Education and Microfinance as a Combined Empowerment Approach for the Microfinance Clients: A Multiple Cases Study of Two Local Microcredit Organizations in Bandung City in Indonesia

ABSTRACT

This research is about the education and microfinance as an empowerment approach for the poor. The study attempted to examine and describe the education and microfinance integrated approach in poverty alleviation used by both MiSykat and BMT Khalifa to help empower the poor. This dissertation aimed: 1. to find out how MiSykat and BMT Khalifa describe their education and microfinance empowerment approach used in poverty alleviation; 2. to investigate how education and microfinance approach work to empower the poor clients of MiSykat and BMT Khalifa; 3. to examine how the education and microfinance approach support the enhancement of entrepreneurship knowledge and business skills of the poor microcredit clients; and 4. to establish themes which best describe the education and microfinance empowerment approach of MiSykat and BMT Khalifa.

To achieve the above objectives, the researcher conducted a qualitative study, using a multiple cases approach comprising two cases: MiSykat and BMT Khalifa. The interview technique, observation, and the study of documents were used. The data collection and data analysis resulted into a thesis and several major themes: the thesis being that “MiSykat and BMT Khalifa’s education and microfinance approach is different from the credit with education model of the Freedom from Hunger”. The education and microfinance approach of Misykat and BMT Khalifa is implemented based on religious values of Islam, while the credit with education model of Freedom from Hunger integrates education into a microfinance delivery system to address the informational as well as the economic and the complexity and scale of malnutrition of the poor.

The themes established included: community social change, holistic and all embracing community empowerment, push me to do the impossible, linking the poor based on solidarity, responsive mentorship, and knowledge with capital etc. The conclusion is that to help the poor it is important to understand their condition, the possible ways to help them, the possible measures, the appropriate implementation process, and the goals they wish to achieve. The researcher wishes to recommend that, “since education and microfinance approach has shown success in the cases studied, it possible to be implemented at a broader scale by the credit providers”. However, to be more appropriate further studies are needed (quantitative, action research and model development) to help establish a more appropriate solution to poverty alleviation.

Key words: education, education and microfinance combined approach, empowerment, and microfinance clients.