

## **The Empowerment of Women Through Microfinance as Decision Maker and as a Development Participant of the Country**

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### **Abstract**

Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised groups. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women’s ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. The two key systems for the release of financial services to such customers include ‘relationship-based banking’ for individual entrepreneurs and small businesses along with ‘group-based models’. Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality. The purpose of exploring the improvement in the status of economic life of women after accessing to Microfinance is studied.

**Keywords:** Empowerment, Microfinance, Savings, Self – Help groups, Economic, Equality.

### **INTRODUCTION**

The study is undertaken for the purpose of exploring the improvement in the status of economic life of women after accessing to Microfinance. The various skill development and also upliftment in the quality of life of women in urban and rural areas is comparatively analyzed. Importance of Self-Help Groups is also been studied and the benefits are compared with respect to urban and rural areas.

### **MICROFINANCE**

Microfinance is a basis of financial services for entrepreneurs and small businesses deficient in contact with banking and associated services. The two key systems for the release of financial services to such customers include ‘relationship-based banking’ for individual entrepreneurs and small businesses along with ‘group-based models’ where several entrepreneurs come together to apply for loans and other services as a group.

### **BENEFITS OF MICROFINANCE**

- As per the World Bank estimates, more than 500 million people have improved their economic conditions via microfinance-related entities.
- Also, the International Finance Corporation (IFC) estimated that, as of 2014, over 130 million people were directly benefited from the microfinance-related operations.
- But, approximately only 20% of the three billion people who fall under the category of the world’s poor can avail these microfinance operations.

- IFC also helped in establishing or improving the credit reporting bureaus in 30 developing nations.

## **WOMEN EMPOWERMENT**

Empowerment of women is not only imperative but also crucial for all-round development of society and the nation as a whole. The issue of 'women empowerment' has become a central point in the programs and activities of the United Nations and other Government and Non-Government Organizations. Subsequently, it has also become a major concern of the social scientists, politicians, bureaucrats and researchers. But there is a lack of unanimity among the scholars in comprehending the term empowerment. Various scholars have tried to define the term from their own perspectives. The term empowerment has different meanings in different socio-cultural, economic and political contexts. An exploration of local terms associated with empowerment around the world always encompasses a wide variety of definitions. These terms include self-strength, self-control, self-power, self-reliance, personal choice, capability of fighting for one's rights, independence, own decision making power, freedom etc.

## **MICROFINANCE AND WOMEN EMPOWERMENT**

Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised groups. Although no 'magic bullet', they are potentially a very significant contribution to gender equality and women's empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women's ability to earn an income these programmes have potential to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality.

Microfinance works effectively in empowering women by increasing their courage and also those of self-esteem and lets you avail of the formation of different networks with those of other women in their community. It also improves their decision-making capability in their household.

## **LITERATURE REVIEW**

### **Microfinance and Women's Empowerment**

Poverty alleviation has been extensively examined along with the consideration of social capital that has been recommended as one crucial aspect that can reduce poverty (Woolcock & Narayan, 2000; Mustafa, Khursheed, & Fatima, 2018). Recently, researchers and practitioners have acknowledged that women's empowerment and their confidence are both mainly dependent on their resources and their freedom to make social and economic decisions (Maclean, 2019).

Academics, researchers, and policymakers agree that access to financial assistance and poverty are interlinked. Microfinance institutions are established to alleviate poverty in developing countries (Hulme & Rutherford, 2002; Gennaioli et al., 2013). However, 1.3 billion women across the world are deprived of the services of MFIs (Demirgüç-Kunt & Klapper 2012); as micro-loans could significantly enhance women's empowerment in the deprived areas (Khan & Noreen, 2012; Malik & Courtney, 2011) so there is a need to include more women in this process. From the perspective of analyzing the impact of microfinance on women's empowerment, past studies yield mixed findings. Aterido, Beck, and Lacovone (2011) reported that gender inequality in getting finance is one of the most significant obstacles in empowering women by analyzing the effect of MFIs in nine Sub-Saharan Africa countries, and this issue also exists in South East Asia. Pakistani women are also disadvantaged because banks require men as guarantors for the provision of loans to unmarried women, and husband's permission for the married ones.

Microfinance aims to create communities exclusively of female borrowers who support each other with social and financial capital (Khavul, 2010). But such communities can become a reason of worry for poor women as they make them responsible for each other's credits. Also, microfinance is the part of the neoliberal discourse that promotes commercial rationality and economic individuality of its inhabitants. But women can approach credit sources and community which is based on the nature of solidarity that falls apart in times of personal and vulnerable needs. So, the entrepreneurial ventures nurtured with the help of such practices are those that can cause hurdles for women borrowers during times of economic instability (Isserles 2003; Narayan 2005).

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## **RESEARCH METHODOLOGY**

Research is defined as organized, systematic, data – based, critical objective, scientific investigation in to a specific problem with purpose of finding answer for with purpose of finding answer or solutions to it. Research provides the needed information to successfully deal with problems.

Research is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy in procedure. The research design was descriptive study. This section deals with the construction of a tool required for the present investigation. It also briefs on the sample chosen, the administration of the test, collection of data and techniques used in data processing for the purpose of this study.

A simple random sampling technique was adopted to select 460 women from urban and rural areas.

### SOURCES OF INFORMATION

Two types of data namely primary and secondary data are collected primary data is data gathered through questionnaire and secondary data is obtained from various sources like organization records, websites.

Primary data was collected using questionnaire. The respondent's reference to each question was carefully noted in the questionnaire. Their perceptions and suggestions were carefully noted in the questionnaire. Their perception and suggestions were carefully observed.

### RESULTS AND DISCUSSIONS

**Table 1 - Mean and SD of Statements of Skill Development of Women with respect to place of residence**

Statements in Skill Development	Place of residence			
	Rural		Urban	
	Mean	SD	Mean	SD
Develops business and work skill	3.457	0.946	4.465	0.860
Easy access to productive tools and technologies	3.287	0.762	4.113	0.790
Because of productivity skill, Able to increase employability	3.565	0.936	4.470	0.802
Generate own source of income with business skill	3.422	1.082	4.113	0.899
Able to maintain records in a systematic manner	4.052	0.672	4.457	0.588
Financial wellness has Increased self-efficacy, and ability to make decisions	4.222	0.673	4.435	0.547
Able to pay off debts	4.083	0.758	4.643	0.616

Based on the Mean score, being able to pay off debts is the important factor among women living in Rural (4.083) and women living in Urban (4.643) areas, followed by financial wellness increasing self-efficacy and ability to make decisions for women living in Rural (4.222) and women living in Urban (4.435) areas and so on. The least factor is Easy access to productive tools and technologies for women in Rural (3.287) and women in Urban (4.113) areas. It can be observed that for skills of women living in Urban areas has increased because of Micro finance compared to women living in Rural areas.

**Table 2 - Pearson Correlation Coefficient between Factors of Microfinance on Women in Rural areas**

<b>Factors of Microfinance</b>	<b>Micro Credit</b>	<b>Micro Saving</b>	<b>Micro Insurance</b>	<b>Skill Development</b>
Micro Credit	1.000	0.609**	0.651**	0.644**
Micro Saving	-	1.000	0.749**	0.832**
Micro Insurance	-	-	1.000	0.774**
Skill Development	-	-	-	1.000

**Note: 1. \*\* Denotes significant at 1% level**

The correlation coefficient between Microcredit and Micro Saving is 0.609, which indicate ( $0.609^2 = 0.3708$ ), 37.08 percentage positive relationships between Micro Credit and Micro saving and is significant at 1% level. The correlation coefficient between Micro Credit and Micro Insurance is 0.651 which indicate 42.38 percentage positive relationships between Micro Credit and Micro insurance and is significant at 1% level. The correlation coefficient between Micro Credit and Skill Development is 0.644 which indicate 41.47 percentage positive relationships between Micro Credit and Skill development and is significant at 1% level.

**Table 3 - Pearson Correlation Coefficient between Factors of Microfinance on Women in Urban areas**

<b>Factors of Microfinance</b>	<b>Micro Credit</b>	<b>Micro Saving</b>	<b>Micro Insurance</b>	<b>Skill Development</b>
Micro Credit	1.000	0.699**	0.849**	0.825**
Micro Saving	-	1.000	0.759**	0.846**
Micro Insurance	-	-	1.000	0.900**
Skill Development	-	-	-	1.000

**Note: 1. \*\* Denotes significant at 1% level**

The correlation coefficient between Micro Credit and Micro Saving is 0.699, which indicate ( $0.699^2 = 0.4886$ ), 48.86 percentage positive relationships between Micro Credit and Micro saving and is significant at 1% level. The correlation coefficient between Micro Credit and Micro Insurance is 0.849 which indicate 72.08 percentage positive relationships between Micro Credit and Micro insurance and is significant at 1% level. The correlation coefficient between Micro Credit and Skill Development is 0.825 which indicate 68.06 percentage positive relationships between Micro Credit and Skill development and is significant at 1% level.

## CONCLUSION AND IMPLICATIONS

The purpose of this study was to see the empowerment of women through Microfinance as decision makers and as a development participant of the country and also on verify the consequences of Microfinance on performance. Further, it also investigates whether Microfinance mediates the consequences of the above factors on performance. The analysis proposing Microfinance as dependent variable and therefore the proposed factors as independent variables show that each one the four factors are positively associated with Microfinance. It can be observed that for skills of women living in Urban areas has increased because of Micro finance compared to women living in Rural areas. There exists a positive correlation coefficient between Micro Finance and its factors showing the improvement in skills of women. The women in urban areas are gaining more self-efficacy and are able to take decisions in their development activities.

Definitely this study will be useful for Micro finance institutions and self-help groups to ascertain the importance of various factors of Micro Finance in the upliftment of the standard of living of the women in rural and urban areas. Microfinance is doing a wonderful task when it comes to improving the lives of women and helping them invest their money properly. Women can easily avail of microfinance loan assistance and can start their business ventures to change their life forever. In the present environment, to enhance the knowledge of Micro Finance and provide ways to make the women as the development participant these kinds of surveys are required to be conducted. Female empowerment is something that one can categorize as an increased capability of women for making their life choices in a connection where this was generally defined for them. It improves their decision-making capability and thus helps them make an active contribution to their well-being.

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