

## **Theory**

Based on the review of the literature, I hypothesize that the level of women's oppression has an affect on the success rate of micro-credit enterprise. I expect that women's rights are an important part of microcredit lending. Based on the literature, state factors, like human rights, have an affect on the success of economic development. An emphasis that is placed on women's empowerment in the microcredit literature, so the ability of empowerment is contingent on the opportunity available to develop. Because empowerment of women has become a crux of microcredit, the ability to become empowered within a state should matter to microcredit lenders. If a woman is not able to enter the economic sphere because of structural, cultural, or political reasons, the economic success of microcredit should be low. Conversely, if the structural, cultural, and political environment within a state is conducive to women's empowerment, the economic success of microcredit lending should be high.

## **Women in microcredit**

As seen in the review of the literature, gender has a role in economic development. Gender dictates what roles women and men play in a society. In many societies, women are confined to household positions, not contributing to traditional measures of household income. The chance to borrow money from a microcredit institution to start a business allows women to be a part of economic development. If women are oppressed, they may not have the opportunity to start a business, even if they are able to get a loan.

Empowering women has become an important selling point for microcredit institutions. By allowing women to control their own finances, microcredit gives a woman the ability to have more power within a household. This theoretically leads to more educational opportunities, control over birth spacing, and other opportunities. The ability for women to utilize microcredit opportunities is the first step on the way to the goal of empowerment. If women are not able to enter the economic sphere as a result of state factors, the ultimate goal of empowerment and development can not be achieved. I expect that the right for a woman to be empowered must be present at the beginning of microcredit in order for microcredit to be successful. The right to be empowered at the state level is necessary for the success of microcredit lending.

### **Alternate explanations**

There is a possibility that I will find a relationship between my variables but it will not necessarily show the gendered nature of the relationship. If men are also highly oppressed within a state, or if factors such as poor infrastructure, geography, or government type inhibit any type of growth, my results may not be specifically gendered. Since general oppression of any kind, geography, infrastructure, and government type is linked to the success or failure of economic development, my results could be misleading if I do not control for these variables in my methodology.

The success of the microcredit institution could be completely independent of gendered oppression, which would support microcredit rhetoric that bottom up development plans bypass oppressive top down factors. The success could simply be

explained by business practices of the institution itself, or other determinants that are not related to oppressive state environments.

There is a possibility that the variables will have a positive relationship, the greater the oppression the greater the microcredit success. This would support Wright's argument that women are more pressured to give loans to husbands in more oppressive societies, and men could use the loans more effectively to produce a profit (2004).

Of all the explanations for the relationship (or lack of a relationship) between the independent and dependent variables, my model makes the most sense in relation to the existing literature. I hypothesize that gendered human rights within a state will have a negative effect on the success of microcredit lending, a gendered development plan. I will create and implement a method in order to test this argument in the following chapters.