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Impact of Microfinance on Women Empowerment

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Abstract

In recent years, most microfinance programmes have focused on gender issues with significant support given to poor female clients to facilitate their access to capital. The study examines the impact of economic development, improvement in family matters, decision to use public amenities and political empowerment on women empowerment of participants in Surkhet district. The study followed the positivist research philosophy. The deductive approach, quantitative research method, and the descriptive and causal-comparative research design were applied to draw the study's conclusion. 390 women participants were selected for the study using the convenience sampling method. The study is based on self-made questionnaires to the women taking microfinance services. The primary data were collected from household surveys and interview methods. The collected data were analyzed using SPSS and Amos graphics software. This study used descriptive and inferential statistics for data presentation and analysis. The hypotheses were tested through the SEM technique. The study's findings show that economic development, improvement in family matters, decision to use public amenities, and political empowerment significantly impact women's empowerment. Further, microfinance services and women empowerment have a significant relationship. The results of this study provide substantial implications for government and microfinance organizations to shape their plans for women's empowerment.

Keywords: Economic empowerment, social empowerment, political empowerment, family matters

Introduction

Most societies in developing countries discriminate against women due to their lack of education and traditional beliefs. Discrimination is a form of inequality and a problem for women worldwide in many nations, areas, and groups. Women

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typically have less land, property, and business access, especially in developing countries. They are exposed to unfairness in education, employment, and decision-making and have limited access to the labour (Abebe & Kegne, 2023). As a result, it hinders women's ability to engage freely and fully in society, which has adverse psychological effects. Women comprise around half of the world's population, and many continue facing direct and indirect discrimination throughout life.

Microfinance plays a crucial role in empowering women by providing them with financial services and opportunities to start businesses. This, in turn, boosts their confidence, improves their status, and promotes gender equality through active participation in decision-making. As a credit market development tool, microfinance aims at women deprived and unable to approach conventional credit. The main targets of microfinance are to alleviate women's poverty and empower them through microcredit. It provides access to credit, savings, and other essential financial services to people who are too poor and need easy access to traditional banks because of their inability to involve in economic activities. Therefore, microfinance is an effective way to "bank the unbanked," making these financial services available to many people who would otherwise not have access (Al-Shami, 2016).

Noreen (2011) has mentioned that microfinance is a cost-effective and promising solution to the world's poverty. Microfinance can provide small amounts of credit, savings, and other financial services to the poor and needy people in rural, semi-urban, and urban areas to help them increase their earnings and improve their living standards. It is a crucial tool for poverty elimination and the economic advancement of rural communities.

Moreover, microfinance provides easy access to poor people for financial and non-financial services. They need funds to launch or grow an income-generating activity. If the financial services are tailored to their needs, the loan and savings of these clients can be bankable. These individuals can make timely repayments of both the principal and interest and save money. The authors note that microfinance programs initially targeted male and female clients, but they later became women-oriented. The rationale behind such programs was the belief that women from low-income households were more reliable and punctual in repaying loans than men in similar circumstances. Additionally, it was believed that women were more inclined to allocate the profits from their business ventures towards the welfare of their families (Boros & Murray, 2002).

Empowerment is a widely used concept in present times, particularly in developing countries like Nepal, in various forms. One such form is its inclusion as the third goal of the United Nations' Millennium Development Goals (MDGs) that

is gender equality and women's empowerment (Duho et al., 2023). According to Kabeer (2003), empowering poor women is not only an agenda to empower the poor and marginalized people in general, but it is crucial to address gender inequalities among the poor, including power imbalances. Similarly, Mayoux (1998) has defined empowerment as a challenge to societal domination and inequality. Women's empowerment involves attaining greater control over resources, knowledge, information, ideas, finances, and decision-making within the household and across the community, society, and nation. The development workers' role is to provide the necessary tools, such as information, awareness, leadership, and training, to support empowerment. In this same context, Oxfam viewed empowerment as a challenge to tackle domination and inequality that exists in millions of people's lives and denies their human rights (Bisnath, 1999).

Shakya (2016) has explained that empowerment allows women to make able them for strategic life choices previously rejected. Empowerment is a self-driven process where individuals have the power to enable themselves to make choices and advocate for their rights.

The primary aim of this study is to determine how microfinance supports women to become more empowered. However, there are some specific objectives. The objectives for the research are listed below:

1. To identify the impact of economic development of microfinance on women empowerment.
2. To analyze the effect of improvements in family matters through microfinance on women empowerment.

Literature Review

Alshebami (2015) found that around 60% of microfinance clients worldwide were women. Three reasons were given for prioritizing women's access to microfinance services. Firstly, poverty; secondly, increased efficiency and sustainability; and thirdly, equality in empowerment. Empowerment involves improved well-being, access to resources, increased self-confidence, self-esteem, decision-making and bargaining power participation, and more control over their lives. However, individual women's empowerment is often limited by inequalities and discrimination. The authors concluded that microcredit programs could help empower poor women and eliminate poverty. The influence on women was growth in their ability to influence family affairs, make decisions, enhance self-confidence, improve their status, improve gender relations at home, and reduce domestic violence.

Rural Microfinance Development Centre (2008) conducted research to investigate the effects of a microfinance program on the socio-economic status of the primary beneficiaries in the Kathmandu district. Both primary and secondary sources were utilized in the study. The research showed that microfinance services had a positive impact on the household income of women who participated in the program. As a result of the increase in income, the socio-economic status of these women was improved. The credibility of borrowers also increased in other sectors because of their increased income, resulting from their participation in the program. This was seen as a positive impact of microfinance. The research showed that microfinance promotes diversification of income sources and brings positive changes in investment, income, and savings from various income sources. Microfinance programs create self-employment, providing income to meet poor women's and their families daily needs. In addition, microfinance programs can enhance the education of women's children since program providers often offer information to participants. Furthermore, these programs can also increase women's decision-making authority, free from interference by their male partners.

Basu (2006) predicted that giving women access to microfinance would grow their income, resulting in improved well-being and a broad impact on gender equality. However, a lack of management skills and experience in related businesses was noted as a hindrance to growth. On the opposite of it, Mayoux (1997) noted that microfinance programs may not always lead to favorable outcomes. Women who gain access to income through microfinance programs often face the challenge of increased workloads and the pressure to repay loans. Additionally, the income they earn may be used for entrepreneurial ventures by male members of their households. Furthermore, when women take on a larger share of household expenses, it may lead to reduced contributions from male members. Rahaman's (1999) study found that 40-70% of loans given to women are used by their husbands, causing stress, anxiety, and sometimes even domestic violence.

The concept of self-help groups was created by Grameen Bank of Bangladesh, founded by Professor Mohammed Yunus of Chittagong University in 1975 (Gupta, 2017). Yunus believed a dedicated and focused approach was the key to ensuring rural development and woman empowerment. He was confident that no micro-credit system could succeed in promoting economic growth and political democracy without the involvement and efforts of the Grameen Bank. Yunus believed that with the involvement of women, the pace of economic independence would double, enabling women to escape poverty and oppressive social structures and participate in their country's economic growth (Bansal & Aggarwal, 2017).

Islam (2021) conducted studies on microcredit's impact on financial inclusion and women's empowerment in the southwestern region of Bangladesh. Their findings showed that microcredit had a significant role in empowering rural women by increasing their income, promoting savings, creating household assets, and reducing poverty. The studies concluded that microcredit was an effective means of promoting economic progress and women's empowerment. Additionally, it was found that women's empowerment was higher in urban areas compared to rural areas. Jahan and Rashid (2015) conducted a study on the effects of RDS microfinance on women beneficiaries in the Barisal district of Bangladesh. Their findings indicated that Islamic microfinance had a positive impact on the social capital and income of the beneficiaries.

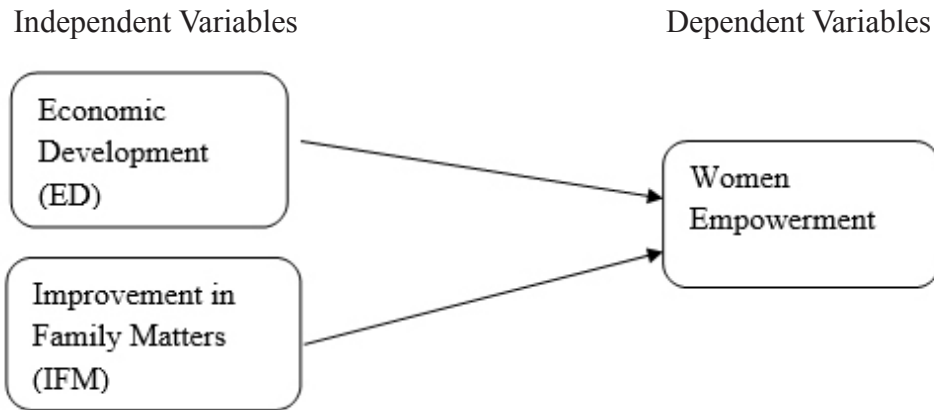
Agrawal (2016) found that many women entrepreneurs face problems in management, financial management, marketing, and people management training. Additionally, some microfinance institutions (MFIs) provide a lower percentage of loans to women than men. Even though women are in the same credit program, community, and lending group, there are still disparities in access to credit. These disparities may be attributed to women's higher poverty levels or the prevalent social discrimination against women that restricts their opportunities.

Al-Shami (2016) stated that the impacts of microfinance programs are not always positive. Women's access to income often comes with an increased workload and pressure to repay loans.

Women's income may also be utilized by male members of their households for entrepreneurship purposes. Moreover, when women take on the responsibility of household expenses, it may result in a reduction in the contribution made by male family members. The variables related to this study were identified as the fundamentals of in the life-cycle theory. The variables adopted in this study were taken from the study conducted by Agrawal et al. (2020). The illustration shows the relationship between the independent variables: Economic Development (ED), Improvement in Family Matters (IFM) and the dependent variable: Women Empowerment (WE) in the study.

Figure 1

Conceptual Framework Showing Independent and Dependent Variable



Methods and Procedures

The study took place under the principles of positivist research. In this study, quantitative research approaches were applied. A standardized questionnaire was used to conduct an organized survey. Both closed-ended questions and a Likert scale were used in this study. The study focused on the female population residing in the Surkhet district who received loans from the Batabaran Sudhar Bahuudhisaya Sahakari Sanstha Ltd (EDCOL) to start or expand their businesses through microfinance. The non-probabilistic convenience sampling method was employed, and samples from 390 respondents from Panchapuri, Gurvakot, Lekhbesi, Bheriganga and Birendranagar municipalities were obtained. Also, the respondents' information was obtained using the individual interviewing technique. The deductive approach, quantitative research method, and explanatory research design were applied to draw the study's conclusion. The collected data were analyzed using SPSS and Amos graphics software. The hypotheses were tested through the structural equation modeling technique. Descriptive and inferential analysis was employed in the study to examine the data.

Research Hypothesis

Considering a set of working hypothesis to empirically test and confirm the statistical significance of relationships among different constructs of the study, the following hypothesis has been considered in the study.

The hypotheses of the study are mentioned below:

H1: Economic development of microfinance has a significant impact on women empowerment.

H2: The improvement in family matters through microfinance influence on women empowerment.

Results and Discussion

In this section, the researcher presents the demographic and general information of the respondents such as age, caste, education, family structure, marital status, core occupation, association with microfinance, objective of microfinance association, monthly income, monthly saving, expenditure, beneficial objective of microfinance and satisfaction to microfinance service.

Table 1

Analysis of Demographic Responses

Demographic Variables	Response Options	Frequency (N)	Percentage (%)
Age	Less than 20	2	0.5
	21-30 year	58	14.9
	31-40 year	85	21.8
	41-50 year	192	49.2
	51 and above	53	13.6
Marital Status	Unmarried	136	34.9
	Married	250	64.1
	Widow	4	1
Caste	Brahamin	61	15.6
	Chhetri	72	18.5
	Janajati	135	34.6
	Dalit	94	24.1
	Other	28	7.2
Education Status	Illiterate	34	8.7
	Primary Level	136	34.9
	Secondary Level	168	43.1
	Under Graduate level	45	11.5
	Post Graduate Level	7	1.8
Family Structure	Nuclear Family	244	62.6
	Joint Family	146	37.4
Core occupation	Housewife	84	21.5
	Teaching	10	2.5
	Business	64	16.4
	Farmer	212	54.4
	Public Servant	12	3.1

(Source: Survey 2022)

Table 1 shows the results of the respondents' demographic responses. The percentage of respondents aged less than 20 years was found to be 0.5, while those aged between 21-30 years, 31-40 years, 41-50 years, and 51 years and above were recorded as 14.9%, 21.8%, 49.2%, and 13.6%, respectively. Thus, it is inferred that the most of respondents fell in the 41-50 age group, while the minority were below 20 years old. Similarly, it shows that there were 34.9 percent responded that they were Unmarried followed by 64% married respondents and lastly 1 percent respondents marked themselves as widow. Therefore, it concludes that most (64.1%) of respondents were married and minorities (1%) were widow. Likewise, 15.6 % respondents were Brahmin whereas Chhetri, Janjati, Dalit and other have been found to be 18.5 percent, 34.6 percent, 24.1percent and 7.2 percent respectively. Thus, it is concluded that the majority (34.6%) of respondents were Janjati and minority (7.2%) others. As indicated in the result, 8.7% of the respondents were illiterate. The most of the respondents had a secondary level education (43.1%), followed by those with primary level education (34.9%). Respondents with undergraduate level education constituted 11.5% of the sample population, while those with post graduate level education were only 1.8%. Therefore, it is inferred that the most of the respondents (43.1%) had a secondary level education, while only a small minority (1.8%) had post graduate level education. Similarly, nuclear family structure respondent has found to be 62.6 percent and joint family structure respondents have recorded to be 37.4 percent. The most of respondents belonged to the nuclear family structure (62.6%). Accordingly, The respondents with core occupation as housewife were 21.5 percent whereas teaching, business, farming, public service, and foreign employment were identified to be 2.5 percent, 16.4 percent, 54.4 percent, 3.1 percent and 2.1 percent respectively. The most of respondents have associated with core occupation of farming (54.4%) and minority has been identified to be indulging in foreign employment (2.1%).

Table 2*Analysis of General Information*

General information	Response Options	Frequency (N)	Percentage (%)
Association with microfinance	0-5 years	64	16.4
	05-10 years	172	44.1
	10-15 years	125	32.1
	15 years and above	29	7.4
Major objective	Saving	193	49.5
	Investment	172	44.1
	Profit	20	5.2
	Reputation	5	1.2
Monthly income	Less than 20,000	78	20
	20,000 to 40,000	245	62.3
	40,000 to 80,000	50	12.8
	80,000 and above	17	4.9
Monthly saving	Less than 3000	178	45.6
	3000 to 6000	120	30.7
	6000 to 9000	67	17.2
	9000 and above	25	6.5
Monthly expenditure	Less than 10000	35	8.9
	10000 to 20000	123	31.7
	20,000 to 30,000	179	45.9
	30,000 to 40,000	38	9.7
	40,000 and above	15	3.8
Beneficial objective of microfinance	To ensure cheaper credit access	81	20.7
	To provide financial supports	98	25.2
	To increase household saving	143	36.6
	To create self-employment	38	9.6
	To reduce financial dependence	18	4.8

	To ensure right to participate in decision making	12	3
Satisfaction to service	Yes	315	80.8
	No	75	19.2

(Source: Survey 2022)

Table 2 depicts the general information about the respondents. The majority of respondents, between 5-10 years, were found to have been associated with microfinance, with only a minority having been involved for 15 years or more. Similarly, that most of respondents 49.48%, had joined microfinance for saving purposes, while only a small percentage, 1.28%, had done so for reputation-building reasons. Likewise, 62.3%, respondents had a monthly income between 20000-40000, with a minority, 4.9%, having an income below 80000 or above. Accordingly, majority 45.6% saved less than 3000 per month, while minority 6.5% saved 9000 and above. Similarly, expenditure-wise, the majority of respondents, 45.9%, had an expenditure of 20000-30000, with only a minority having expenditure of 40000 and above. Likewise, most respondents, 80.8%, reported being satisfied.

Descriptive Analysis

This section examines the findings of the aggregate analysis of the factors influencing specific variables to evaluate the relative significance of each of the 21 claims. On a 5-point Likert Scale, the respondents were asked to rate how much they agreed and disagreed with each of 21 assertions concerning impact of microfinance on women empowerment.

Table 3

Descriptive Analysis of Economic Development

Code	Descriptive Statistics Statements	Mean	Std. Deviation	Remarks
ED1	I believe that involvement in microfinance has increased my loan repayment capacity.	4.2205	.72601	Strongly agree
ED2	Now I am fully engaged in initiating income-generating activities after joining microfinance.	4.1846	.61412	Strongly agree
ED3	I feel that involvement in microfinance improved my saving habits.	3.8051	.88865	Agree

ED4	I have acquired or increased the level of fixed assets after joining microfinance.	3.8641	.76188	Agree
ED5	My involvement in microfinance makes me more aware of using banking facilities.	4.0308	.68707	Strongly agree
ED6	I assure you that involvement in microfinance has increased credit management capacity.	4.1564	.69419	Strongly agree
ED7	I feel that joining microfinance has increased my Power to spend money.	4.1385	.71077	Strongly agree
ED8	I think that involvement in microfinance has increased my income level.	3.8128	.84740	Agree

Table 3 highlights the descriptive statistics of study variable namely economic development. The table shows that respondents were agreed toward all statements that range between 3.80 to 4.22. Respondents were reported mostly agreed toward the statement ED1. Whereas least was found for the statement ED3.

Table 4

Descriptive Analysis of Improvement in Family Matters

Code	Descriptive Statistics statements	Mean	Std. Deviation	Remarks
IFM1	I think that joining microfinance has increased the level of care towards hygiene issues related to health, nutrition, food security, education, child labor, and job creation.	4.2641	.52151	Strongly agree
IFM2	I feel that involvement in microfinance has reduced child marriage by providing child marriage prevention loans.	4.3692	.55733	Strongly agree

IFM3	I assure you that the policies of microfinance have focused on minimizing the rate of illiteracy in children through financial or non-financial schemes.	3.8077	.69255	Agree
IFM4	I visualize that microfinance plays an important role to encourage girl children in society.	3.7897	.70027	Agree
IFM5	I feel that joining microfinance has improved my living standard significantly.	3.7897	.70027	Agree
IFM6	I believe that involvement in microfinance has supported the abolition of dowry.	4.4846	.51058	Strongly agree
IFM7	I know that microfinance plays a vital role in reducing domestic violence.	4.2256	.53211	Strongly agree
IFM8	I realize that microfinance has supported a decrease in alcohol intake in the family.	2.7949	1.11035	Neutral

Table 4 depicts the descriptive statistics of study variable namely improvement in family matters. The table shows that respondents were agreed toward 7 statements and neutral on 1 statement that range between 2.79 to 4.48. Respondents were reported mostly agreed toward the statement IFM6. Whereas least was found for the statement IFM8.

Table 5

Descriptive Analysis of Women Empowerment

Code	Descriptive Statistics statements	Mean	Std. Deviation	Remarks
WE1	I assure you that joining Microfinance has increased my income level.	4.3154	.52252	Strongly Agree
WE2	I believe that involvement in Microfinance has increased my savings.	4.0564	.60580	Strongly Agree

WE3	I think that joining Microfinance has supported to increase my asset ownership.	2.1282	.54037	Neutral
WE4	I feel that involvement in Microfinance has ensured health and food security.	4.0897	.38567	Strongly Agree
WE5	I believe that joining Microfinance has promoted poverty alleviation.	4.1359	.40497	Strongly Agree

Table 5 displays the descriptive statistics of study variable namely women empowerment. The table shows that respondents were agreed toward 4 statements and neutral on 1 statement that range between 2.12 to 4.31. Respondents were reported mostly agreed toward the statement WE1. Whereas least was found for the statement WE3.

Finally, after descriptive analysis the researcher has performed exploratory factor analysis and confirmatory factor analysis to answer the research problem. For this, the Principle Component Analysis (PCA) approach and VARIMAX Rotation have been employed to extract factors with eigenvalues greater than one. According to Stevens (2002), this approach is appropriate when there are 10 to 30 statements and their commonalities are around 0.7. Since there are 21 statements in this study, the number of items used is appropriate for factor generation. Additionally, VARIMAX, a commonly used rotation method, has been utilized in the factor analysis to maximize the sum of variances of factor loadings.

The researcher has carried out KMO and Bartlett test before PCA to examine the sample adequacy and check the correlation matrix as non-identical. The result of KMO and Bartlett test has been presented in table 6.

Table 6

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.846
	Approx. Chi-Square	9520.388
Bartlett's Test of Sphericity	Df	210
	Sig.	0.000

Table 6 demonstrates the KMO and Bartlett's test of Sphericity. The study found that the value of KMO is 0.846. The KMO measure is a statistical test that assesses the sampling adequacy of data and determines if the responses obtained from the sample are suitable for factor analysis (Chetty & Datt, 2015). A KMO value of 0.5 is the minimum acceptable level recommended by Kaiser (1974). Values between 0.7 and 0.8 are considered acceptable, while values above 0.9 are deemed excellent and indicate that the data are appropriate for further analysis. In cases where the KMO value is inadequate, variables or items may need to be removed from the factor loading in exploratory factor analysis.

Table 7 depicts the result of rotated component matrix that highlights the factors to be extracted for the further study.

Table 7

Rotated Component Matrix

	Component		
	1	2	3
ED1	0.908		
ED2	0.89		
ED6	0.849		
ED7	0.922		
IFM1		0.938	
IMF2		0.952	
IFM3		0.845	
IFM7		0.931	
IFM8		0.969	
WE1			0.936
WE2			0.859
WE4			0.86
WE5			0.936

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Table 7 displays the rotated component matrix indicating the factors influencing the impact of microfinance on women empowerment. The matrix reveals three distinct factors (economic development, improvement in family matters and women empowerment) that are utilized to explore the impact of microfinance on women empowerment. All factor loadings have exceeded 0.8 is highly suitable for

subsequent analysis. Out of the total 21 items only 13 items were extracted from factors loading through PCA. The rest of the 8 items were removed from the rotated component matrix due to weak commonalities and cross-loading issues.

CFA is a sophisticated method used to test the idea that items are connected to specific factors. It utilizes structural equation modeling to evaluate a measurement model that examines how observable variables relate to unobservable variables through loading on the factors.

The factor analysis was done to reduce the variables used for conducting research. Finally, two factors were chosen for study. The factor analysis discarded many statements. The remaining statements have only been used for the investigation. CFA has been utilized as a means of verifying the measurement theory by examining how accurately measured variables correspond to a hidden construct (Demirbag et al., 2006). The model has found to be good fit to the data (CMINDF = 2.78, GFI = 0.932, CFI = 0.971, RMR = 0.031, RMSEA = 0.072). The model fit is supported by (Hair et al., 2010; Henseler et al., 2010).

Further, the validity and reliability were assessed using average Variance explained (AVE) and composite reliability (C.R.). Maximum shared Variance (MSV) and average shared Variance (ASV) etc. The convergent validity has been met since the value of AVE was higher than 0.5, and values of C.R. were also obtained to be higher than 0.7. Thus, convergent validity has been obtained. Likewise, the AVE values were also higher than MSV which means the discriminant validity has also been met the fit criteria (Henseler et al., 2010). No validity concerns here. All the reliability and validity criteria for model fit indices of CFA are significant in this study. The reliability and validity statistics were presented in table 8.

Table 8
Reliability and Validity

Construct	CR	AVE	MSV	MaxR (H)	IMF	ED	WE
IFM	0.965	0.845	0.039	0.977	0.919		
ED	0.937	0.789	0.079	0.966	0.199***	0.888	
WE	0.93	0.77	0.063	0.95	0.079	0.252***	0.877

ED = Economic Development, IMF = Improvement in Family Matters, WE = Women Empowerment

The model fit is supported by (Hair et al., 2010, Hu & Bentler, 1988; Henseler et al., 2010).

Finally the hypotheses were tested using path techniques. The details of path results have been presented in figure 2 and Table 9.

Figure 2

Path Diagram of SEM

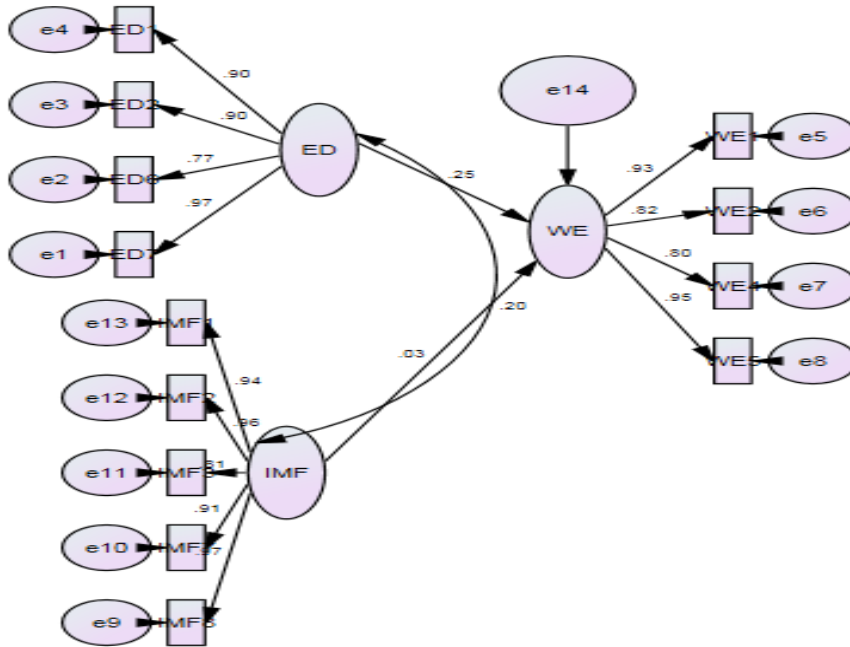


Table 9

Path Analysis

Path	Estimate	S.E.	C.R.	P
WE <--- IMF	0.152	0.049	3.10204	***
WE <--- ED	0.25	0.054	4.62963	***

Table 9 and Figure 2 depict the hypothesis results of the impact of microfinance on women empowerment. The results indicate a significant impact of ED through microfinance on women empowerment (ED→WE, $\beta = 0.25$, C.R. = 4.63; $P = 0.000 < 0.01$). Similarly another construct namely IFM through microfinance has been found significant impact on women empowerment (IFM → WE, $\beta = 0.152^{***}$, C.R. = 3.102; $P = 0.000 < 0.01$).

The summary result of hypothesis test has been presented in Table 10.

Table 10*Analysis of Hypothesis*

Hypothesis	P-value	Remarks
H1: Economic development has a significant impact on women's empowerment.	0.000	Supported
H2: The improvement in family matters through microfinance significantly influences women's empowerment.	0.000	Supported

The results of the study provide compelling evidence that microfinance involvement has positively impacted women in various aspects of their lives. The results of previous studies and current study are similar in terms of economic development and improvement of family issues of women members of microfinance. Therefore, the role microfinance has played in promoting individual economic development and contributing to the betterment of family matters among women, achieved through both financial and non-financial services (Agarwal, 2016). Moreover, significant improvements in several key areas after women's participation in microfinance programs likewise loan repayment capacity has increased, and indicating greater financial responsibility and stability (Alshebami & Khandare, 2015). This, in turn, has empowered them to initiate income-generating activities, fostering entrepreneurship and self-sufficiency (Abebe & Kegne, 2023). Additionally, microfinance has facilitated the cultivation of saving habits among women, enabling them to accumulate funds for future needs and unforeseen circumstances. As a result, they have been able to acquire fixed assets, which can act as a safety net and enhance their economic resilience. Nevertheless, most of previous research indicated similar kind of results that the results found in present study. However, the role of microfinance in women empowerment becomes pivotal day-by-day.

Conclusion

The purpose of this study was to examine the influence of microfinance on women's empowerment, focusing on two constructs of microfinance, namely economic development, and improvement in family issues. Various testing methods like PCA, CFA, reliability, and validity testing were carried out. By assessing the statistical significance of each structural parameter value, the researcher found that economic development (ED) and improvement in family matters (IFM) through microfinance have a positive and significant impact on women empowerment.

The study shows that micro-finance involvement has played a supportive

role in promoting individual economic development and improvement in family matters of women through financial and non-financial services. The loan repayment capacity, initiating income-generating activities, saving habits, acquiring of fixed assets, awareness of using banking facilities, credit management capacity, power to spend money, income level, care towards hygiene issues, encouragement of girl children, improvement in living standard, have been significantly improved after MF involvement. Moreover, child marriage, child illiteracy rate, dowry system, domestic violence towards women and alcohol intake in the family has been extensively reduced after participation in the MF program.

The study also finds a positive relationship of economic development and improvement in family matters with the women empowerment. MFIs should give adequate attention to enhancing women empowerment that have a poor index and are largely excluded in each development aspect. The micro-finance service delivering institutions are suggested for members' economic development through micro-credit with financial literacy to promote women empowerment significantly.

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