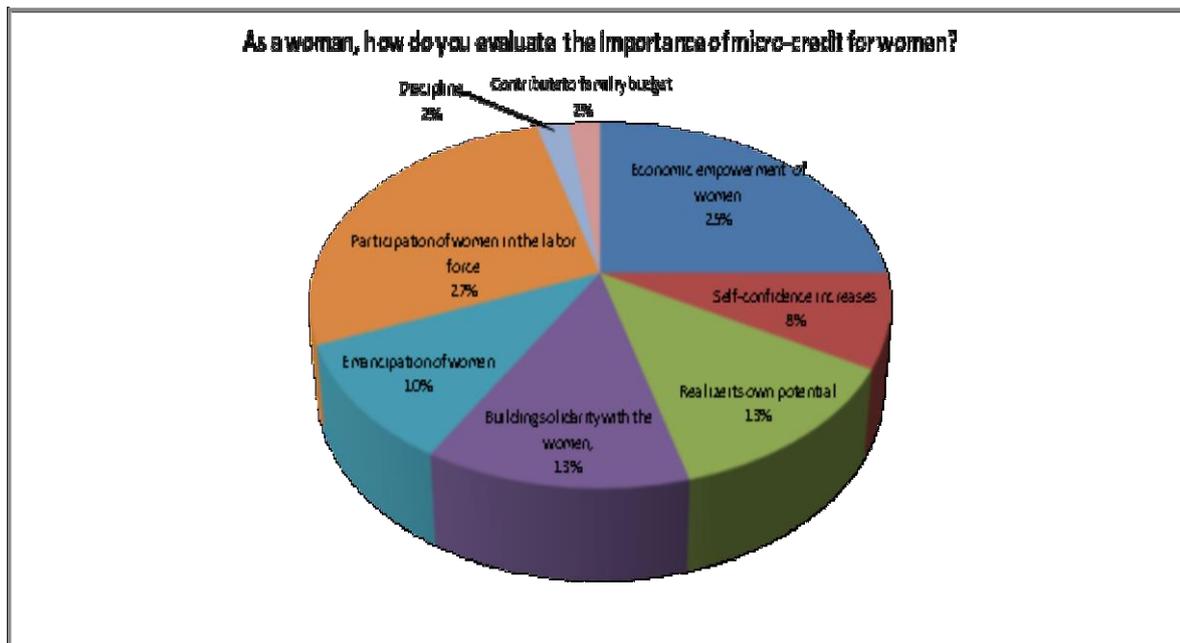
In line with many other pieces in the literature, microcredit usage paves way to the increase of self-confidence in women. In addition to the responses such as monetary welfare, ability to spend more, thinking independently and opportunity for more sales, there is also a certain proportion stating that there is no change in their lives. Namely, 33% of the microcredit beneficiaries emphasized on the increase in their self-confidence, 13% stated the increase in their spending, and 13% claimed to feel more comfortable. 7% focused on the ability to think more independently, while other 7% on increased opportunity to sell what they produce. 7% responding negatively stated that there is no change in their lives. Though not having a huge difference in their lives after receiving the microcredit, 3% stated having used the credit as business capital, 3% interpreted it as a psychological support, 3% said that it helps entrepreneurs in bulk buying, and the last 3% reported feeling more active after joining in work life.

Table 1: Change in life after use of microcredit



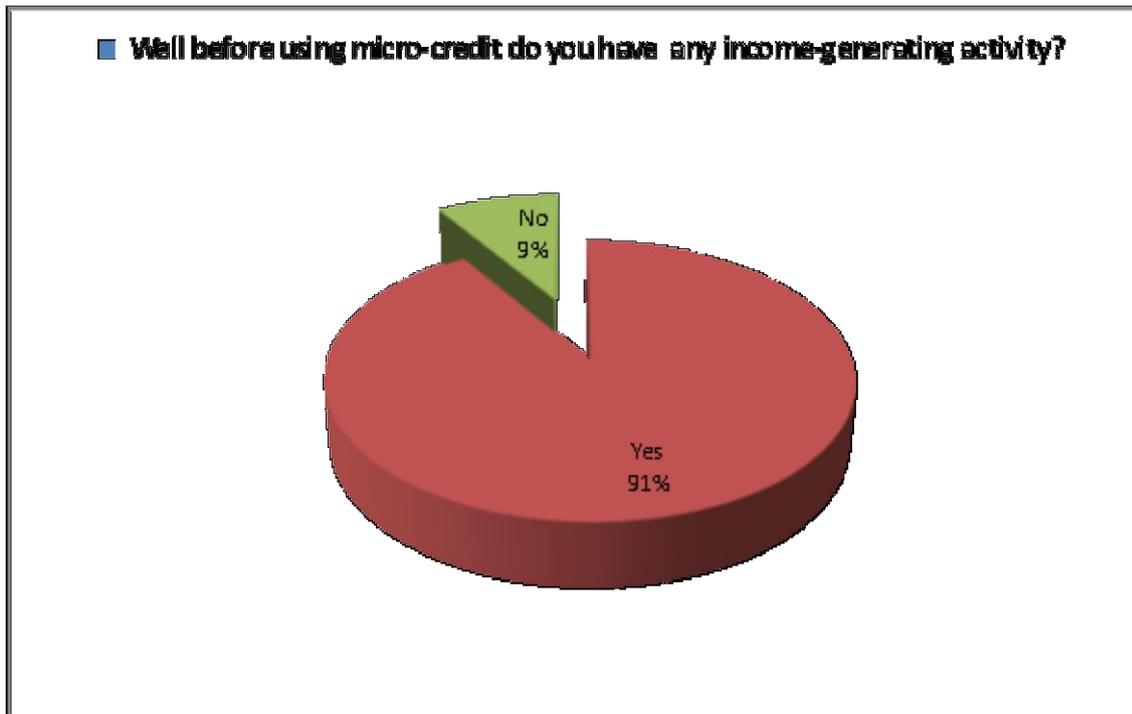
When the importance of the microcredit for women is asked to women, the responses are as following: While women see microcredit as important for women's participation in labor force and economic empowerment; they also emphasize on its significance for increasing solidarity among women, liberalization of women, and discovering their own potential.

Graph 3: Importance of Micro-credit



The question that we addressed in order to learn about previous business attempts of the microcredit beneficiary women is: “Before using microcredit do you have any income-generating activity?” While 9% of the respondents stated that they had no prior income-generating activity, a great amount, 91%, stated already having an income-generating activity.

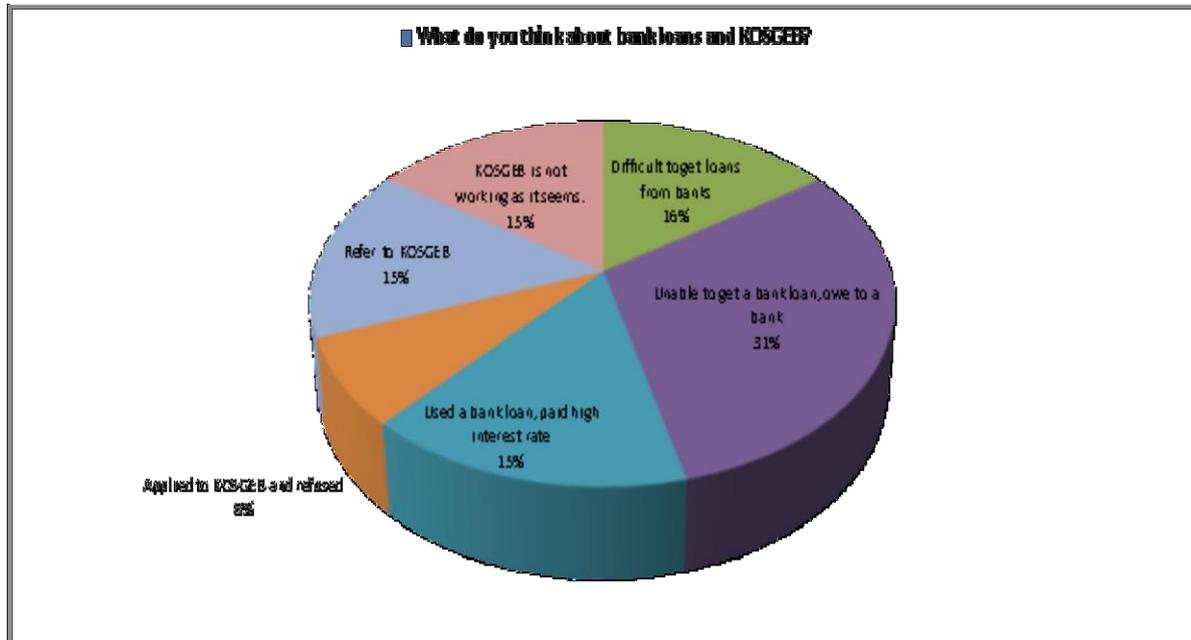
Graph 4: Activity before micro-credit



The fact that a great percentage of female interviewees had income-generating activities prior to the microcredit led us to ask what they would think about Small and Medium Enterprises Development

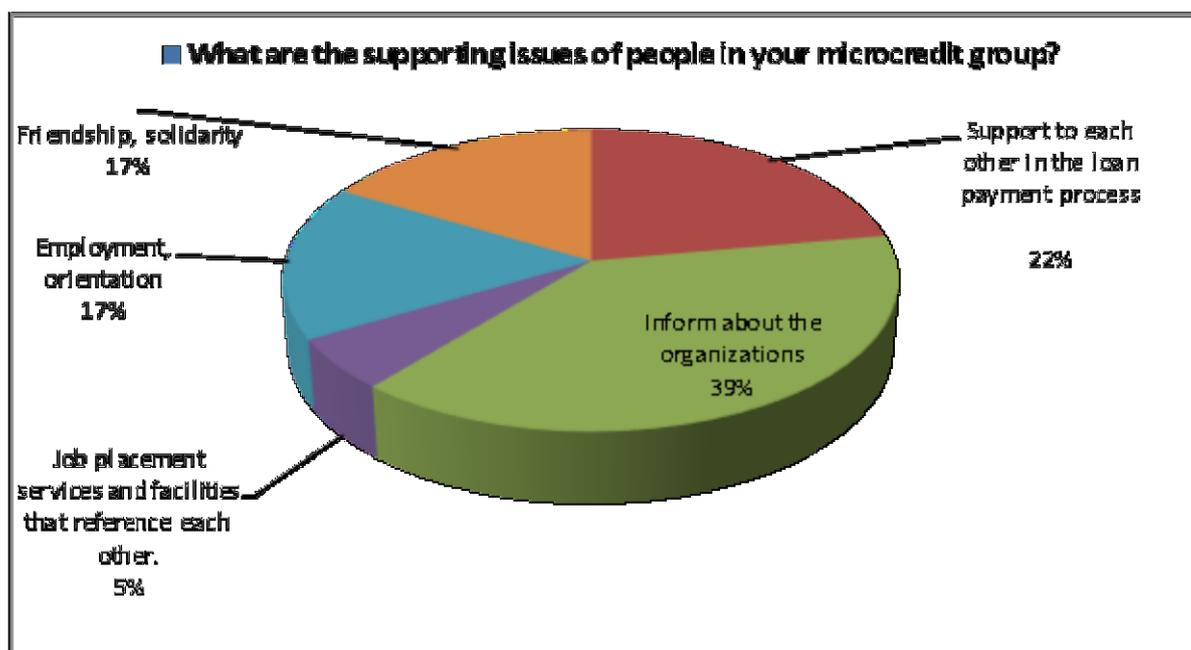
Organization (Turkish abbreviation: KOSGEB). Therefore, the question which we ask microcredit beneficiary women in order to learn their views about credits which can be obtained from different sources as investment capitals for economic activities is: "What do you think about bank loans and KOSGEB?" 31% of women stated their inability to benefit from bank loans due to either their credit history or their recent debts, and while 16% stated the difficulty of receiving loans, 15% pointed out the high interest rates in banks. 15% reported that even though KOSGEB addresses them, they have not worked with it in practice. 15% stated their willingness to apply KOSGEB as entrepreneurs, and only 8% reported having applied but rejected.

Graph 5: Ideas about KOSGEB and Bankloans



Another question addressed to the women who participated in an activity to produce social and economic profit by benefiting from the microcredit: “What are the supporting issues of people in your microcredit group?” When responses to these questions are evaluated: 39% constitute information sharing about the upcoming organizations, 22% cover the financial support they provide to each other in case of any difficulty they face in paying their reimbursements, 17% refer to the empowerment of friendship and solidarity, and the last 22% emphasized on the support in job placement and referencing each other. Within this framework, group-based distribution of the microcredit comes forth as a factor increasing solidarity among women. Women in the same group develop their friendship and solidarity network by informing each other about different jobs and organizations, and supporting one another for payments.

Graph 6: Ideas About Microcredit Groups



The biggest problem of women who conduct production, especially the ones selling their products outside, is deprivation of a fixed and central place which can be used permanently. As well as increasing the visibility and recognition of the microcredit, the percentage of women who claimed no change in their lives thanks to microcredit is significant.

## 5. CONCLUSION

Although micro credit is a new term; it has spread over with neo liberal and global policies which have several attempts to recover the side effects of their own like inequality, underdevelopment. In a system where the state only have "neoliberal" responsibilities its hard to create an equality and cope with poverty so the civil society takes initiative although it can be argued it is enough or not?

Micro credit can be regarded as a usefool tool with poverty in most of countries. Also, it has capacity to encourage women's employment in economy. But its role and effectiveness is still point of issue due to its variations among different social and econimc systems even in different regions in the same country. But this should not underestimate the role of creation of change in both women's lives in small and economy in lager extents. For further studies, comparison among different regions can contribute to area. Different methods like depth interview analysis can bring another viewpoint to studies that are based on only quantitative datas.

As a result of this research, it is foreseen that microcredit, as a financial incentive, can be useful tool for promoting women's employment and gender equality. This can be understood its effect over the lives of women. But it is also essential that in order to create an equality and empowerment there should be macro level political and ideological changes of patriarchal system that means struggling for a new vision in almost every part of cultural, political and economic areas.

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