LINKAGES BETWEEN MICROFINANCE AND CLIMATE CHANGE

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ABSTRACT

The linkages among the microfinance and climate change appear to be strong. The microfinancing activities result in increasing business opportunities for small businesses and the increasing number of small businesses is impacting climate change and environmental conditions. The increasing business activities require higher use of electricity and water for the purpose of conducting production and manufacturing activities. The increase in global warming all around the world also appears due to increasing business activities. On the other hand, the emission of greenhouse gases is also one of the reasons for extreme weather conditions and hotter environmental condition. The excessive use of water and the melting of glaciers is also impacting the agricultural sector of the economy and is also resulting in the rising sea level which is one of the threats to individual and farmers. The rising sea levels and excessive melting of glaciers due to global warming increases the threat of floods in rural as well as in urban areas. Therefore, rising small businesses have a strong linkage with the change in the climate. Hence, precautionary measures are considered by small businesses to minimize their impact on the climate but still, the increasing number of business activities can result in damaging the overall climatic condition of the world.

Keywords: Climate change, Microfinance, Global warming, Greenhouse gases, Carbon dioxide.

INTRODUCTION

Microfinance is a financial opportunity or investment opportunities which are availed by the financial institutions by providing loans and investment to the small businesses. The micro-financing activity is conducted when the small businesses are involved in expansion activities (Helwig et al, 2020). However, the small businesses appearing in the economy with the assistance of microfinance by the financial institutions are impacting the climate all around the world. Businesses prevailing all around the world, either large or small impacting the change in climate through the usage of electricity and getting involved in production activities. Therefore, the linkages between microfinance and its impact on climate change are identified and analyzed in the study.

LITERATURE REVIEW

Microfinance is provided by the financial institutions to small businesses who require finances in order to conduct business activities or to grow and prosper within the industry. Forcella (2016) founds that small business are significantly important for the economies because this business provides a boost to the economies. The small businesses with potential ideas result in increasing their market share within the industry and can become large businesses within the economy. Businesses are vital for the economy due to the fact that it provides job opportunities to individuals within the economy (Fenton, 2017). The incline in

the employment opportunities for the individuals is the sign that the economy is fostering and the unemployment which is one of the concerns for the economies is declining (Prabhaskar, 2018). The small business in the economy is less focused on the implementation business process that impacts less on the overall climate change environment. Hence, impacting the environmental condition in a number of different ways.

As per Chirambo (2017), the effect of greenhouse gases especially carbon dioxide (CO2) possesses great potential for climate change all around the world. The increase in business activities results in incline in the use of electricity and increasing use of fossil fuels like natural gas and petroleum (Huybrechs, 2019). These activities result in the increasing emission of greenhouse gasses which are playing a crucial role in impacting the climate all around the world. The CO2 gasses impacts the climate change in a number of ways i.e. the increase in the emission of CO2 gasses due to increasing business activities is one of the reason which has resulted in making the climate of the earth hotter and stormier (Bastiaensen, 2019). On the other hand, the emission of CO2 gasses is also one of the reasons of changing rainfall patterns and rise in the sea level which is increasing the difficulty of life for the people (Dowla, 2018). Although large business who does not require the need of microfinancing is also impacting the climate through their business activities the small business to whom the microfinance facility is provided are impacting more due to not adopting feasible business practices with regard to the climate change.

METHODOLOGY

The methodology used in this study is the qualitative research methodology. This approach is selected because qualitative research allows to identify and analyze the findings of other studies and articles related to the linkages between microfinance and climate change prevailing all around the world. Furthermore, the qualitative research allows the researcher to identify and analyze the problems through the development of reasons, motivations, and opinions by considering different aspects of studies conducted by the researchers (Budiman et al, 2016). However, a number of different articles, research papers, and books related to linkages between microfinance and climate change are considered for the purpose of completing this research article. The qualitative data collection method apart from obtaining information from the books and research of other scholars and authors used in conducting this research is through the focus group discussion. The focus group discussion among the participants of environmental protection agency (EPA) is conducted in order to get a deeper view of the impact of small businesses and their impact on the climate change all around the world.

RESULTS

The results obtained indicate that microfinance activities increase the opportunity for small businesses in the economy to prosper and grow which impacts climate change. The increase in business activities or manufacturing activities results in increasing use of water, the disappearance of glaciers, impacts of the timing or rainfalls, flooding, increase in heat, impact on the ecosystem, and extreme weather conditions. It is identified that the growth of small businesses due to microfinance activities is one of the major threat to climate change all around the world. Interestingly, the results also indicate that strict measures are taken by small businesses to minimize their impact on climate change by following the standards of environmental protection in conducting business activities.

DISCUSSION

The businesses all around the world are impacting the fresh and seawater level. The increasing use of water in business activities such as textile business which requires the extensive use of freshwater is impacting the availability of freshwater for the people. On the other hand, the dumping of wastewater in the sea is also resulting in rising sea levels (O'Connor, 2019). Moreover, the increasing greenhouse gases which is one of the reasons for global warming also results in the melting of glaciers which are further rising the sea level. Due to the melting of glaciers, the floods are increasing and impacting the lives of individuals and farmers. The floods resulted in destroying the crops of farmers which is impacting the agricultural sector of the economies (Moser, 2016). The disappearance of glaciers due to global warming is also one of the major concern because the farmers usually require water for the purpose of irrigation which is fulfilled by the waters for glaciers stored by farmers. Therefore, the disappearance of glaciers due to increasing global warming is also one of the threats to the agricultural sector of the economy (Johnson et al, 2019). Hence, the extreme weather conditions have also impacted the ecosystem which has resulted in declining the species of animals and plants which cannot survive in hot weather conditions.

CONCLUSION

There are strong linkages between the microfinance and climate change and the increase in small businesses are impacting the change in the climate. The businesses are involved in production activities which increases their use of electricity and water. Furthermore, the increasing use of fossil fuel and petroleum also result in increasing the temperature. The climate change is directly related to the business activities i.e. the increase in the number of businesses will increase the global warming and deteriorate the climate and decrease in the business activities can protect the world from severe climate change. However, there are a number of disadvantages of increasing businesses with regard to its impact on climate change, but precautionary measures considered by the business can minimize the negative impact on the climate.

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