

The effect of microfinance on women empowerment: special reference to Sri Lanka

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Abstract

This study examines the influence of microfinance services on empowerment of women entrepreneurs in Sri Lanka, with a specific focus in Kurunegala District. Empowerment of the women entrepreneurs is influenced by four variables, namely, microfinance credit, microfinance savings, microfinance training as well as collateral requirements. This research was used 60 women samples based on convenience sampling through Poverty Alleviation Program of Sanasa Development Bank in Kurunegala. A structured questionnaire was used to collect primary data from the women households. According to the information needed to analyze the research objectives, the questionnaire was constructed using open and closed ended questions. The statistical package for social sciences (SPSS) is

used to conduct data analysis. To evaluate the data, this research performed demographic analysis, paired sample t-test, correlation, and regression analysis. The results explained positive change in economic empowerment measured by the income of the members after joining the Micro Finance scheme. It was revealed from multiple regression analysis that savings was the main factor which influenced the income of the members significantly but the training and collateral requirements were positively linked with the income. In summary, microfinance appears to be a unique action-oriented rural development method for catching the wave of social and economic upliftment.

Key words

microfinance, credit, women empowerment

Introduction

Microfinance is defined as the provision of a wide range of financial services to low-income households and micro businesses, including deposits, loans, payment services, money transfers, insurance coverage, and business development services. Microfinance refers to loans provided to micro-enterprises which an annual turnover of less than Rs. 15 million and employees of less than 10 [CBSL, 2023].

According to the World Bank [2023], 7 percent of the world's population, or 648 million people suffering extreme poverty in developing nations, lived on less than US\$2.15 per day. The World Bank report [2023] "Taking on Inequality" identified a substantial extreme poverty rate of around 10% in South Asia [Word Bank, 2019]. In Sri Lanka Poverty Head Count Ratio was 14.3% in 2019 under the poverty line of Rs. 6,966 monthly income. In 2022 December the poverty line was Rs. 13,777 and the poverty has significantly will increase in 2022 with the financial crisis. However, women's unemployment in Sri Lanka was 7.9% in 2021, compared to 3.7% for men. Women constitute 51.6% of Sri Lanka's total projected population of 22 million estimated in the year 2021. However, just 31.8% of the economically engaged population of 5.6 million people are women [Census, 2022].

According to the World Bank, more than 500 million people have profited directly or indirectly from microfinance activities World Bank [2023]. According to the Consultative Group to Assist the Poor (CGAP), more than 120 million people will have directly benefited from microfinance activities by 2021. In addition, the IFC has assisted in the establishment or improvement of credit reporting bureaus in 30 developing countries. It has also lobbied for the addition of suitable regulations governing financial activities in developing countries. The advantages of micro-

finance go beyond simply providing them with a source of capital. Entrepreneurs who start successful enterprises provide jobs, trade, and overall economic growth in their communities.

While microfinance interest rates are often lower than those of traditional banks, opponents claim that these operations profit from the impoverished. Furthermore, several major financial institutions and other large organizations have started for-profit microfinance departments, generating fears that, in order to generate money, these larger bankers may demand higher interest rates, potentially trapping low-income borrowers in a debt trap. Nevertheless, some claim that individual microloans are insufficient to give a meaningful road to independence. Furthermore, detractors argue that the presence of interest payments, no matter how small, is still a hardship.

Therefore, there is a responsibility to develop avenues for credit to be utilized meaningfully to fund this segment of the poor. Therefore, there is a crucial requisite to organize urban women in minor groups to empower them socially and economically. The conception of women empowerment was established at the 1985 International Women's Conference in Nairobi. In 1978 Women Bureau in Sri Lanka was introduced under the ministry of plan implementation by considering the importance of women empowerment. In 1997 Ministry of Women's Affairs was re-established as separate ministry. Increasing recognition has been accorded to women's empowerment and microfinance as essential emerging tactics for addressing poverty among women, particularly in developing countries. [Mayoux, 2000, Sarumathi & Mohan, 2011, Zoynul & Fahmida, 2013, Mukendi & Manda, 2022, Wei et al., 2021]. Women are a vital component of society, and without their involvement, the economy would not be able to flourish. Providing women with access to education, health care, employment opportunities, and decision-making authority, as well as removing damaging value systems and restricting attitudes from society, are all important aspects of empowering women. Women's empowerment leads to an increase in their involvement in the labor force and decision-making processes, as well as a reduction in poverty. It also results in a significant rise in their contribution to national income and, eventually, to the growth of their nations.

Microfinance is becoming more acknowledged as an effective tool for empowering women and alleviating poverty [Parwez & Patel, 2022]. Women's empowerment leads to an increase in their involvement in the labor force and decision-making processes, as well as a reduction in poverty [Mukendi & Manda, 2022]. It also results in a significant rise in their contribution to national income and, eventually, to the growth of their nations. The United Nations, the World Bank, as well

as governments and their development partners, consider microfinance as a tool for societal development and poverty alleviation.

Xia Li and Hu [2011] stressed the importance of women's empowerment through microfinance in two ways. Microfinance initially assists impoverished women in producing an income on their own, without the assistance of their husbands, and in providing for their families, which instantly increases their self-esteem. Second, when women have access to credit and utilize it to start income-generating activities, it frees them from the limits of their homes and allows them to become more integrated into wider communities. Their self-confidence grows as a result of their exposure to the greater community as well as their interactions with other women in the organization.

According to Shrestha [2009], microfinance programs in Nepal empower women to buy needs on their own and resist domestic violence, as well as to participate in community-level decision-making. In India, Sanyal [2009] used 59 microfinance institutions in West Bengal to find that women's social capital and collective action are strengthened when they have access to financing. Despite a long history of microfinance and a large number of institutions that provide microfinance services, especially to the poorest families, there are few study findings on how microfinance facilities might empower individuals in Sri Lanka [Datta & Sahu, 2022; Kumari, 2022]. As a result, this study addresses this gap by analyzing the impact of micro finance on women empowerment in the Kurunegala District.

As a result, the research question for this study is "Do microfinance institutions have an effect on women empowerment?". The research objectives are explained as follows:

- to examine the impact of microfinance credit facilities on empowerment of women entrepreneurs,
- to examine the impact of microfinance saving on empowerment of women entrepreneurs,
- to examine the impact of micro finance training on empowerment of women entrepreneurs,
- to examine the impact of demand for collateral requirements on empowerment of women entrepreneurs.

Microfinance as a distinct industry emerged in Sri Lanka in the late 1980s, when the government transitioned its social welfare policies away from consumer subsidies and toward the provision of credit to the targeted poor for income-generating economic activities as a primary tool for poverty alleviation. Sri Lankan administrations have recognized microfinance as a critical component of their safety net through programs such as the prior 'Janasaviya' and the current 'Samurdhi'.

Apart from the government, a diverse range of institutions, including cooperative societies, local and international non-governmental organizations (NGOs), commercial and specialized banks, and international donor agencies, provide a range of microfinance products and services, including microcredit, insurance, business development services, and training, with a particular emphasis on the poor. In 2016, Microfinance Act No 6 of 2016 provides for the licensing, regulation and supervision of companies carrying on microfinance business, which are called licensed microfinance companies (LMFCs) [CBSL, 2023].

The importance of micro finance towards women empowerment is very much crucial for the development of the households as well as the country. However, there is a dearth of studies relating to this research topic. Thus this research is focused on finding the effect of microfinance on women empowerment in Sri Lanka.

1. Literature review

1.1. The Concept of Microfinance and Empowerment

As a powerful instrument for poverty reduction in the majority of the world's countries, microfinance is emerging as a viable option. Microfinance is a collection of banking techniques that aims to provide small loans and take small deposits in exchange for a little fee [Cheston & Kuhn, 2002]. Furthermore, micro finance is defined as “microfinance is characterised by the provision of small loans under social collateral, group liability, peer monitoring, and early/frequent repayments to reduce costs and default risks” [Babajide et al., 2022, p 3]. Poor people, and notably impoverished women, have benefited from microfinance in recent years, which has earned worldwide attention as a strategy for poverty reduction and economic empowerment of women. Whilst men are generally better off than women, women are often poorer and more disadvantaged. There are good reasons to target women. This includes the fact that through microfinance institutions most people are free to access loan facilities which will promote and enhance business development among the community residence and the entire business community. This will promote development to a greater height and contribute to the gross domestic product. Microfinance empowerment has been enhanced for its support system to the poor population through services offered which includes loan facilities, training services among other services which have so far been offered with these financial institutions [Alam, et al, 2003].

Microfinance institutions around the world have been somewhat innovative in developing products and services that circumvent traditional barriers to formal

financial services, such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy requirements. Despite this, only a small number of financial institutions provide services to women in various countries and areas. [Burjorjee & Deshpande, 2002, Adeleye et al., 2019]. Empowerment is the acquisition of the capacity to generate options and negotiating power, as well as the development of a sense of self-worth and confidence in one's ability to effect desired changes [UNIFEM, 2000].

The right to self-determination is a critical component of women's empowerment. The term "empowerment" has been used to refer to a wide variety of concepts and consequences [Wilkinson, 2023]. The word is more frequently used to advocate for than to examine specific policies and intervention measures [Agashae & Bratton, 2001]. While feminist texts frequently advocate for women's empowerment, they vary in their conceptualization of it [Jahan, et al., 1995]. Microfinance is used in this study to refer to a group of banking practices centered on making little loans (usually without collateral) and taking minuscule deposits [Cheston & Kuhn, 2002]. In the new economy, microfinance is becoming a powerful instrument for alleviating poverty.

Microfinance has the potential to provide women with the economic possibilities they require to take control of their life. Poverty reduction programs that prioritize women empowerment benefit not only women, but also entire families and communities. According to Cheston and Kuhn [2002], in general, living circumstances improve when women are given more control over themselves and their children. These academics claim that this is because women are more likely to use household income to improve their children's nutrition, health, and educational possibilities. Societies that discriminate against women bear the penalty of more poverty, slower economic progress, and a poorer standard of living for their citizens. Gender equality is a key component of any development strategy, as evidence continues to accumulate. Microfinance is critical to contemporary development methods because it empowers women and gives them greater control over their economic well-being. Cole & Kazi [2007] asserted that owning a positive business not only benefits women's wellbeing, but also contributes to their empowerment, both directly and indirectly.

Access to start-up finance and a boost in working capital are critical for women's empowerment. Credit and business training have aided women in expanding and improving their enterprises, resulting in enhanced decision-making power and gaining them respect at home and in the community. Microfinance lending facilities are increasingly being lauded for their good economic impact and contribution

to rural and sub-urban women's financial self-sufficiency. The majority of microfinance is directed toward women with the specific purpose of increasing their financial self-sufficiency, and by providing women with access to small loans, it is envisaged that women will be able to earn income and launch their own economic empowerment. [Tedeschi et al., 2010].

1.2. Empirical Study on Grameen Bank System

Ideas for microcredit may be traced back to as far as the 1980s and early 1990s. During the 18th and 19th centuries, Jonathan Swift was a major influence on the development of the Irish Loan Funds. Lysander Spooner, an individualist anarchist, advocated in the mid-nineteenth century for small loans to the impoverished to spur entrepreneurial activity. Friedrich Wilhelm Raiffeisen founded the first cooperative lending banks in rural Germany at the same time as Spooner, although he did it independently. Akhtar Hameed Khan began distributing through community-based projects in the 1950s. The scheme collapsed due to the Pakistani government's over-involvement, as well as the hierarchies developed within communities as select members began to assert more control over loans than others. Muhammad Yunus, Nobel laureate and founder of Grameen Bank, which is widely regarded as one of the earliest contemporary microcredit institutions.

1.3. Credit facilities and empowerment of women entrepreneurs

Microfinance is an umbrella term for a variety of financial services, including microcredit. Microcredit is a term that refers to the supply of credit to low-income customers. While microcredit is a subset of microfinance, popular discourse sometimes conflates the two terms. Microcredit is frequently vilified by critics who use the terms 'micro credit' and 'micro finance' interchangeably. Due to the breadth of microfinance services, assessing their impact is challenging, and relatively few studies have attempted to do so. [Helm.B, 2006].

Microfinance is seen as a way to empower women economically by providing them with money that they would otherwise be unable to obtain from traditional financial institutions[Lakwo, 2006]. Women's empowerment is becoming increasingly important in poverty reduction efforts. It is viewed not only as a development target in and of itself, but also as a tool of encouraging growth, poverty reduction, and improved governance. Microfinance lending facilities are increasingly being lauded for their good economic impact and contribution to rural and sub-urban women's financial self-sufficiency. The majority of microfinance is directed toward

women with the specific purpose of increasing their financial self-sufficiency, and by providing women with access to small loans, it is envisaged that women will be able to earn income and launch their own economic empowerment [Tedeschi, et al., 2008]. This is due to the fact that women are more likely to be credit restricted, to have limited access to wage work, and to have limited decision-making and negotiation authority in the home.

Numerous research have been conducted that demonstrate microfinance's beneficial effect on women empowerment [Cruz Rambaud et al., 2023; Mukendi & Manda, 2022]. In one such study, Hashemi et al. [2007] discover significant positive effects of membership in Grameen Bank and BRAC (formerly known as Bangladesh Rural Advancement Committee) on empowerment, as well as their empowerment indicators such as female freedom of movement in public spaces as well as their financial and travel decision-making abilities as well as their ownership of productive assets.

The dynamic rise of the microfinance sector led policymakers to believe that carefully planned saving and loan services emphasising the role of microfinance may strengthen education, health, water, and social services.

Tucker [2001] claims that a constant increase in the number of microfinance institutions (MFIs) increases local competitiveness in numerous nations. MFIs are becoming more competitive in terms of obtaining new clients and funds. According to Hermes & Lensink [2011], local commercial banks are becoming more interested in providing microfinance. Furthermore, several governments actively encourage commercial banks to enter the microfinance sector. Local competition, according to Hermes, leads to lower interest rates, lower MFI expenses, increased efficiency, and the development of new financial services. Third, the authors discuss how commercial banks and investors, particularly from industrialized nations, are becoming more interested in funding MFIs.

Foreign investors' capacity to compare MFI performance leads to MFIs focusing on improving their business procedures. Previously, due to a lack of publicly available and trustworthy financial data, measuring and assessing the performance of MFIs was difficult.

1.4. Microfinance training and empowerment of women entrepreneurs

Foreign investors' capacity to compare the performance of MFIs motivates MFIs to improve their business methods. Previously, it was impossible to monitor and benchmark the performance of MFIs due to a lack of publicly available and

reliable financial data. Tucker [2001] predicts that more transparency will result in a more open funding market, allowing the most efficient MFIs to thrive.

It is true that rising pressure from donors, including the United States Agency for International Development (USAID), forced many of these comprehensive microfinance efforts to wind down in the 1990s [Goldmark, 2006]. Since then, the focus has switched to enhancing the impact of microfinance by integrating it more cost-effectively with other types of services and establishing relationships between borrowers and service providers. Non-financial services have been significantly altered as a result. Micro finance training as important to improve women employment (Witiastuti et al., 2022).

1.5. Collateral requirements and empowerment of women entrepreneurs

Formal banking organizations usually need collateral as a form of loan security. This usually takes the shape of a home or a deed to some immovable property. Because the majority of businesses are unable to meet these standards, this prerequisite has a significant impact on credit availability. Women entrepreneurs may face a more difficult scenario since they may lack the legal authority to possess valuable property such as land and houses.

According to Kamau [2009], collateral is once again recognized as a major stumbling block to financing. According to a survey, 92 % of businesses requested for loans and were turned down, while others chose not to apply because they knew they would be turned down owing to a lack of collateral.

As a result, while the majority of the entrepreneurs in this study recognized the importance of loans in developing their businesses, they cited a lack of collateral as a major barrier to loan availability and, as a result, company growth. Because they did not require security, almost all respondents started their businesses with their own funds or loans from family members. Because her husband refused to give the family's property title deeds as collateral, a loan issued by the Ministry's Joint Loan Scheme for the woman applicant did not materialize. Because property is rarely registered in women's names, owning title deeds as security to fund development is still a difficulty for most female-owned enterprises [Mwobobia, 2012].

2. Microfinance sector in Sri Lanka

2.1. History and evolution

Microfinance (MF) may be traced back to the early 1900s in Sri Lanka, when the British Government approved laws to establish Thrift and Credit Co-operative Societies (TCCS). The TCCS was dominated by landlords and village headmen and was involved in input procurement and product distribution. Following independence, the government focused heavily on agricultural financing, notably for paddy production. Credit facilities were primarily provided on a subsidized basis by the two state banks, the Bank of Ceylon and Peoples' Bank, and debts were cancelled off in many cases owing to political demands.

Other significant events in the history of the microfinance sector include the founding of Co-operative Rural Banks (CRBs) in 1964, the reactivation of TCCS under the SANASA federation in the late 1970s, and the foundation of 17 Regional Rural Development Banks (RRDBs) in 1985. Several local and international Non-Governmental Organizations (NGOs) entered microfinance in the late 1980s and early 1990s. Initially, non-governmental organizations (NGOs) merged microfinance with social development efforts; but, in recent years, these organizations have begun to separate microfinance from other operations.

The role of post-tsunami aid in the evolution of the country's microfinance sector is critical, as a significant amount of funds was channeled to the sector. While this has increased the size of the microfinance industry, it has had a detrimental influence on it.

2.2. Types of microfinance providers

The provision of microfinance in Sri Lanka is carried out by a diverse range of institutions. These include licensed banks and licensed finance companies as well as cooperative rural banks, thrift and credit co-operative societies, divinaguma banks and other community-based organizations as well as microfinance companies and non-governmental organizations.

3. Empirical evidences in microfinance and women empowerment

Microfinance for the poor, and particularly for impoverished women, has gained widespread attention as a technique for poverty reduction and economic empowerment of women. Women are more impoverished and disadvantaged than males in general [Cheston & Kuhn, 2002]. Microfinance is viewed as a technique

of providing women with financing that they would not be able to access via other formal financial sources, so empowering them economically [Lakwo, 2006]. Microfinance for the poor, and particularly for impoverished women, has gained widespread attention as a technique for poverty reduction and economic empowerment of women.

Numerous studies have found that increasing women's resources has a good influence on family well-being, particularly among children [Kabeer, 1998; Mosley & Hulme, 1998; Mayoux, 2000; Cheston & Kuhn, 2002]. According to Kabeer [1998], microfinance offered women in Bangladesh a sense of power, decreased abuse, and enhanced their independence. Participating in microfinance programs, according to Shrestha [2009], empowers women to acquire needs independently, resist wife-beating, earn respect, and participate in community-level choices. Nepalese Women have gained confidence and leadership experience as a result of microfinance funding and capacity building.

Research hypothesis in this thesis include following.

H1: There is a significant relationship between Microfinance credit and Women's empowerment

H2: There is a significant relationship between Microfinance savings and Women's empowerment

H3: There is a significant relationship between Microfinance Savings and Women's empowerment

H4: There is a significant relationship between Collateral requirement and Women's empowerment

4. Methodology

The purpose of this study is to look at the impact of microfinance services on the empowerment of women entrepreneurs in Kurunegala District. Kurunegala district was chosen for the study because it is one of Sri Lanka's areas with a comparatively low poverty rate (25 percent in 2002, 6.5 percent in 2012). However, in the Kurunegala region, initiatives for microfinance enterprises aimed at reducing poverty and vulnerability have yielded mixed results. They have worked satisfactorily in certain programs, but not in others. The Poverty Alleviation Program of Sanasa Development Bank in Kurunegala will be used to collect 60 women samples based on convenience sampling.

The primary data was gathered through the use of a structured questionnaire and discussions with various types of workers from randomly selected groups. As a result, the household is at the focus of this investigation. The reason for this is

that small businesses are inextricably intertwined with the household. According to the information required to analyze the research objectives, the questionnaire was constructed using open and closed ended questions.

Data analysis carry out of the statistical package for social sciences (SPSS). The investigator has used the demographic analysis, paired sample t-test and the correlation basically to analyse the data. The correlation model is use to test the relationship between women Empowerment and the variables. Moreover, the regression analysis is made to determine the functional relationship between the dependent variable and an independent variable of the study.

4.1. Conceptual Framework

Empowerment of the women entrepreneurs under study is influenced by four variables, namely, microfinance credit, microfinance savings, microfinance training as well as collateral requirements. The amount borrowed, amount payable, interest charged, and the repayment periods are all likely to influence the business operations especially in terms of revenue and profit. Microfinance savings will be determined through amount saved by the women and amount invested, both in the business and buying land or houses among the women. This is taking into consideration that the strength of savings of the women entrepreneurs will determine the financial capital that a microfinance institution can advance to a client. Those women who have been empowered with entrepreneurial and book-keeping skills are likely to track their cash flow and thereby better manage their businesses. Finally, collateral requirement is another variable influencing the women entrepreneurs, indicated by whether women are able to access to assets or property ownership which will enable them to acquire financial support from the microfinance institutions.

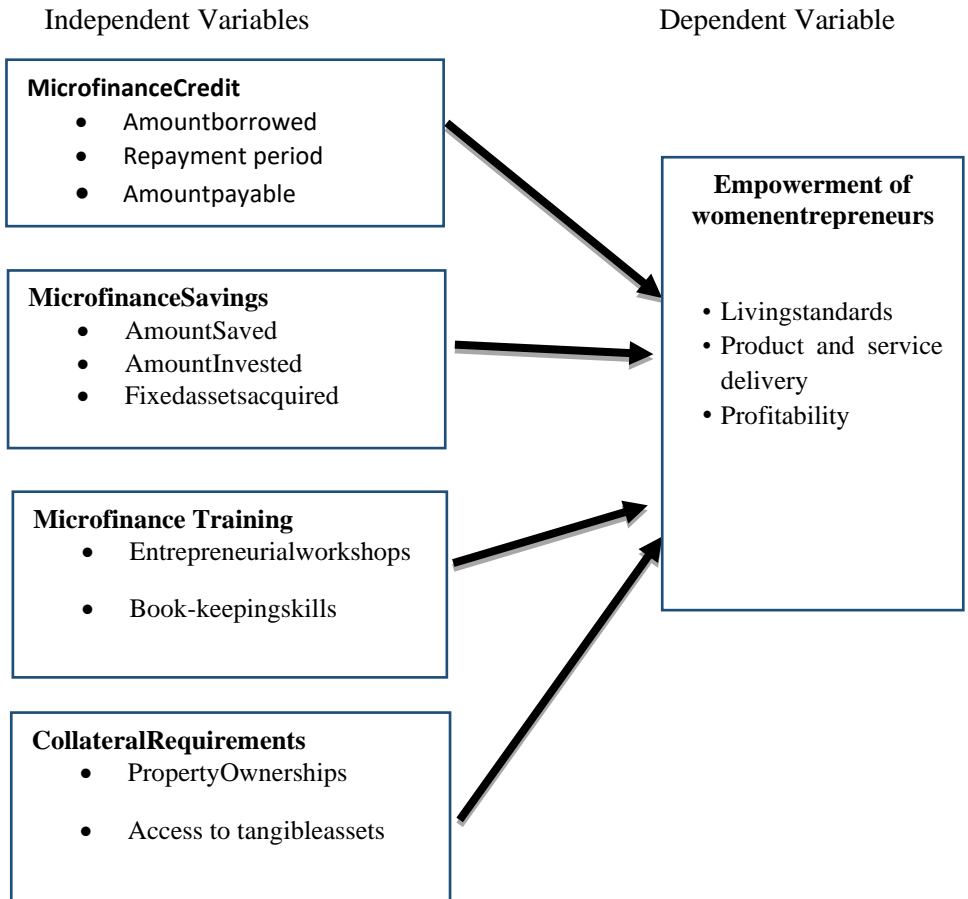


Fig. 1. Conceptual Framework

Source: constructed by the author.

4.2. Data analysis

This research helps to discover the elements that influence women's empowerment in rural areas, as well as how the poverty situation changes as a result of the SDB's Poverty Alleviation Microfinance Program. The statistical software for social sciences is used to analyze data (SPSS). Descriptive statistics, Paired samples

T-test, Correlation, and Regression analysis were used as analysis methods in this study.

Demographic Profile

The demographic profile of the sample was explained in table 1.

Tab. 1. Demographic Profile

Variable	Frequency	Percentage
Age		
18-25	10	16.7
26-33	9	15
34-41	9	15
42-49	20	33.3
Above 50	12	20
Marital Status		
Married	45	75
Single	11	18.3
Widowed	4	6.7
Education		
No formal education	2	3.3
GCE O/L not qualified	8	13.3
GCE O/L	28	46.7
GCE A/L	14	23.3
Graduate	8	13.3
Business Type		
Regular	10	16.7
Casual	8	13.3
Contractual	3	5.0
SelfEmployed	35	58.3
Unpaid family workers	4	6.7

Source: constructed by the author.

The demographic information of the respondents that was investigated in this work includes the age and marital status, education level, business type. These were deemed as the most crucial for the study. Table 4.1 describes the sample in terms of above criteria. When considering about each characteristics of the sample of 60 women separately it can be found out that the majority of the respondents in 42-49 age range, majority is married respondents and most of women have qualified G.C.E. (O/L). When considering income level, most of the women are earned money after obtained microfinance and they are self-employed.

4.3. Paired Samples T-test

The mean value of income before obtaining microfinance is 1.82 and 2.22 mean value of after obtaining microfinance. It indicates that income level is increased after getting the Microfinance services. Correlation coefficient for the relationship between income before obtaining MF and income after obtaining MF is 0.000 that is significant at 0.01 ($p < 0.01$).

Tab. 2. Paired Samples T-test

	Mean	N	Std. Deviation	Std. Error Mean
Incomebeforeobtaining MF	1.82	60	0.911	0.118
Incomeafterobtaining MF	2.22	60	1.209	0.156

Source: constructed by the author.

To draw a conclusion, it is necessary to note that there is a substantial positive and statistically significant association between income prior to receiving microfinance and income after acquiring microfinance.

4.4. Correlationsanalysis

As illustrated in Table 3, correlation coefficient for the relationship between Microfinance Credit and Women’s empowerment is 0.077 that is significant at 0.560($p > 0.05$). So that it can be determined that there is no significant relationship between these variables. The Pearson Correlation Coefficient for the relationship between Microfinance Savings and Women’s Empowerment is 0.548. This suggests that there is a Strong positive relationship between Microfinance Savings and

Women’s Empowerment. Correlation coefficient for the relationship between microfinance savings and women empowerment is 0.000 that is significant at 0.01($p < 0.01$).

Tab. 3. Correlation Analysis

	Microfinance Credit	Microfinance Savings	Microfinance Training	Collateral Requirements
Women’s Empowerment	0.56	0	0.035	0.048
	0.077	0.548**	0.273*	0.256*

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: constructed by the author.

The correlation value 0.273 between Microfinance Training and Women’s empowerment. But this relationship is not significant. As well as the correlation coefficient for the relationship between microfinance training and women empowerment is 0.035 and it is significant at 0.05. Since microfinance training is significantly correlated with women empowerment, hypothesis (H3) of the study is supported. The Pearson Correlation Coefficient is weak positive and it is 0.256. This suggests that there is a positive relationship between Collateral and Women’s Empowerment. The correlation coefficient for the relationship between collateral requirements and women empowerment is 0.048 and it is significant at 0.05. Since collateral requirement is significantly correlated with women empowerment. These results support the fourth hypothesis of the study (H4).

4.5. Regression analysis

The multiple linear regression analysis was used to evaluate the relationship between the dependent variable and the independent variable as women empowerment with each independent variable such as micro finance credit, micro finance savings, micro finance trainings and collateral requirements. The stepwise was applied to identify the most important variables in the model.

The analysis can be shown as follows,

$$Y = b_0 + b_1(x_1) + b_2(x_2) + b_3(x_3) + b_4(x_4) + E$$

Where,

Y = Women Empowerment

b0 = Constant

b1 (x1) = Microfinance Credit

b2 (x2) = Microfinance Savings

b3 (x3) = Microfinance Trainings

b4 (x4) = Collateral Requirements

Tab. 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582 ^a	.339	.291	.520

Source: analyzed data.

Tab. 5. Coefficients Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.050	.624		-.080	.936
Mean Savings	.560	.134	.506	4.193	.000
Mean Training	.122	.154	.092	.790	.433
Mean Collateral	.446	.303	.165	1.476	.146
Mean Credit	-.065	.098	-.075	-.661	.511

a. Dependent Variable: Mean Women empowerment

Source: analyzed data.

This study indicates that there is a positive relationship between Savings and women’s empowerment. The regression coefficient of Savings indicates that it has a positive impact on women’s empowerment (Beta=0.560, $p < 0.000$). There is no significant relationship found between mean training, mean collateral and mean credit.

Conclusions

When consider relationship between Microfinance credit and Women’s empowerment, the coefficient for the relationship between microfinance credit and

women empowerment reveals that there is no significant relationship between these variable. Credit facilities indicated that all the women interviewed had taken at least one loan from the microfinance institutions. In practically, only a few can borrow the amount they actually require to expand their business. Once they get the credit, they then reduce their savings to the bare minimum thus reducing further their chances of getting a much higher subsequent loan. The women would want their credit history taken into consideration in future borrowings. Majority of the women entrepreneurs are dependent on the subsistence commercial activities with very little value for return. After obtained credit facilities, some women not paid their installment on due date. Because their monthly income is not enough to cover their all living cost.

The correlation coefficient for the association between microfinance savings and women empowerment is 0.000, which is significant at 0.01 ($p < 0.01$). As a result, it is possible to conclude that there is a strong positive and significant association between microfinance savings and women empowerment. Before getting a loan, a borrower must have saved at least 20% of the amount she wants to borrow and must have the members of her group guarantee her. When it came to putting their savings in their firms.

Considering the macroeconomic conditions of the area, the ability to save and borrow becomes a huge commercial leverage for any business unit that needs to soar. In addressing the issue of savings most women were able to re-invest part of their savings and profit into the business. However, the margins were small and the positive impact to business expansion was minimal. Those who did not invest anything cited large recurrent expenditure and the single income households were most affected.

The correlation coefficient for the relationship between microfinance training and women empowerment is 0.035 and it is significant at 0.05. Since microfinance training is significantly correlated with women empowerment. The training programs on business management are critical tools of gender empowerment that the women have taken advantage. The respondents reported to have attended most of the trainings offered. However, a look at the education levels of the women is a cause of concern, because most of training tended to be a little too technical for them, especially when teaching book-keeping skills. Some groups reported hiring their family members to attend the trainings on their behalf and later explain to them in their own language. Tangible benefits to the training can only be achieved if the material is specific to the needs of the women and the language is simplified for all levels of education.

In most microfinance institutions, when a borrower needs a substantial loan they are normally required to provide a fixed asset as collateral or a fixed-term cash deposit equivalent to the borrowing. This is in order to reduce the risk associated with defaulters. According to the study, the correlation coefficient for the relationship between collateral requirement and women empowerment is 0.048 and it is significant at 0.05. Since collateral requirement is significantly correlated with women empowerment.

Collateral requirements are evidently hampering the empowerment of women in Kurunagala District. The response is overwhelming that the stringent requirement of the collaterals is hampering the access to credit facilities. Since most of the women entrepreneurs in this area fall under the cluster of low income earners, these requirements are likely to erode the strategies of women empowerment that the stakeholders have instituted. The respondents want their credit history to count for something whenever they apply for loans.

According to the study concludes that the women in Sri Lanka who engage in different businesses have been greatly assisted to obtain credit from microfinance institutions, and this has led to not good level of economic empowerment. Women have been able to save at least a percentage of their borrowings, and a few have even acquired tangible assets. However, the women feel that collateral requirements are impeding their business expansion plans. They would like credit scoring and business history more widely used as security for their loans. Training should be tailored for specific business needs, and delivered in a user-friendly language. When all stakeholders work together, there will be value for money in the end.

Finally, this research is very important for the researcher because this helps to identify the factors that affect for empowering women in rural area and also it helps to identify how the poverty situation change with Poverty Alleviation microfinance program of Sanasa Development bank. Specially, this research tries to find out way to empower women with the intention of develop poor families through microfinance programme.

This study contributes information that may be used by policy makers and institutions especially those in the microfinance sector to develop a policy framework which will take care of gender issues in micro financing in Sri Lanka. In addition, other stakeholders such as non-profit organizations, private sector players as well as women groups could gain insight from the findings. The information gathered can be used to improve the lives of Sri Lankan women who form the larger percentage of the total current population of Sri Lanka.

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Wpływ mikrofinansowania na wzmocnienie pozycji kobiet: specjalne odniesienie do Sri Lanki

Streszczenie

W artykule skoncentrowano się na wpływie usług mikrofinansowania na wzmocnienie pozycji kobiet-przedsiębiorców na Sri Lance, ze szczególnym uwzględnieniem dystryktu Kurunegala. Na upodmiotowienie kobiet-przedsiębiorców mają wpływ cztery zmienne, a mianowicie kredyt mikrofinansowy, oszczędności mikrofinansowe, szkolenie w zakresie mikrofinansowania i wymagania dotyczące zabezpieczeń. W tym badaniu wzięło udział 60 kobiet objętych wsparciem w ramach programu zmniejszania ubóstwa, zainicjowanym przez Bank Rozwoju Sanasa w Kurunegali. Do zebrania danych pierwotnych z gospodarstw domowych kobiet wykorzystano ustrukturyzowany kwestionariusz. Zgodnie z informacjami potrebnymi do analizy celów badawczych, kwestionariusz został skonstruowany z wykorzystaniem pytań otwartych i zamkniętych. Do analizy danych wykorzystano pakiet statystyczny dla nauk społecznych (SPSS). Do oceny danych wykorzystano analizę demograficzną, test t, analizę korelacji i regresji. Wyniki wyjaśniły pozytywną zmianę we wzmocnieniu pozycji ekonomicznej mierzoną dochodami członków po przystąpieniu do programu mikrofinansowania. Analiza regresji wielokrotnej wykazała, że oszczędności były głównym czynnikiem istotnie wpływającym na dochody członków, ale wymagania dotyczące szkoleń i zabezpieczeń były dodatnio skorelowane z dochodami. Podsumowując, mikrofinansowanie wydaje się być wyjątkową, zorientowaną na działanie metodą rozwoju obszarów wiejskich, która ma uchwycić falę wzrostu społecznego i gospodarczego.

Słowa kluczowe

mikrofinansowanie, kredyt, wzmocnienie pozycji kobiet