

THE ROLE OF MICROFINANCE IN PROMOTING QUALITY OF LIFE OF THE POOR HOUSEHOLDS : CASE OF THE TO MONG COMMUNITY FUNDS IN YALA PROVINCE

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Abstract

The purposes of this qualitative research were 1) to explore the roles of microfinance in promoting quality of life of poor households into To Mong community in Yala province through To Mong community funds, and 2) to investigate the impacts of local microfinance on financial access, human capital development, and physical capital development. An in-depth interview was used for data collection. The target group was 30 poor households selected by using the snow ball sampling and the purposive sampling methods. The peer debriefing and member checking techniques were adopted as an instrument to analyze the data and establish the validity of data. The research findings were as followings: microfinance played three key roles in development. In terms of financial access, it facilitated access to financial assets and promote quality of life by making their work performances better, their families more peaceful and their daily lives happier than before. In terms of human capital development, it contributed gradually to not only the development of professional and living skills, but also the equality and opportunity for fundamental education. In terms of physical capital development, it enabled those poor households to improve their residential houses [and/or residential buildings] and develop their housings for livestock in order to raise the basic quality of life level.

Keyword: local microfinance, quality of life, poor households and community fund

1. Introduction

There are many ASEAN countries have enormous progress when it comes to the reduction of poverty. However, it is still a massive factor in the region, and one that is

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bound up with environmental system. In the same time poverty alleviation is listed as one of the key Millennium Development Goals, and is one of the most significant issues facing humanity living in nowadays. It is inextricably linked to the achievement of sustainable development, both at the economic and the environmental levels neither economic nor environmental sustainability can be achieved without huge improvements in the economic welfare of the poorest people in our societies. A lot of the world's population lives in poverty line, sustaining endemic regional corruption and crime, which are important barriers to investment and to the policy implementation of sustainable business practice area

According to The Thai National Society and Economic Planning 2016-2022 has been made long-term planning based on conceptual framework of the National strategy 20 years (2016-2036), which is the main principle of country development and sustainable development goals included the transformation of the country infrastructure to be Thailand 4.0.(Thai official government, 2016 : 1). This is also related to Thai policy current to the encourage the local community to be strong economic grassroots and empowerment of people to access with being resourceful its community. the Asian Development Bank :ADB has stated that the meaning of the financial grassroots is financial service to all over people such as money deposit,loan ,transit including life guarantee to poor people to enable access financial services included with small entrepreneur community.(Asian Development Bank, 2000). So it might be stated microfinance it is just a tool regarding poverty alleviation. It is mitigating the indicator and not the real cause of poverty. This calls for more state involvement to reinforce itself and have the vitality to build the essential infrastructure, institutions (legitimate and financial) high-quality authority and empower profoundly in rural development infrastructure where the greater part of the poor struggle with biting poverty.

In Thailand also has identified definition of financial grassroots meaning by The economic finance office namely given financial service toward lower people income and small entrepreneur group or financial activities focus on helping lower people income (2554).There are obviously the reason that the meaningful significance of the role of microfinance is an important tool for the purpose of solidarity among of people in community and redistributing income and quality of life gets better. In viewed of this, the purpose of this paper to examine three main objectives namely (1) The microfinance as a role in promoting financial access by analyzing whether it has been effective in poverty alleviation. (2) The microfinance as a role in promoting human capital by analyzing whether

it has been effective in quality of life. (3) The microfinance as a role in promoting physical by analyzing whether it has been effective in quality of life. Thus in order to get an answer on these issues, a study was determined a community which effective operating to solve community problems based on microfinance in the Yala province . To put things in perspective this paper will review briefly the related literature review. It will be followed by an explanation of the methodology, results and discussion and a conclusion

Literature review

For literature review, there have many article abstracts were searched read to determine which articles would include in the review for this research article. While reading through the abstracts as skimming through the methods and findings section of these articles. According to NGO staff, the primary goal of village bank programs is allowed members to reduce their high-interest debt to moneylenders. And also stated by Rosenberg (2010), microfinance could uplift poor people and bring them out of poverty by lending the small amount of collateral free credit for small-scale income generation activities. Besides, the study Abdullah-Al-Mamun et al. (2012) have explained that Amanah Ikhtiar Malaysia' microfinance was positive impact of microfinance program on the quality of life of poor rural household in Malaysia. And lastly, the research of Snodgrass and Sebstad (2002) studied in three MFO's; SEWA Bank in India found was the quality of life of the households' of the microfinance organization clients help poor people fulfillment in basic need such as room for a kitchen, separate household plot, separate house/room/building, have electricity and so on. On the same time, Uotil.A, (2005) be clearly stated measure the quality of life of microfinance clients households based on their sources of drinking water. To put things in order to conclude the empirical reason above, microfinance as perhaps the most important recent instrument to help poor people best quality of life and out of the poverty cycle. Therefore, this research paper attempts to reflect the effect microfinance to the three factors such as financial asset, human asset and the physical asset to combine with the measured quality of life of poor people of microfinance in the local community

Microfinance scheme was most important in the local community level because all of the poor people could access equal opportunity and justice and also their quality life would be developed sustainable prosperity. The microfinance granted to people in community have been effective in increasing people 'income as well reducing the incidence

of poverty among them after the utilization of the microloan(credit). According to many outcomes of research, Steele, Amin and Naved (1998) explained the microfinance scheme brought some changes within a village's financial markets and affect the contraceptive use Also, as stated by Swain (2006), microfinance help women to gain respect which in turn can lead to higher self-esteem and self-confidence. in addition to Pretty and Hine, (2000) found that financial capital is accumulated claims on goods and services built up through financial system that gather saving and issues credit such as pensions, remittances and welfare payment. And also continuously is stated by Pretty and Hine (2000) defined human capital as the total capability residing in individuals. Then the eminent author Coleman, (1988) be obviously stated human capital is built by changes in people that bring about skills and capabilities that enable them to act in new ways.Later Latifee,(2003) in his research on Grameen Bank's microcredit clients in Bangladesh mentioned that about 90% of the borrowers reported an improvement in standard of living.

Lastly, microfinance in the local community is the most significant for the household development of living standard. Thus, this research has developed and offered a conceptual framework of research for exploring the main variables to help the outcomes of operational microfinance affected to their quality and poverty alleviation. The following diagram below;

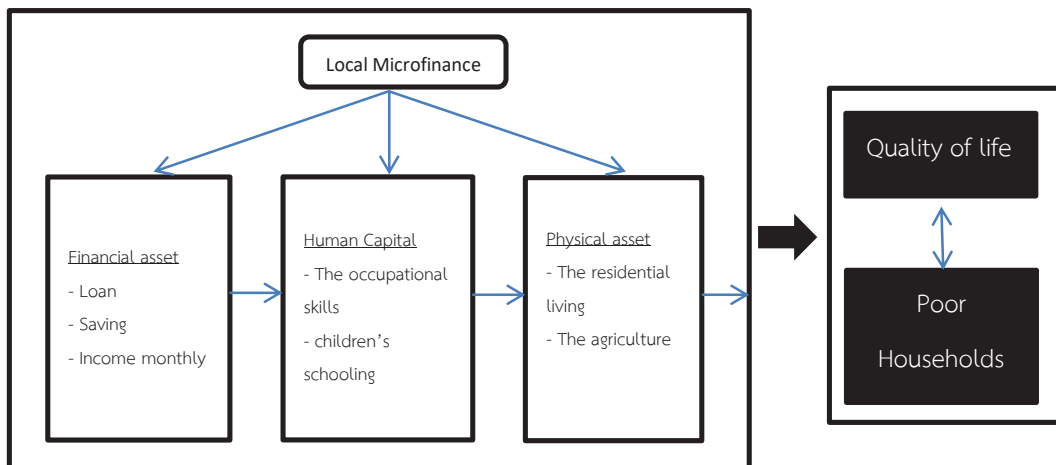


Diagram 1 Describing conceptual framework of local microfinance in supporting quality of life of poor households

Community brief's history

Baan To Mong community as a one of village in under Sateng Nok municipal administration which is an old market in past era ago due to the location of be an old market was area of Mr.To Mong Jekbu who is the first family came living in this area which is called short place name Nat Tuk Mong.the later there has conducted community area so usage official name be “Baan T0 Mong” as a community name. There is the connecting area north side with Yala municipal city, east side with Moo 3 Sateng municipal city, Muang district,Yala Province.South side with Moo 6, Moo 9 Sateng municipal city, Muang district,Yala Province and west side with Moo 9 Sateng municipal city, Muang district, Yala Province. there are people do various occupation in the community as follows employee approximately 25 percentage, owner business approximately 40 percentage, farmer approximately 10 percentage, public servant approximately 5 percentage and others approximately 10 percentage(Municipal Sateng office,(2018).As mentioned this community above has been documented to have positive economic and social implications in overall. The community funds background that led to the establishment under previous federal government policy into the all of communities in country for empowerment people to upgrade their quality of life and poverty alleviation. So that, Baan To Mong as a sample of the study to examine the effective community funds in operating financial activities for achieving the quality of life based on microfinance

2. Objective of the research

1. To explore the microfinance as a role in promoting financial access by analyzing whether it has been effective in quality of life to poor households.
2. To explore the microfinance as a role in promoting human capital by analyzing whether it has been effective in quality of life to poor households.
3. To explore the microfinance as a role in promoting physical by analyzing whether it has been effective in quality of life to poor households.

3. The research benefits

1. The community could be achieved operating concerning with care system poor households in community effectively.
2. To be able for defining indicator of develop quality life of poor household by participatory of community

4. Scope of the research

The operation of this research, researcher has defined the community Baan Nat To Mong which has been supported the budget since 2004 until now under khon thong Mo Baan which established in Thaksin government era. So this community has continuously supporting for more ten year, the community fund could be responded the basic need of poor household such as small loan for schooling children, agricultural, house maintenance and so on.

5. The research action

The purpose of this study was to examine the role of microfinance in helping the main issues namely financial asset ,human capital deverlopment and physical assets which related with quality of life on its participants based on a case study a community of Yala province. The data will base on secondary data and primary data as following as, secondary Data 1. Library research on material related to microfinance both of journals, document official and books 2. Data compile by government policy both of previous government and current government including Department of Development community Yala province and community funds office 3. Data also compile from others public organizations concerning solve and develop quality of life and poverty alleviation in Yala province. Primary Data 1. Data from interviewing community funds chairman, community funds committee including community leader. 2. Data from interviewing the members who have borrowed microfinance in community funds

6. The output of the research

As noted above the main purpose of this paper was to examine (1) The microfinance as a role in promoting financial access by analyzing whether it has been effective in poverty alleviation. (2) The microfinance as a role in promoting human capital by analyzing whether it has been effective in quality of life. (3) The microfinance as a role in promoting physical by analyzing whether it has been effective in quality of life. The analysis is divided into three sections namely:

1. The financial capital as a unique of quality of life for poor households could be the main asset to raised up sustainable quality of life. From in-deep interviews focus on the sampling in the research field, research findings were that microfinance equip them to access financial assets to affecting quality of life in term of working quality of life,

family peaceful of life and daily life happiness. It has been obviously the outcome of the study as following as; The working quality of life, namely the borrowers of the this community funds have received developing their quality of life such as prosperity, progressing, household income increase, having security of working life and make a good relationship and solidarity between people in community, due to the local microfinance as a product of community funds and extends opportunity to community manage financial funds by itself. Moreover, there was proud in community to helping them to improve their quality of life because of having funds sources and continue in self-occupation. a part of interviewing borrower microfinance from community funds on 15 March 2019 “He has been farmer and living in this community long time, in the previous time, community activities were failed but after set community funds all people could get utilizing microfinance to reinforce the quality of life moreover household income increase for agriculture”. To put things to describe the result above, the results of this study coincide with an empirical study by Kulthida Suwang,2014 that concludes that most borrowers have raised up the household income and added value back to self-occupation. Most of the participants did not have any other financial invest sources and majority of participants are farmers especially continue their agriculture to add value and prosperity. The family quality of life namely make a good relationship, solidarity and rely on each other both mentally and material of the members of family including taking care person who inability other occupations due to community funds did not define any exception to using microfinance so the most loan brings them to make solidarity in the family. As a result, their quality of life was better. The daily life namely the research sampling have shown that their quality were developed and supported all of their life such as education grant, public health and security of their life including satisfaction of purchasing such as goods and products. In this study, findings were that microfinance is supported by the federal government in the period of the beginning but at present people could use utilizing community fund and rid the problem financial system unlawful besides that support people access local microfinance that it is different with commercial system bank. From this result reflect that it could be developed life living and quality of life better

2. The human capital namely microfinance help them to access the financial source in the community for achieving occupation skills and support education system access which to put these things to them the quality of life better. Hence, the microfinance as a significant role in promoting human capital gets an opportunity to develop itself and

members of the family including mentality and material. So that in this category will be analyzing whether it has been effective in terms of quality of life. The results explain that occupational skills, most of the household leaders were most satisfied and proud to added new knowledge and new work skills through training and make a study trip that was why to upgrade their working skill to be more and more professional. The education system access namely findings were most of the borrowers changing the attitude from negative views to positive views in working life and more having confidence in their life in order to work and take care of the children. In general, they could not quickly loan money from others to support their children schooling unless using an informal debt which this might be charged by unfair.

3. The physical assets as the main basic need of the life living should be responded from local microfinance, which it has upgrade livelihood to a sustainable quality life in terms of residential living, agriculture and livestock. In order to determine the role of microfinance of its participants whether microfinance has been effective in changing the quality of life. As following as. The residential living, the results explain that most of the poor households request microcredit for residential development or maintain the resident and so on. From primary data by checking the form request of borrowers, there have had many loans contract of participants to consider by a committee of the community fund. This result has shown that local microfinance could be responded to the basic need and be relied on. The agriculture side the results found that most of the household's borrowers microfinance in order to plant a variety of crop in using for garden and keep harvest to sell in the morning market, it becomes the main income of each family and effected directing to their quality of life.

To put things the findings above, it can be concluded that the role of microfinance as a significant tool of promoting their quality of life and poverty alleviation. So that the results could be explained the purpose of the study microfinance helps participant access with the financial asset for achieving the high quality of life and poverty reduction which proves that the people most satisfaction after received supporting by community fund such working quality of life, family quality of life and daily life quality these results bring them to more income and solved poverty. As for human capital develop ,the empirical evidence makes result clearly about microfinance help them to achieve occupational skill in supporting them to training and make a study trip and last point was about do not lack of children 'schooling. The lastly, physical asset help them to utilize microfinance to build

residential living and maintaining the resident while using microfinance to added value productivity makes by agriculture.

7. Discussion of research

For this research title, in the perspective of the community funds has set up to upgrade the quality life of life poor in term of financial supporting, education loan and physical prosperity living. Moreover, be useful to all of them who have the financial problem especially informal debt access for someone, as an in-deep interview sampling of a borrower said “ Before this community funds coming, most people borrow an informal money for investing both trade and farmers included using daily life such as fees payment of children school” however, people need to borrow an informal money due to all of them have no credit for the loan from the financial institution that is why they need to rely on an informal money source to support them in working because of convenience, fast and response of their working efficiency even though accepting the high-interest cost and life risk with many kinds of calls tracking so become threat in their family life until unhappiness for borrowers. This is a part of the problem facing with the insecurity of financial status in working daily life until the community organized self-funds in the community which was the new optional financial source of people in the community because is not need to borrow an informal money outside the community.

Moreover, this financial capital could bring them to support in working capital of their business for being an effective occupation and upgrade quality development of goods such as a sample interviewees the trader “ The number of microfinance get them access loans, even a small of size money but also could utilizing in working and in daily life sufficiency” for this reason, it was obviously findings that small loans that equip them to income - earning activity and able for saving more money in family. This result has related to many outcome of studies in previous, namely in result paper of Mohamed Zaini Omar, et.al. (2012) found that contribution of AIM microfinance towards the participants’ total household income has been significant continue the parer of Sapovadia. (2006), explained tha borrowers are generally self-employed and household-based entrepreneurs with an unstable income source and usually resided in rural and urban areas.

In addition to this, education development was satisfied for the parents who have the financial problem to taking care quality of life of the children’s schooling such as an interviewee of the borrower loans microfinance to support their children’s schooling “in

time emergency, I could not lend money the others person besides lend money from an informal money which it would charge high the interest cost” this empirical result consistent with Rahman,Rafiq and Momen, (2009) on several microfinance organization’s clients in Bangladesh noted that participation in microfinance improved poor household ability to generate income which leads to an improvement in the household’s income, net working capital, fixed assets, increase spending on food, medical facilities and children’s schooling. Lastly, the empirical results effective microfinance on their quality life. Most people used their loans for income generating activities such as rearing livestock, agriculture, trading, house and service, for example, an interviewee of the group member among of them said that “ this loans could give me increase household income and equip many opportunities in working” consistent with studied of Abdullah Al-Mamun., et.al. (2012) have been clearly seen understanding about the effectiveness of current microfinance on household’s quality of life and it improves the socio-economic condition of the poor household in Malaysia, besides changed housing material from temporary to permanent for walls of their house.

8. Suggestions

1. Microcredit as a good tool to solve the poverty problem develop quality but might be reinforced its system audit of operating such as accounting system, additional qualifies of borrowers.
2. Public sector and private sector should encourage the community to access the knowledge of the financial management system through training and activities to develop community quality.
3. To emphasize the research study to seeking new bits of knowledge and bring the result to apply to be truly useful

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