

Women Empowerment Through Microfinance: An Empirical Study on Ampara District of Sri Lanka

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Abstract

The prime objective of this study is to identify the association between microfinance and women empowerment by giving opportunity for self-employment, rural women and the impact of micro-credit, savings, skill training and education on women empowerment as well. This study focuses on women empowerment through micro finance under post-war development in Ampara District selecting five rural areas which are Uhana, Padiyathalawa, Weeragoda, Damana, and Ampara in Ampara District. The information has been gathered by primary data from the rural women in the above selected areas and 105 responded out of 50. From the results, it is concluded that the micro-finance has significant relationship and positively correlated (0.852) with empowerment at 0.01 significant levels and its impact is crucial as well. It is suggested that the micro-finance facilities are essential in empowering rural women and developing the women entrepreneurs under post-war development in Ampara District.

Keywords: Micro-Finance, post-war development, women empowerment, Rural Development

INTRODUCTION

Sri Lanka is a critical juncture in its history. Over the long period, the economy of the eastern province was largely a crisis economy with very substantial subsistence characteristics supported by coping mechanisms. None or hardly and import links were maintained to other parts of the island. Wide-scale violence that characterized the conflict has come to an end. There is no disputing that women in Sri Lanka have made tremendous progress in the social and economic spheres in the last 10 years decades. The showing on microfinance products around several fields and interconnect with issues of economic globalisation and local neo-liberal policies, strategies for poverty and vulnerability reduction and pathways of empowerment of women at the rural. The provision of microfinance has been identified as a means of diversifying income-earning opportunities, building financial and other assets and improving the socio-economic condition of poor, while strengthening crisis-coping mechanisms (Rathiranee, 2015)states that the access to credit via microfinance generates income and livelihood options and opportunities for women and disadvantaged segments, giving more bargaining power within the families and contributes to family well-being.

However, According to Sri Lankan context, of the not more long history of microfinance with a large number of institutions and banks providing microfinance services, particularly to the poorest

households, there are only a limited number of research findings on the ways of approaching clients and their impact on the reduction of poverty and vulnerability of the poor. Hewavitharana (1994), Dias (2001) and Mithrarathne (2003) had reviewed the progress and results of the Women's Development Federation, also known as Janashakthi Banks, in Hambantota. In a more rigorous analysis the Wickrama (1998) evaluates the Social and services Mobilization Programme in the Hambantota district by using quantitative and qualitative data collected through a sample survey at the total district. Tilakaratna et al. (2005) have conducted a household survey on microfinance services outreach and its impact on poverty, covering all districts except those in Eastern province. One of another study, Ministry of Finance, Sri Lanka and German Technical Corporation (2008) with conducted a household survey on rural of financial and quality wellbeing services in Sri Lanka; a look at the demand-side from a microfinance perspective covering all districts as well as except those in the Eastern province. Colombage et al. (2008) have conducted a case study of selected Ampara district in Sri Lanka on the effectiveness of microfinance in reducing rural poverty.

REVIEW OF LITERATURE

(Chowdhury, 2019) found in his studies in Bangladesh that micro-credit schemes have had substantial, through the enhancement of women's position in decision-making on household expenditures and family planning. It has been found, among others, that women's mobility has improved dramatically, e.g., visits to health centres and NGO offices. After having worked for almost seven years in Bangladesh and having visited many women and women's groups in villages throughout the country, he said that it has no doubt that: confident in their actions and in raising their voices; mobile and less confined to their homesteads; concerned about their children's (and girls') school enrolment; and likely to prevent their daughters from getting married before 18. According to Paul (2000), so far 13 million micro-entrepreneurs worldwide have benefited from micro-credit, using their loans to increase their income and lift their families out of poverty. But there remain 200 million families who work hard, but cannot access affordable credit. It is often argued that the formal financial sector and informal financial sector in developing countries have failed to serve the poorer section of the community (Chowdhury et al., 2004; as cited in Brau & Woller, 2004).

(Arulrajah & Philip, 2011) concluded in their research that the role of INGOs and NGOs has the moderate level contribution on the respondents' perception even though they have played a

considerable role in improving equality and personality development of Women Headed Households in Sri Lanka (Manmunai South west DS Division).

SIGNIFICANCE OF THE STUDY

Microfinance program has a significant impact on income and economic security on the socioeconomic lives of rural women. It increases income and helps the women to spend more on the development of their lives and families. It helps to increase the household income that improves the consumption patterns and lifestyles of the rural families (Hossain, et. al., 1992; Navajas, et. al., 2000). access to the microfinance program rural women helps improve lifestyle through economic self-sufficiency.

The rural women had very little opportunity to participate in economic activities. Microcredit programs have created an opportunity for them to participate in economic activities and reduced their dependency on others (Afrin Sharmina, et. al., 2008).

Statement of the Problem

Women constitute 80 per cent of the world's position 1.3 billion absolute poor and the very young (girl children) and old (old women) are more vulnerable to poverty (Nycander, Lotta,(2004)).Microfinance Women dominate in those occupations with low pay and are least protected. There is an increase via microfinance in vulnerable types of work: housework/domestic work, migration etc. Women are increasingly migrating, both legally and illegally, for employment. Female migrant workers are among the most vulnerable to exploitation and abuse. The international trafficking of women and children (boys and girls) is one of the most serious and fastest-growing problems today. Then microfinance getting major role in the rural society.

“What are the factors influencing in empowering rural women through micro finance? of Eastern Province of Sri Lanka”

Objectives of the Research

The prime objective of this study is;

To identify the major factors influencing in empowerment of women in selected rural areas in Eastern province of Sri Lanka.

The other sub objectives are as follows:

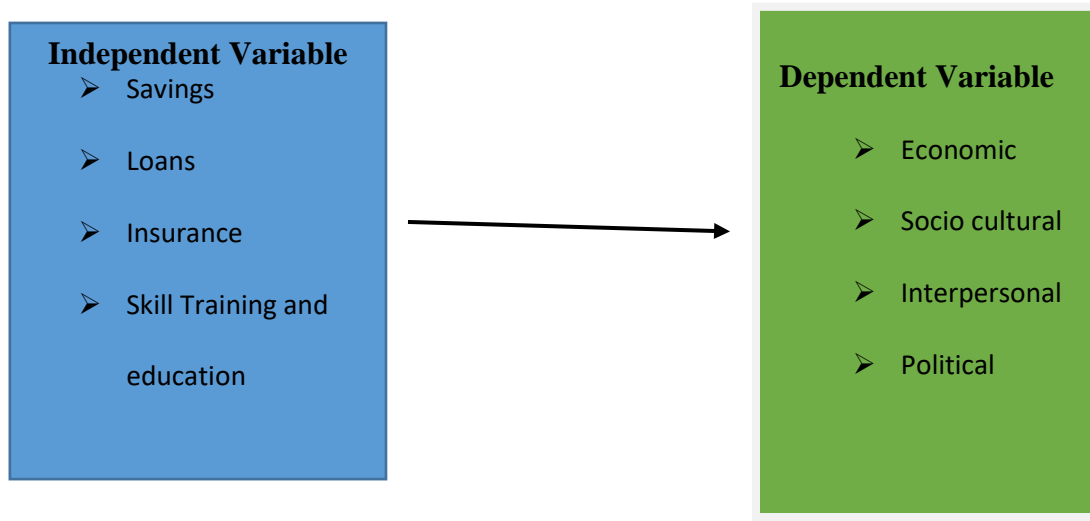
To find out the impact of micro finance on women Empowerment.

To find out the impact of micro saving on women empowerment

To find out the impact of micro insurance on women empowerment

To find out the impact of education, training and skill development etc., on women empowerment

Conceptualization



Source- Researcher own developed 2020

Hypotheses

H1. Strong level of microfinance positively correlated with economic empowerment.

H 2 Strong level of microfinance positively correlated with social empowerment.

H3 Microfinance has strongly impact on women empowerment.

METHODOLOGY

Using Questionnaires 50 women are selected out of 105 women who obtained microfinance facility 3years experience eastern province in Ampara district who lived in Uhana, Mahaoya, padiyathalawa area were considered to gather information regarding variety of factors like education, living stands , food, employment in women empowerment. The Typology of Microfinance Actor such as Sanasa, Samurdhi were selected on Practitioners type and all National level practitioners, Regional level and Local level practitioners were considered for providing loan facilities to the rural women. Three -stage random sampling technique will be applied in this study. **In the First stage**, Ampara district were considered to collect the data. **In the second stage**, micro finance beneficiary who enrolled more than three years experience on micro finance intuition which MFI Samurdhi Samurdhi, , were selected for the data collection purpose. **Third and final stage**, the study randomly selected active 50 members from of rural area above district.

In total, the information were collected from 14 GS Divison out of 507. Primary and secondary data use for the study.

The descriptive statistics, correlation and multiple regression analysis were used needed to make the study more enthusiastic

RESULTS AND DISCUSSION

From the data base analysed with SPSS

Variable s	MF	Economics Empowerment	Social Empowerment	Women Empowerment
Micro Finance	1	0.536**	0.365	0.541**
Economics Empowerment	0.536	1		
Social Empowerment	0.365		1	
Women Empowerment	0.541**			1

** Correlation significance at the 0.01 level

Table 01

Source survey data 2020

Correlation test was set examine the variables cross tabulated. Table 01 shows that there is positive relationship between Micro finance and Women empowerment.at 0.01 significant level. From this result the hypothesis H1 and H2 Higher the level of Micro finance positively correlated with economic empowerment and Higher the level of Micro finance positively correlated with social empowerment. Table 01 showing there is strong relationship micro finance and economic empowerment than social empowerment.

Table 2 Regression analysis for Micro Finance and women empowerment

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.541 ^a	.181	.167	4.707

a. Predictors: (Constant), Micro finance

Source survey data 2020

Table 3 Regression analysis for Micro Finance and women empowerment

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.536 ^a	.154	.169	4.0707

a. Predictors: (Constant), Micro finance

Source survey data 2020

*Table 4 Regression analysis for Micro Finance and women empowerment***Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.365 ^a	.101	.101	3.405

a. Predictors: (Constant), Micro finance

Source survey data 2020

From the 1,2,3 4 can be showed that women empowering is impact by micro finance by 18%, 15%, 10% respectively are determined by the other factors such as skill training , advising , marketing and non-financial services .

Descriptive Statistics**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Micro Credit	50	1.00	4.53	3.99	0.738
Savings	50	1.00	5.00	3.91	0.828
Insurance	50	1.00	5.00	3.65	0.861
Skill Training and Education	50	1.00	4.50	4.08	0.885
Social Cultural Empowerment.	50	1.00	4.80	3.87	0.921
Political Empowerment.	50	1.00	5.00	3.11	0.115
Economic Empowerment.	50	1.00	5.00	3.02	0.737
Intra Household Relations.	50	1.00	5.00	3.26	0.259
Personality and Knowledge	50	1.00	4.50	4.95	0.365
Valid N (listwise)					

Source: survey Data, (2020)

Table 5

The women Empowerment (dependent), Miro credit, Savings , Insurance, Skill Training Education (independent variable) are initially examined with exploratory data analysis based on the descriptive statistics and results are shown in table 5 table the credit amount has a standard deviation 0.718 and maximum , minimum and average values are 5.53 , 1.00 .and 3.99. micro insurance amount has a standard deviation 0.861 and maximum , minimum and average values are 5.00 , 1.00 .and 3.65. Savings amount has a standard deviation 0.828 and maximum, minimum

and average values are 5.00 , 1.00 .and 3.91. Skill training and education amount has a standard deviation 0.885 and maximum , minimum and average values are 4.5. , 1.00 .and 4.08.

Factors variance

Component	Total variance			Initial Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.123	34.017	34.017	6.123	34.017	34.017
2	2.859	15.884	49.901	2.859	15.884	49.901
3	2.515	13.971	63.873	2.515	13.971	63.873
4	1.120	6.220	70.093	3.120	6.220	70.093
5	.973	5.405	75.498	2.120	5.805	66.320
6	.799	4.438	79.936	1.415	1.515	62.515
7	.753	4.183	84.118	1.215	1.815	59.515
8	.717	3.981	88.100			
9	.563	3.125	91.225			
10	.441	2.450	93.675			
11	.321	1.784	95.459			
12	.259	1.440	96.899			
13	.198	1.098	97.997			
14	.125	.696	98.693			
15	.107	.594	99.287			
16	.071	.397	99.684			
17	.049	.275	99.958			
18	.007	.042	100.000			
Extraction Method: Principal Component Analysis. 2020						
Table 6						
Source survey data 2020						

(Appendix 01)

From Table 6 out of a total of 18 factors, 7 components were extracted. The criteria was factors with an Eigen value >1. Based on the communality Table 6, these factors were (Factor 01) - livelihood have improved as a result of women investing in microfinance loans,(Factor 6)—husbands are proud of and concerned about their wives business,(Factor7)—women have gained greater say in family economic and other decisions,(Factor 8)—women attending seminars resulted to MFI loans investment in business,(Factor 9) —women have seen as leaders in community as a result of investing using MF loans, (Factor11)—a man should have a job while.

Summaries of findings						
One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Household life has enhanced as a result of women being able to invest in Micro Finance Institutions credits.	36.936	50	.000	4.600	4.35	4.85
The rate of divorce has reduced as women invested with loans from MFIs.	11.538	50	.000	2.400	1.98	2.82
Self confidence has increased among women who borrow credit from MFIs and make investment.	29.061	50	.000	4.560	4.24	4.88
Among women who use loans from MFIs has increased self esteem.	40.019	50	.000	4.660	4.43	4.89
After wives started earning income from investing in credit borrowed from MFIs husbands have become irresponsible	19.771	50	.000	3.680	3.31	4.05
Husbands are generally proud of their wives capability in managing businesses and showed awareness about their wives business venture.	22.905	50	.000	4.100	3.74	4.46
Women have gained greater say within the family when it comes to economic and other decisions.	75.644	50	.000	4.740	4.61	4.87
Women started attending seminars as a result of investing in business using loans borrowed from MFIs.	23.821	50	.000	4.160	3.81	4.51
Women have become more visible as leaders and members of community organizations since they started investing in business from MFI loans.	39.963	50	.000	4.580	4.35	4.81

The registered women groups that borrow loans from MFIs have developed interest in politics in Ampara District.	36.372	50	.000	4.420	4.18	4.66
A man should have a job and a woman should take care of the household and the family.	40.991	50	.000	4.560	4.34	4.78
A man should make a decision and a woman should obey.	8.510	50	.000	1.720	1.31	2.13
By creating jobs and generating income as a result of investment using credit from MFIs, there has been an enhanced in well being of women in Temeke District.	67.667	50	.000	4.640	4.50	4.78
Women groups from Ampara District have no trouble in repayment of loans from MFIs.	11.967	50	.000	2.680	2.23	3.13
Only a minority of families promoted economically from credit borrowed from MFIs.	15.286	50	.000	3.380	2.94	3.82
Credit provided by MFIs has been used for consumption smoothing.	24.446	50	.000	4.340	3.98	4.70
Interest rates that charged by MFIs in Ampara District does not discourage women groups from borrowing credits.	11.976	50	.000	2.520	2.10	2.94
Women have increased business related knowledge and skills such as preparing simple income statement and financial reports.	19.225	50	.000	4.160	3.73	4.59

Source: Survey Data, (2020)

Table 7

the woman being responsible for taking care families and (Factor18). —women have acquired business knowledge such as preparing simple income statements and financial reports 6 factors from the social/cultural impacts of microfinance on women empowerment (Factors1-Factors 11) were responsible for the most variability in the social/cultural impact of microfinance on women empowerment, whereas only one factor (Factor 18) was account Table for the most variability of the economic impact of microfinance on women empowerment.

From Table 7, it can be showed that for these variables P-value scores of 0.00 were below the significance limit of 0.05. In addition, the mean difference scores were all within/below the upper class limit at 90% confidence interval. This result illustrates that these factors contributed as

significantly to the dependent variable i.e. these factors were significant indicators of the effect microfinance has had more on women empowerment in the area of the study.

Factor Analysis

Factor analysis to reduce the dimensionality of factors used to capture 50 respondents' opinions about the economic and social/cultural impact of microfinance on women empowerment. Test of sphericity was done and found to be significant. The two parameters, are economic impacts and social/cultural impacts were the key study constructs and each has a number of factors to quantify them. A total of 18 factors were used to measure the economic and social-cultural impacts of microfinance on women. Economic impacts as a construct had 6 factors, Factor 13 – Factor 18, while social/cultural impacts as a construct have 12 factors Factor 1 – Factor 12 that were measured on a scale of 1-5, where 1 represented strongly agree and 5 represented strongly disagree.

From Table 08, it can be shown that Variable Factor 1 had the lowest mean score of 4.60 This variable was an indicator of the social culture has impacts of microfinance on women. This means that a majority of respondents agreed and only a minority disagreed with this variable. As a result, it is safe and influence to conclude that a majority of respondents agree that the quality of family life has enhanced with women being able to access microfinance.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Household life has enhanced as a result of women being able to invest in Micro Finance Institutions credits.	50	1	5	4.60	.881
The rate of divorce has reduced as women invested with loans from MFIs.	50	1	5	2.40	1.471
Among women who use loans from MFIs has increased self esteem.	50	2	5	4.66	.823
Self confidence has increased among women who borrow credit from MFIs and make investment.	50	1	5	4.56	1.110

After wives started earning income from investing in credit borrowed from MFIs husbands have become irresponsible	50	1	5	3.68	1.316
Husbands are generally proud of their wives capability in managing businesses and showed awareness about their wives business venture.	50	1	5	4.10	1.266
Women have gained greater say within the family when it comes to economic and other decisions.	50	4	5	4.74	.443
Women started attending seminars as a result of investing in business using loans borrowed from MFIs.	50	1	5	4.16	1.235
Women have become more visible as leaders and members of community organizations since they started investing in business from MFI loans.	50	1	5	4.58	.810
The registered women groups that borrow loans from MFIs have developed interest in politics in Ampara District.	50	1	5	4.42	.859
A man should have a job and a woman should take care of the household and the family.	50	1	5	4.56	.787
A man should make a decision and a woman should obey.	50	1	5	1.72	1.429
By creating jobs and generating income as a result of investment using credit from MFIs, there has been an enhanced in well being of women in Ampara District.	50	4	5	4.64	.485
Women groups from Ampara District have no trouble in repayment of loans from MFIs.	50	1	5	2.68	1.584
Only a minority of families promoted economically from credit borrowed from MFIs.	50	1	5	3.38	1.563

Credit provided by MFIs has been used for consumption smoothing.	50	1	5	4.34	1.255
Interest rates that charged by MFIs in Ampara District does not discourage women groups from borrowing credits.	50	1	5	2.52	1.488
Women have increased business related knowledge and skills such as preparing simple income statement and financial reports.	50	1	5	4.16	1.530
Valid N (listwise)	50				

Table 8

Source: Survey Data, (2020)

CONCLUSIONS

From the above discussion, it can be concluded that there is a positive relationship between micro-finance and women empowerment. However, other factors such as education and training facilities, social awareness, advising regarding the usage of micro-finance (savings, insurance, training and education,) and other non-financial services, also have impacts on women empowerment. The micro-finance facilities for self-employment are not enough in empowering poor women in ampara rural areas because the other factors have strong impacts on that. Finally, it is concluded that there is a need to complement loan-delivery with social awareness raising, building confidence and skill training among women. Women need advice about how to utilize public, private, natural and other resources and services as the micro-credit has no strong relationship or impact on entrepreneurship and social development from the above results. Micro-credit, savings, insurance thus, is not sufficient in empowering the women, but it is the very important ingredients with the noncredit aspects in that process. It is suggested that the micro-finance facilities are essential in empowering women and developing the women entrepreneurs under post-war development because most of the women headed families are in the rural areas, and for keeping enhancement in an effective way it should be concentrated with providing other micro-finance services such as education, health nutrition, training and skill development by using modern technology other than loan facilities. Women entrepreneurship is both about women's position in society and about the role of entrepreneurship in the same rural society. To overcome the barriers expected by the women within the society or other employment opportunities the following suggestions have been

recommended by the others researchers. Women entrepreneurs faced many obstacles in marketing their products, because of the family responsibilities. These barriers have to be overcome in order to access the same opportunities as men. Increased participation of women in the labor force is a prerequisite for improving the position of women in society and self-employed women. Particularly the entry of rural women in micro-enterprises should be encouraged. The rural women are having basic indigenous knowledge, skill, potential and resources to establish and manage enterprise. The awareness and education programmes should be introduced to enhance the knowledge regarding accessibility to loans, various funding agencies procedure regarding certification, awareness on government welfare programmes, motivation, Technical skill and support from family, government and other organizations. Moreover the formation and strengthening of rural women entrepreneurs' networks must be encouraged. Women entrepreneurs' networks are major sources of knowledge about women entrepreneurship. This network helps to give introduction program, printed material communicating the technical knowledge in production, processing, procurement, management and marketing among the other women. This will motivate other rural women to engage in micro-entrepreneurship with the right support and they can reinforce their capacities further adding to the family income and national productivity of Sri Lanka.

APPENDIX 01

	Social /Cultural Impact	SCALE				
1	Household life has enhanced as a result of women being able to invest in Micro Finance Institutions credits.	1	2	3	4	5
2	The rate of divorce has reduced as women invested with loans from MFIs.	1	2	3	4	5
3	Among women who use loans from MFIs has increased self esteem.	1	2	3	4	5
4	Self confidence has increased among women who borrow credit from MFIs and make investment.	1	2	3	4	5
5	After wives started earning income from investing in credit borrowed from MFIs husbands have become irresponsible	1	2	3	4	5
6	Husbands are generally proud of their wives capability in managing businesses and showed awareness about their wives business venture.	1	2	3	4	5
7	Women have gained greater say within the family when it comes to economic and other decisions.	1	2	3	4	5
8	Women started attending seminars as a result of investing in business using loans borrowed from MFIs.	1	2	3	4	5
9	Women have become more visible as leaders and members of community organizations since they started investing in business from MFI loans.	1	2	3	4	5
10	The registered women groups that borrow loans from MFIs have developed interest in politics in Ampara District.	1	2	3	4	5
11	A man should have a job and a woman should take care of the household and the family.	1	2	3	4	5
12	A man should make a decision and a woman should obey.	1	2	3	4	5
	Economic Impacts					

13	By creating jobs and generating income as a result of investment using credit from MFIs, there has been an enhanced in well being of women in Ampara District.	1	2	3	4	5
14	Women groups from Ampara District have no trouble in repayment of loans from MFIs.	1	2	3	4	5
15	Only a minority of families promoted economically from credit borrowed from MFIs.	1	2	3	4	5
16	Credit provided by MFIs has been used for consumption smoothing.	1	2	3	4	5
17	Interest rates that charged by MFIs in Ampara District does not discourage women groups from borrowing credits.	1	2	3	4	5
18	Women have increased business related knowledge and skills such as preparing simple income statement and financial reports.	1	2	3	4	5

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