

IMPACT OF MICROFINANCE ON CHILD LABOR

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ABSTRACT

In respect of child labor, not only the government but also the private institutions are obliged to follow strict protocols in restricting child labor activities within the vicinity. The role of modern microfinance allows integration of financial resources together with the underlying cause for reaching a common outcome. In terms of child labor, these activities particularly include providing healthcare, education and discouraging early-days labor. This research paper evaluates the significance of microfinance on child labor in terms of improvement and other financial concerns associated. This paper considers the research conducted by Rogun, (2018) regarding the “*impact of microfinance on child labor in Uzbekistan and Tajikistan*”. The results and discussion determine that certain factors including family perceptions are vital that define the impact of microfinance on child labor as a whole.

Keywords: Microfinance, child labor, capital.

INTRODUCTION

The recent data issued by the “*International Labor Organization (ILO)*” has indicated that about 170 million children around the globe work under the conditions that are considered detrimental to their health, education and wellbeing. The term “*child labor*” is defined that is considered “*socially, mentally, physically or morally dangerous and harmful to the children and that interferes with their schooling, depriving them of their opportunity for attending the school and obliging them in leaving the school permanently*” (Mukherjee & Das, 2018). In a global economy perspective, labor inputs and financing the physical capital investment are considered abundant and mobile. In the financial perspective, there is a difference between those individuals that have a productive idea and those having the financial resources (Rosati, 2016).

LITERATURE REVIEW

Child Work Theories

In the underlying scenario, there exist two competing theories that define child work. One of the theoretical components states that poverty is considered one of the main aspects of child labor, while the other argues that credit limitations define existence. Elo (2016) defines that child labor exist due to various equilibriums including a scenario where children work at a relatively low wage rate whereas in the scenario, the wages are high but the children do not tend to work. In the corporate scenario, child labor does exist as it allows firms to have cheaper labor for meeting their objectives (Dammert et al., 2018).

Another research conducted by Abdulloev et al. (2020) determines that due to the presence of an imperfect capital market, parents that are considered relatively less educated will prefer engaging their children in labor activities for meeting their everyday needs. Therefore,

Dammert et al. (2017) highlight that due to a decrease in parental endowment and lack of altruism will ultimately lead to increased child labor.

Microfinance and Microcredit

The development of microfinance and microcredit development has been on the neutral as Del Carpio et al. (2016) identifies the impact is considered positive whereas Tundui & Tundui (2019) considers the impact to be rather negative. Another research by Dutta & Banerjee (2017) indicates that borrowing creates other concerns for the grieving family including the inability to repay, indebtedness and shame. It may be argued that microfinance does limit the occurrence of child labor rates within the society as families could afford to send their child to the school but on the other hand, the need for repaying the same indicates a strong relationship regarding a steep increase in child labor (Saha, 2019).

METHODOLOGY

In the current scenario, there are no studies that determine the attitude of the families for opting their children into child labor, their decision-making process and how the impact of microfinance influences their decision (Lakdawala, 2018). The relevant study as per the given context is the child labor in “*Uzbekistan and Tajikistan*”, conducted by Rogun (2018) that focuses on the area of cotton harvesting where child labor has been on the rise. The underlying study discusses child labor within the context of economy, microfinance and microcredit policies and government leverage provided for exploiting the rights of children in the area.

The chosen study considers narrative methods of inquiry that involves obtaining the perspectives and opinion of children and their parents regarding their perspective towards child labor. It also involves how the determinants of microfinance influence their decision in opting their children for child labor. Narrative methods are considered the most suitable approach for obtaining the population opinion and perspective from the experiences of single life or the lives of individuals living in miserable conditions (Rosati, 2016). The study considered the sample size of individuals ranging from 11 to 14 years of age that were engaged in 14 hours of week for the economic activity.

RESULTS

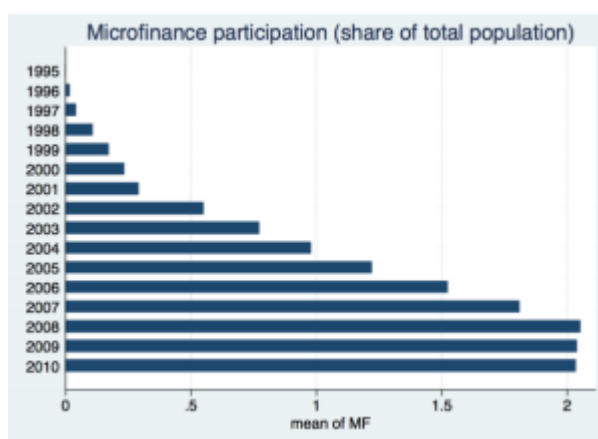


Figure 1: Microfinance Participation

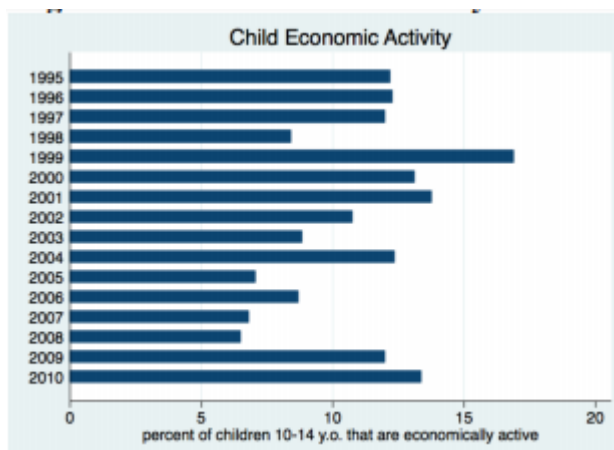


Figure 2: Child Economic Activity

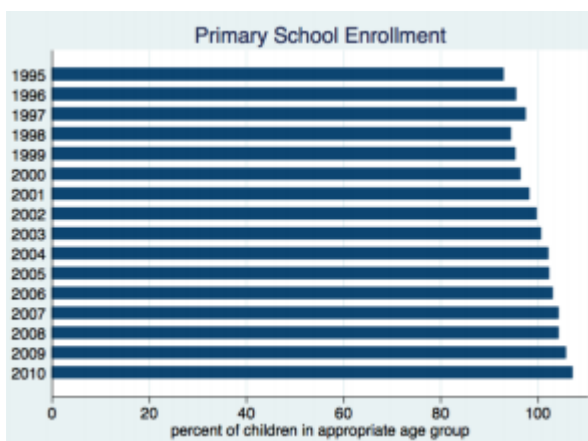


Figure 3: Primary School Enrollment

The respective analysis presented in figure 1, 2 and 3 determines the microfinance participation by the families, children engagement in economic activities (i.e. child labor) and the ratio of primary school enrollment. The results have shown that children are particularly engaged in child labor activities and as a reason, the microfinance activities are considered the major determinant. In some cases, microfinance considered by the families proves to be versatile and effective whereas, in other circumstances, it has an adverse impact.

DISCUSSION

The data in the narrative study that requires to be analyzed regarding the story of the participants is considered using the approach defined by Mendola (2016). Nampalli & Sarma (2017) determine that unlike other types of qualitative analysis, the narrative method uses the thematic analysis technique that places a key emphasis on what has been said or written.

Themes

Though the motivation to work and family perception regarding the child labor differs in various aspects, the research has been connected with four key themes including the “*normalization of the child labor, microfinance expectations of the family, work as a way of life and economic factors contributed by the government*”. The researcher identified key differences that relate to family perceptions and somehow cultural values. In the Tajik culture, the girls are expected to get along with their household doings as they are expected to be good housewives in the future (Viswanath, 2018). Similarly, the boys in the region are towards breadwinners for their family and should not back off from their work.

CONCLUSION

It is argued that microfinance does limit the occurrence of child labor rates within the society as families could afford to send their child to the school but on the other hand, the need for repaying the same indicates a strong relationship regarding a steep increase in child labor.

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