

# **EFFECTS OF MICROFINANCE PROGRAMS ON SOCIAL AND ECONOMIC EMPOWERMENT OF WOMEN**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfillment of the requirements for the Master's Degree

by

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## **Certification of Authorship**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “EFFECTS OF MICROFINANCE PROGRAMS ON SOCIAL AND ECONOMIC EMPOWERMENT OF WOMEN”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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## Report of Research Committee

Mr. Ashisha Shrestha has defended research proposal entitled “EFFECTS OF MICROFINANCE PROGRAMS ON SOCIAL AND ECONOMIC EMPOWERMENT OF WOMEN”, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Dilli Ram Bhandari and submit the dissertation for evaluation and viva voce examination.

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## **Approval Sheet**

We, the undersigned, have examined the thesis entitled “EFFECTS OF MICROFINANCE PROGRAMS ON SOCIAL AND ECONOMIC EMPOWERMENT OF WOMEN” presented by Ashisha Shrestha a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Ashisha Shrestha

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## **Abbreviations**

|       |   |  |
|-------|---|--|
| ADB   | : | Asian Development Bank                       |
| ADB/N | : | Agriculture Development Bank/Nepal           |
| BOD   | : | Board of Director                            |
| CBS   | : | Central Bureau of Statistics                 |
| FINGO | : | Formal Inclusive Non-Government Organization |
| GDP   | : | Gross Domestic Product                       |
| MIFs  | : | Micro finance Institutions                   |
| MFDB  | : | Micro finance Development Bank               |
| MCPW  | : | Micro Credit Project for Women               |
| MOLD  | : | Ministry of Local Development                |
| MDG   | : | Millennium Development Goals                 |
| NLSS  | : | Nepal Living Standard Survey                 |
| NGO   | : | Non-Government Organization                  |
| NCB   | : | National Cooperative Bank                    |
| NRB   | : | Nepal Rastra Bank                            |
| PCRW  | : | Production Credit for Rural Women            |
| RMDC  | : | Rural Microfinance Development Centre        |
| RBB   | : | Rastriya Banijya Bank                        |
| SFCL  | : | Small Farmer Cooperative Limited             |
| SACCO | : | Saving and Credit Cooperatives               |
| UNDCF | : | United Nation Capital Development Fund       |
| UNDP  | : | United Nation Development Program            |
| UNO   | : | United Nations Organization                  |
| VDC   | : | Village Development Committee                |

## ABSTRACT

Women's empowerment is one of the most crucial issues facing emerging nations. Women make up a large portion of society, yet their standing and involvement in political, social, and economic decision-making are relatively low. Through its participation in economic activities, microfinance plays a significant role in enhancing women's decision-making. Microfinance is a potent instrument for empowering the impoverished globally, particularly women. Women's empowerment is microfinance's primary goal. Women's empowerment is gauged by their employment status, income level, savings, amount of land owned, education, and decisions on food and clothing expenses, children's education, agriculture, and saving money.

This study's primary data came from a self-made questionnaire given to Barhabise, Sindhupalchok District women. Statistical tools such as the mean, standard deviation, correlation analysis, and regression analysis are used to analyze data. The opinions of respondents have been gathered and their behavior has been studied using a descriptive study design. This study looks into the well-being of households, women's economic, social, and political empowerment, and their ability to make decisions after participating in microfinance programs. All variables exhibit favorable impacts, according to the results. The study also showed that women who invest in microfinance organizations benefit from increased well-being, control over their resources, and access to them. Women's self-esteem has been raised by eliminating illiteracy among them, allowing them to participate in home and financial decision-making, and, lastly, microfinance institutions.

*Keywords: microfinance programs, social empowerment, housed wellbeing, socioeconomic status, political participation*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

The provision of financial services to low-income and disadvantaged individuals is referred to as microfinance (Chua, 2000). Among the best financial services available, it offers low-income and extremely poor people savings accounts, microcredit, insurance, cash transfers, and other financial goods. According to Abebe and Kegne (2023), microfinance is defined as providing a range of flexible and high-quality financial services to meet the diverse needs of the underprivileged.

Microfinance is one of the best ways to identify the impoverished and disadvantaged since it provides these groups—including women—with chances for employment, income, and capacity building (Shrestha, 2017). By advancing their social welfare with the use of social mobilization, it also aids in the empowerment of these groups, which include the disabled, Dalits, marginalized groups, and the impoverished (Acharya, 2023).

Empowerment is the process of giving a person or group more social, spiritual, economical, or political clout. Women's participation in the political, social, and economic arenas is now more important than anything else for progress (Roberts and Kulkarni, 2021).

Measures of women's empowerment included their involvement in decision-making, status, degree of confidence, involvement in politics and society, control over income, awareness of social issues and problems, family relationships, and exposure to domestic violence both before and after MFI programs (Raimi et al., 2023)

Microfinance institutions, or MFIs, have rapidly expanded throughout the last ten to fifteen years. According to the Microcredit Summit (Microcredit Summit Campaign 2012), the number of severely poor families with microloans surged more than 18-fold from 7.6 million in 1997 to 137.5 million in 2010. Microcredit has created a significant lot of enthusiasm and hope for rapid poverty alleviation; as a result,

Mohammed Yunus and the Grameen Bank were awarded the Nobel Peace Prize in 2006 for their efforts to the reduction of world poverty (Rankin, 2021).

The concept of microfinance emerged in the 18th century as a result of Lysander Spooner's writings about the benefits of small loans. Fried Raiffeisen founded the first cooperative lending institutions to help farmers in rural Germany. When Dr. Muhammad Yunus started Grameen Bank in Bangladesh in the 1970s, the phrase "micro-financing" as it is used today was born (Singh & Dara, 2017).

Following the restoration of democracy in Nepal in 1991, the government fortified microfinance institutions to provide financial services to women and the impoverished. In order to provide women and the impoverished with microcredit services, five Regional Development Banks (RDBs) modeled after the Grameen model were founded in each development region (Das, 2014). Following their privatization, RDB finally underwent a transformation, obtaining class "D" financial institution licenses to become Microfinance Development Banks (MFDBs). In the early 2000s, a number of non-governmental organizations (NGOs) and private microfinance firms with Grameen Model microfinance programs came into existence.

These included the Centre for Self Help Development (often called CDF), Nirdhan Uthan Bank, and subsequently other Microfinance Development Banks. Later, CDF was renamed as Microfinance Development Bank. Nepal Rastra Bank (NRB) also authorized and licensed non-governmental organizations (NGOs) involved in community-based financial operations in order to formalize microfinance services (Karn, 2018).

Prior to the 1990s, credit initiatives for rural women were basically nonexistent. The concept of women's credit originated from studies that focused on women and highlighted the discrimination and difficulties that women encountered when trying to get credit. However, there is a clear paucity of support for the impoverisher's actual credit needs, especially for women living in rural regions (Arora & Meenu, 2021).

The majority of women in Barhabistan are employed in domestic work and agriculture. They are entirely dependent on their spouse or other male family members because they are solely working on household chores. Patriarchy, early marriage, inheritance and land ownership, family customs, early marriage, and restricted access to healthcare and education are factors that contribute to their prejudice. The purpose of this study is to ascertain the key variables influencing microfinance for women's empowerment. Microfinance has advanced and expanded dramatically in Nepal throughout the years. Financial services must be made available to the underprivileged and unbanked, particularly in rural areas (Chapagain & Dhungana, 2020).

The primary suppliers of microfinance services in Nepal include cooperatives, banks, and non-governmental organizations. Currently operating in Nepal are 57 microfinance institutions (NRB, 2024). The goal of this study is to examine how microfinance programs affect social empowerment. The industry has reached more marginalized and remote populations. A variety of goods, including as insurance, savings accounts, and loans, are offered by microfinance companies to meet the various needs of their customers. Microfinance projects have made financial inclusion and women's empowerment their top priorities. The company is doing well in spite of obstacles including inadequate infrastructure and legal limitations. The government has encouraged the development of microfinance by putting policies into place. Social impact evaluations emphasize how microfinance helps people live better lives and experience less poverty (Wijesiri & Grimard, 2019).

Microfinance operations are now more outreach-oriented and efficient because to technological advancements. Nonetheless, attempts to improve legislative frameworks and consumer protections have been prompted by worries about excessive debt and consumer safety. Generally speaking, microfinance has become an essential instrument for Nepal's economic growth and the eradication of poverty (Wijesiri & Grimard, 2019). Microfinance programs have a positive impact on women's social and economic empowerment, and they have the ability to improve gender equality, reduce poverty, and support sustainable development initiatives.

## 1.2 Problem Statement

The measures are based on the work, education, and domestic decision-making skills of women. In the past, women were considered less valuable than men. The empowerment of women is a crucial aspect of the community. Women face many challenges on a daily basis, such as delayed loan payments, discrimination against them, low self-esteem, and insufficient money when needed. The status of men and women differs significantly (Arora & Meenu, 2021). In reaction to the problems facing the country, a lot of MFIs provide microcredit services to women with the goal of empowering them socially and financially as well as empowering women in general. They argue that women usually provide benefits to the whole family and are not a major credit concern. The main objective of microfinance is to empower women from rural areas who participate in micro-lending. Living standards would therefore increase, poverty would decrease and awareness would grow, and so on (Kutty, 2003).

The low literacy rate, cultural barriers, lack of resources, ignorance, and attitudes prevalent in Nepalese society are the causes of the underprivileged status of women in rural areas. Because parents in rural areas do not encourage their daughters' education, less than 50% of adult women in Nepal are literate (Subedi, 2006). Because of this, adult women experience economic weakness and receive pitiful pay for labor that requires little competence. When they are economically poor, they are not included in the decision-making process (Shrestha, 2017). Numerous studies have been conducted, but none of them demonstrate the positive impact microcredit services have on the empowerment of women's groups and the destitute.

The following are the research statements:

- What is the status of Microfinance and social empowerment in Nepal?
- What is the relationship between Microfinance factors (Household wellbeing, economic wellbeing, social wellbeing and social empowerment)?
- What is the impact of Microfinance factors (Household wellbeing, economic wellbeing and social wellbeing) on social empowerment?

### **1.3 Objective of the Study**

Determining the role of microfinance in social empowerment to lessen poverty is the study's main goal. The following is a discussion of study objectives:

- To describe the status of Microfinance and Social empowerment in Nepal.
- To analyze the relationship between Microfinance factors (Household wellbeing, economic wellbeing, social wellbeing) and social empowerment.
- To examine the impact of Microfinance factors (Household wellbeing, economic wellbeing and social wellbeing) on Social empowerment.

### **1.4 Research Hypotheses**

The proposed hypotheses for this research study are listed below:

H<sub>1</sub>: There is significant relationship between household wellbeing and social empowerment.

H<sub>2</sub>: There is significant relationship between economic wellbeing and social empowerment.

H<sub>3</sub>: There is significant relationship between social wellbeing and social empowerment.

### **1.5 Rationale of the Study**

The development of women's empowerment through the microfinance program is the main topic of this study. The main focus is on the causes of women's low social status and the role that microfinance has taken on to assist them in making life-changing decisions that make sense. This study, which is centered on women, looks at how social welfare and women's conditions affect microfinance and motivate and inspire women to get involved and play a larger part in society. The study's recommendations are intended to assist the respondents in resolving their problems. The study's conclusions provide decision-makers, planners, specialists, academics, development organizations, and empowering organizations with recommendations on how to empower women.

### **1.6 Limitations of the Study**

The researcher may have the following limitations while doing the research

- This study is concentrate on women of Barhabise only.

- This study is mainly focused on economic and social empowerment of women.
- This study is based on primary data taken from structured questionnaire.
- Only those variables which are related to empowerment and microfinance programs.
- 210 questionnaire were distributed. Among them only 200 respondents are taken as sample of the study
- Only limited statistical tools are used for the analysis.

## **CHAPTER II**

### **LITERATURE REVIEW**

Using journal articles, papers, manuals, workshop proceedings and online homepages, past research on the Microfinance Programmed, and other accessible sources, a review of the literature has been carried out. This section discusses the earlier works and research projects that must be looked at in order to formulate a perceptive evaluation and draw conclusions on the topic of the current study. Furthermore, after the most appropriate management of each situation possible, it provides a forum for in-depth analysis and the appreciation of enhanced sound skill and comprehension. Reviews are provided for a large number of books, journals, past research on this topic, and several related tangential areas.

#### **2.1 Microfinance and Social empowerment**

Murray (2002) noted that microfinance enables low-income people to use both financial and non-financial services for their income-generating activities. Originally meant for all sexes, it began to emphasize women more as time went on. This is due to the fact that poor women devote more time and energy than do men to ensuring the welfare of their family. Women were able to participate more actively in community decisions, get more respect from society, and improve their status thanks to microfinance initiatives. According to Khandker (2005), granting women access to jobs and public service can contribute to the development of an environment that is favorable to microfinance and women's empowerment. For low-income women, social inclusion and opportunities are essential. Women can achieve positions of power if they are provided with the necessary resources and assistance, including microfinance. In addition, they ought to have access to other microfinance services, childcare, education, and healthcare.

According to Cheston (2002), in addition to providing financial resources, microfinance programs that are designed with women's empowerment in mind have the capacity to transform the underprivileged, empower women, and improve their well-being. Poverty reduction and women's empowerment are directly impacted by microfinance. Since women tend to be more cooperative than men and have a better repayment history, they deliberately target them. When women are empowered, the

lifestyle of the entire family is altered since their first priority is their family. Microfinance has an impact on women's rights and political empowerment.

Das(2014) claimed that microfinance is an affordable instrument for eradicating poverty. Microfinance is the process of giving low-income people in rural, semi-urban, and urban areas small-scale loans, savings accounts, and other financial services and products in an effort to improve their standard of life. Women are empowered when they are given choices and given the ability to convert their choices into the desired outcomes (Krishna, 2003). The main goal of microfinance, which provides a variety of services to its clients, is to reduce poverty and promote economic growth. Microfinance is a type of financial instrument that targets just the poor and includes loans, savings accounts, microinsurance, remittances, and other financial products.

## **2.2 Conceptual Review**

In this study, the dependent variable is social empowerment for microfinance; the independent factors are decision-making authority, space and opportunity to access resources, and microfinance services.

### **2.2.1 Concept of Micro-Finance**

Microfinance has been seen as a major source of capital, or financial resources, for female entrepreneurs since the establishment of Grameen Bank in Bangladesh. According to a 2007 World Bank report, microfinance is "small loans that help poor people who wish to start or expand their small business but are not able to get banks to lend them." The Asian Development Bank (2008) described microfinance as the supply of a broad range of financial services, including as deposits, loans, payment services, money transfers, and insurance, to low-income and poor individuals and their microbusinesses (Abbink et al., 2006).

Yusuff (2018) asserts that one of the key factors affecting a company's success is its financial availability. It is also the largest challenge that female entrepreneurs face while starting their business (BMS, 2013). Financial resources, both internal and external, are the key to company performance (Davidsson et al., 2006; Antoncic & Hisrich, 2003; Martinez et al, 2013; Siegel & Renki, 2012). According to Brush

(1992), women are typically viewed as "risky" borrowers and less creditworthy than men, which makes it difficult for them to get the money they need to grow their enterprises.

Women entrepreneurs face more obstacles than their male counterparts when it comes to obtaining capital, land, and starting a firm in places where asset ownership is dominated by men (Roomi, 2010). Because minor requests are not cost-effective and because women entrepreneurs and the underprivileged have a poor credit history and no business management experience, financial institutions are hesitant to approve them (Mahmood, Shah & Nisar, 2021).

Microfinance gives business owners access to capital and profit-making options (Agrawal, 2016). Most past studies agreed that supporting business owners, especially women ones, improves their performance and results in increased income, output, investment, employment, and general well-being for the owners.

The business is a user-owned, user-controlled organization that distributes benefits according to usage. A cooperative is characterized by patronage proportionality as a private enterprise that members create and join to satisfy their common financial requirements. Patronage proportions are used to determine ownership, control, and income distribution decisions. Examples of these decisions are member voting, capital contributions made by patrons, and the allocation of net income to members according to how they use the cooperative. Terms used to refer to cooperatives and other enterprises varies greatly. Another name for microfinance organizations is patron-owned or non-profit corporations. Cooperatives are distinct from other commercial entities in that they provide net earnings to investors or users through microfinance, whereas other business firms follow suit (Anambane & Adom, 2018).

The word "company" can refer to a way of doing business as well as a legal entity that is owned and democratically governed equally by its members Shrestha (2016). What distinguishes a microfinance is being closely linked to the business as producers, consumers, or workers of its products or services. In certain countries, cooperatives can incorporate using certain forms. Partnerships, unincorporated associations, businesses restricted by shares or guarantees, and other organizational forms can all

offer microfinance. The cooperative concept originated in Europe during the 18th century, with the goal of protecting the weaker people from the exploitation of the powerful (Aparicio, Audretsch & Noguera, 2022).

Businesses that are dedicated to democracy, equality, solidarity, self-help, and self-responsibility are democratically owned and operated. They put people at the core of their operations and let members engage in decision-making (Kimberly & Robert, 2004). Members of microfinance institutions experience notable socioeconomic advantages. Microfinance boosts members' income and bargaining power from an economic standpoint. Even yet, there is a wider range of social than economic objectives in cooperative efforts. They provide members with exclusive opportunities for training and education; they also encourage committee membership, meeting attendance, and leadership positions (Shrestha, 2016).

Despite having sufficient cash on hand, the organization's funds were overly allocated to current assets, according to the report. The organization's loss and poor debtor management have left it with an inadequate asset utilization status. The group has not been able to sustain its appropriate leverage position because of mismanaged finances and a range of debtors. The association has suffered operating losses throughout the duration of the study period. On average, there is an annual operational loss of 0.92 percent. The association has demonstrated a very low level of financial performance. He has advocated for maintaining microfinance's political neutrality. If used and managed effectively, microfinance might be the foundation of the country's economic growth. The country would have been moving toward a bright future along the route of microfinance, and it would have been the most efficient way to mobilize the scattered savings of farmers and laborers. By providing their members with more access to resources, including money and information, cooperatives help to eliminate poverty by enabling their members to be more productive (by purchasing seeds, fertilizer, transportation, and storage, for example) and make more money (Chakraborty & Jayamani, 2013).

All things considered, the financial and agricultural sectors are often viewed as incredibly effective organizational structures that help dispersed individuals band together for self-sufficient economic development. Generally speaking, credit

microfinance and multipurpose microfinance are seen as having equally advantageous roles. They enable people to support their own self-employment, whether it is through retail store ownership, farming, or animal keeping, by providing members with access to small loans that the underprivileged would otherwise find difficult or impossible to obtain (Torfi et al., 2011).

An organization that is governed, funded, and operated by its members is known as a microfinance organization. Its primary goal is to safeguard the interests of those with low and moderate incomes by offering fair pricing for goods and services when needed. Similarly, small-scale farmers can participate in cooperative agricultural financing; farmers and other processes can receive fair rates from the corporation for their products; and so on. The International Labor Organization defines microfinance as an association of people, usually with limited resources, who came together voluntarily to form democratically controlled business organizations, share fairly in the risks and rewards of the venture, and contribute fairly to the necessary capital in order to accomplish a shared goal (Wanyama et al., 2008).

The International Labor Organization (ILO) has defined "micro finance in the widest sense means the union and the coordination of the resources and endeavors of each individual in a joint effort to achieve the results sought offer by all." This definition applies to the Company and Company. A microfinance company society is an association of people who have experienced similar financial hardships and who have come together voluntarily on the basis of equal rights and obligations to work toward resolving such challenges. They do this primarily by applying their knowledge in a cooperative microfinance business for their mutual material and ethical advantage, and by taking on an undertaking at their own risk in which they have assigned some or all of their economic functions in accordance with their shared acts.

### **2.2.2 Social Capital and Women Business Performance**

These days, the intangible resources of a business have a major impact on its performance. Intangible resources include social capital, relational capital, structural capital, and human capital. Cheston and Kuhn (2002) defined social capital as a property that develops between people and consists of group and team results in terms

of learning, knowledge sharing, decreased transaction costs and time needs, and decreased redundancy.

Cumming and Groh (2018) revealed that social capital may reduce the chance of opportunism and the cost of observation. As stated by Majurin (2016), social capital consists of networks, trust, norms, reciprocity, and social relationships between individuals, organizations, societies, and business units. Previous studies (Kwon & Arenius, 2010; Manolova, et al., 2007; Carter et al., 2003) have shown that social capital helps entrepreneurs access critical information, resources, and opportunities. Mayoux (2002) studied on women entrepreneurs found that both formal and informal social capital can support their market expansion. Given the various obstacles and challenges women-owned businesses have in trying to manage their finances, acquire funding, and develop effective marketing and advertising campaigns, social capital seems to be essential to their growth. Mushtag (2008) found a positive and direct correlation between business growth and social capital in the form of networks, based on a case study involving 11 female entrepreneurs from the Mid-Atlantic region of the United States. These networks are essential for the success of entrepreneurs since they act as peer mentors and advisors.

Social capital is critical for small and medium-sized enterprises (SMEs) because it enhances knowledge acquisition, transmission, and modification—all of which can promote innovation, according to Daud & Yusoff (2010). Social capital has a positive effect on business performance when it comes to relationships with partners, suppliers, customers, workers, alliances, and allies that help spread knowledge and information, as per their study on 833 SMEs in Malaysia's Klang Valley. In order to attract venture capital finance, "the social legitimacy may be valued over the technological contribution of a deal," as stated by (Steier & Greenwood, 1995). Effective access to financial resources can be facilitated with the use of social capital. While financial capital is widely seen as a crucial element of entrepreneurship, Cetin et al. (2008) suggest that other resources, such social and educational ones, may also exert an influence on the activity. In their study, they separate the concept of social capital into formal and informal components. Formal social capital is defined as formal participation in civic organizations, according to (Schofer & Fourcade-Gourinchas, 2001), whereas informal social capital is defined as the social

connections that a person makes with neighbors, family, friends, coworkers, and other people (Pinchler & Wallace, 2007).

They found that social capital is crucial for immigrant and women entrepreneurs to rely on to overcome challenges including restricted opportunities and difficulty breaking into the labor market. Though they use contacts and connections to establish networks and as a source of social capital (Greve and Salaff, 2003), Yetim (2008) asserts that women benefit more from social networks. As to Yetim's (2008) findings, the networks of female entrepreneurs differ from those of male entrepreneurs due to their construction through somewhat less formal techniques and reliance on intimate relationships and contacts among friends, family, and community members. These connections are essential sources of social capital for female business owners.

### **2.2.3 Definition, Origin and Source of Micro Finance**

Individuals who are unemployed or have low incomes but would not normally have access to financial services may apply for microfinance (MF), also referred to as microcredit (Westover, 2012). The practice of lending credit to the poor, who usually lack assets to mortgage in exchange for a loan, is known as microfinance. Giving the impoverished, especially women, a chance to become independent is the aim of microfinance. Customers can use small company loans in a way that aligns with moral lending norms thanks to Flexible terms for repayment are allowed for customers.

Microfinance is not a new concept; small businesses have existed since Lysander Spooner in the eighteenth century highlighted the advantages of small credit to farmers and entrepreneurs. The Irish Loan Fund system, founded by Jonathan Swift to improve the living conditions of impoverished Irish citizens, is acknowledged as the birthplace of micro lending (Wikipedia, 2018). Microcredit and savings programmers have developed over time in developing countries under a variety of names, including "Susus" in Ghana, "Chit funds" in India, "Tandas" in Mexico, "Arisan" in Indonesia, "Cheetu" in Sri Lanka, "Pasanaka" in Bolivia, and "Tontines" in West Africa (Waita, 2012). Nigerian women have founded several mutual aid and microfinance organizations, such as "Esusu" and "Adashi." However, in the 1970s, Mohammed Yunus of the Bangladeshi Grameen Bank popularized microfinance on a large scale. In 1976, Mohammed Yunus extended loans to rural Bangladeshi women. The women

used the money to launch businesses selling clothing and custom tailoring, and they eventually returned to repay the debts (Shrestha, 2007).

Even though microfinance is used by enterprises worldwide, most of them are located in developing countries. Most microfinance institutions (MFIs) have some connection to lending, and many of them focus exclusively on assisting women. Other providers may provide services other than bank accounts, financial business education, and microinsurance products. The following selection of microloans will be helpful to the female entrepreneur (Sharma, 2007).

**Personal investment:**

For female entrepreneurs, this is their first line of credit and their main source of finance. It means using personal resources or inherited riches to finance the business. It is commonly referred to as "bootstrap finance" because it is primarily used to start a firm from scratch. By using her personal funds, the female entrepreneur shows lenders and investors that she is committed to a long-term business endeavor. Ekpe (2013)

**Disposal of personal property:**

One way the female entrepreneur raises finance is by selling some of her property and investing the proceeds in the business (Cumming and Groh, 2018).

**Money from loved ones:**

This includes money borrowed from friends, family, and spouses. On rare occasions, gifts of money are offered. Usually, the fund is not particularly big. In 2018, Cumming and Groh.

**Micro finance institutions' Loans:**

Female entrepreneurs can apply for minor loans from microfinance banks. They can get smaller loans at first, then bigger ones if she does her part and follows the payback guidelines (Curran and Blackburn, 2001).

**Venture Angels:**

These are the folks with the means to support the modest business endeavors of serious entrepreneurs. In addition to their skills, they could provide the organization

with access to their networks or business relationships. Venture capitalists might be more accommodating to female business owners (Sigdel, 2015).

**Business Accelerators:**

These are the individuals who provide support and accelerate growth to help firms prosper. They regularly look for companies and provide them with the funding and technology they need. They serve as business incubators because they want to see the start-up company advance to the next stage and finally be able to stand alone without the business accelerator's assistance. Acceleration might come in a variety of ways, including cash support, coaching, multimedia aid, sponsorship of ad concepts, support from laboratories, etc. (Sigdel, 2015)

**Empowerment programs:**

These are programs supported by non-governmental organizations or the government that aim to empower young Nigerians who have a passion for business. Government programs are usually organized in collaboration with particular ministries or agencies. Prospective business owners receive a set amount of money after a few training sessions. Effective financial support was given to 2,400 winners of the "YOU WIN" business concept competition. Two further programs targeted at empowering women are the "YES" program of the Bank of Industry and the "Aisha Buhari training for women in income generating activities 2016". NGOs periodically hold empowerment programs that include training in skills and interest-free loans. The woman who owns the business might take advantage of this opportunity, sign up for these programs, and carefully use the money that has been granted to her for her business. For instance, in order to help business owners raise capital, the federal government gave N220 billion to MSMEs through the CBN in 2014. Female businesses received 60% of this funding (Sharma, 2017).

**Monthly Contribution Scheme:**

Participating in a nearby microfinance organization can assist female entrepreneurs in obtaining capital for their enterprises. A rotating scheme offered by many community microfinance organizations allows participants to make weekly or monthly donations of a fixed amount and receive income in turns. They serve as low-interest loan providers as well (Sharma, 2006).

**Trade payables:**

According to Cheston and Khun (2002), borrowing credit and making payments later is another strategy that female entrepreneurs can use to grow their businesses. She is able to negotiate with the supplier to pay in full or in installments. She is motivated to raise the funds required for her business after completing this.

### **2.2.4 Challenges Female Entrepreneurs Encounter in Accessing Credit from Microfinance Banks**

Despite the fact that female entrepreneurs support the Nigerian economy, they encounter many challenges that make it difficult for them to run their businesses successfully.

There is a wealth of evidence demonstrating the contributions made by women to economic progress. Nevertheless, a variety of barriers prevent women from reaching their full economic potential. These consist of prejudice based on laws, customs, culture, and religion, among other factors. Lack of funding is often cited as one of the primary barriers to the growth of women-owned businesses in developing countries.

Obtaining microloans is the largest obstacle facing Nigerian female entrepreneurs. Up until recently, women's significance in society was not given enough thought. As a result, many organizations today underestimate the value of the contributions they make to their families and the economy. When attempting to secure microloans, female entrepreneurs encounter the following challenges:

#### **1. Inability to find a guarantor:**

To proceed with the lending facility, MFIs need a guarantor from the loan applicant. If a guarantor is not given, the loan application is not eligible. Getting a guarantor could be difficult for a lot of female business entrepreneurs. Because they believe the female entrepreneur who is the lender won't be able to repay the loan in full, some people could find it difficult to get guarantors.

**2. Problem of defaulting:**

Weekly repayments are a requirement for clients as part of the MFI's loan recovery procedures. You will no longer be eligible for additional loans if you are unable to repay the loan facility that has been given to you (Subedi, 2006).

**3. Lack of adequate information about micro financing options:**

Many women, especially those who reside in rural regions, are ignorant of the services offered by microfinance institutions (Sharma, 2017).

**4. Ignorance of financial options available:**

Many women, especially those who reside in rural regions, are ignorant of the services offered by microfinance institutions (Sharma, 2017).

**5. Stereotype about women:**

According to Taiwo et al. (2016), women are more likely than men to endure economic downturns and are presumptively poorer than men. Many people think that women are less adept at handling money than men are. These viewpoints are also shared by certain moneylenders and microfinance providers.

**6. Socio-cultural factors:**

The role that women are expected to play in the home and the social standards that are acceptable around them have an impact on women's access to microfinance. While some cultures allow women to engage in specific industries, others prohibit women from working in specific industries. Moreover, not every business is considered qualified for loan advancement by MFIs (Neupane, 2001).

**7. Biased opinion of lending officers:**

Certain MFI loan officers assume that women don't have the experience needed to fulfill the repayment commitments. They consider these clients to be less attractive (Sigdel, 2015).

**8. Illiteracy:**

Many women who run their own businesses have never attended college. These kinds of people may find MFI's policies and processes onerous and onerous-consuming. Additionally, they struggle to comprehend issues related to the availability of money (Sharma, 2007).

**9. Lack of networks:**

Female entrepreneurs will struggle to get microfinance loans if they do not have a network of other borrowers or clients. In MFIs' group methodology system, women are meant to be a part of a group of fellow borrowers so that identification and follow-up can be made easier. The group usually meets once a week to discuss issues pertaining to their financing agreement as well as other business-related subjects. An report on the group members' performance is given to the lending officers by the meeting organizer (Arora and Meenu, 2011).

**10. Limitation on amount of loans advanced:**

Large loan requests from borrowers are usually denied authorization. MFIs typically decide to start a loan advance to a certain individual depending on the company's growth. People are advised to start with a little quantity of money and watch their firm grow before applying for a reasonably significant amount. This could be a significant barrier for a borrower who want to launch her own company (Shrestha, 2007)

**11. Insufficient mentoring programmers:**

Programs promoting female entrepreneurs who may act as mentors or role models for aspiring Nigerian entrepreneurs are hard to come by. Someone who will support SMEs in Nigeria is necessary for female entrepreneurs just starting out in business (Okogba, 2016).

**12. Credit worthy customers:**

Not all clients behave honorably all the time. Repayment of advance loans may occasionally be difficult due to their sporadic use for unrelated purposes. Managers of microfinance banks should identify and assist customers who have a track record of paying back their debts, claims Onochie (2017).

### **13. Loan seekers' knowledge of business:**

Some clients don't know enough about the kind of business they intend to run. The female entrepreneur must have a thorough understanding of the planned business for which the loan is being asked before it can be approved (Shrestha, 2016).

#### **2.2.5 Microfinance and Micro Credit**

Microfinance offers low-income family microbusinesses a wide range of financial services. In addition to non-financial services like capacity building and company development, small savings accounts, short-term loans, micro-insurance, money transfers and remittances, guarantees, and a wide range of financial services are all included (Das, 2014). Low-income consumers are the focus of services like health care, education, opportunities for earning cash, and women's empowerment. It's crucial to stress the value of savings accounts and financial products in microfinance in addition to loans to the poor. It is hard for the impoverished to borrow money unless they learn how to save and handle their money wisely. A range of financial services are necessary for clients, both rich and poor, to expand their enterprises. Small companies, which usually provide revenue for families, can benefit from microfinance (Das, 2014).

More accurately defined, microcredit is a form of lending accessible to low-income individuals; these loans are typically small amounts of money utilized for income-generating projects and microbusinesses (Tiwari, 2020). Most microcredit programs necessitate mandatory savings, which act as collateral for loans that are made. Microlending institutions will use these funds as capital. Both microfinance and microcredit employ group-based delivery techniques to reduce the cost of service delivery through credit and savings (Sigdel, 2015).

#### **2.2.6 Fundamentals of Microfinance**

If society can't defend these basic rights, there's no way to reduce poverty among its citizens. They argue that the myth that lending to the poor is unfeasible due to their inability to provide collateral is false. Because the banks believe that only rich people can provide collateral, they are able to lend money, increasing wealth disparity and impoverishing the poor while also fostering social, political, and economic inequality. Bank loans are available to both the rich and the poor; historically, the impoverished

have obtained loans from the unofficial sector, which they frequently return with high interest rates. Effective microcredit monitoring by microfinance institutions (MFIs) can provide easy loan repayment to the impoverished. Credit is a powerful instrument for promoting social progress and well-being within a community. One can manage more resources if they have more credit, while those who are penniless can use their credit to pursue more lucrative ventures.

Within the impoverished population, there are subgroups such as the poor, the poor, and the impoverished entrepreneurial class. Most microfinance organizations concentrate on lending, saving, and providing amenities to the less fortunate, including destitute workers and underprivileged business owners. The poorest of the poor must receive subsidies, guidance services, skill development, and other necessities. These non-financial services are referred to as Credit plus Services. One important aspect of microfinance is the realistic rate of interest. Three things influence the interest rate:

1. Cost of funds: interest rates paid on loans, dividend costs, depositor rates, etc.
2. The price of loan defaults
3. Costs associated with administration (credit delivery and recovery, savings collection, insurance premium collection, etc.)

### **2.2.7 Channels of Microfinance**

Because of their financial markets' distortion and suppression, most developing countries that blindly follow Western banking systems have contributed to the myth that microfinance is unprofitable. Because of this, small and low-income borrowers cannot access standard banking services. Because of this, when there are no recognized financial institutions to satisfy their financial needs, low-income people turn to unofficial sources of finance. Three general categories can be used to categorize microfinance channels:

- Formal channels
- Semi-formal channels and
- Informal channels

Formal channels are identified by rigorous regulations and supervision. The organizations that function through this channel include government ministries, the

Central Bank, government departments, commercial banks, development banks, rural banks, postal departments, savings banks, finance companies, insurance companies, pension and provident funds, and so forth. Even though some government agencies regularly monitor or keep an eye on the semi-formal channels, they could not be formally under control.

This category includes registered welfare organizations, registered women's societies, registered self-help groups, village banks, registered NGOs, registered MFIs, registered pawn brokers, and registered cooperative societies and unions. The unauthorized channels confirm that there is room for profit in the microfinance sector and show considerable market potential. They have a 100% loan recovery rate, are competitive, and offer loans without collateral. This industry is not governed by any agency laws or registered with any organizations. Professional moneylenders, credit and savings organizations, dealers, landlords, and friends are among them. Lately, some South East Asian, African, and Latin American nations have adopted prepaid debit cards, mobile banking, banking agents, and other cutting-edge microfinance methods.

The procedure of applying for a loan can also be shortened by using new technologies. Due to this, there is a global rise in the use of microfinance channels like branchless banking, electronic banking, digital banking, mobile banking, email banking, short message service (SMS), web-based financial services, ATM debit and credit cards, solar or wind energy, online market plans, and mobile banking.

### **2.2.8 Emergence of Micro finance**

Robert Owen first popularized the idea of microfinance in Great Britain at the beginning of the 1800s (Haijata, 1994). The saving movement was initiated in England in 1844 by a group of twenty-eight manufacturing workers who formed the Rochdale Society of Equitable Pioneers. It grew into the milling, textile, shoe, and flour industries (Majurin, 2016). Teddy Roosevelt's 1908 Country Life Commission suggested microfinance as a means of enhancing economies of scale and strengthening the vertical and horizontal linkages in agriculture production, input supply, and infrastructure development for rural America through the use of this well-defined strategy and a number of government programmers. Microfinance institutions

sprung up all throughout rural America. This is one of the most comprehensive and successful rural development plans the federal government has ever created and approved (NCDP, 2015).

During the Czarist Empire, Russian microfinance first appeared in Russia in the 1860s. The first consumer microfinance firms began operations in 1865, and these were followed by the first microfinance organizations with an agricultural focus, as per a special governmental legal Act. Microfinance was first limited to rural regions, but it eventually expanded and entered the urban business sectors (NCDB, 2016). In 1928, the housing Micro finance society was established in Poland through peasant self-help.

The government had given them the test of dialing up extra land, which is taken from the big state amount of the peasants, because peasant self-help was carried out on Micro finance lines, which were long before considered to be part of the Micro finance movement (Kharel, 2016).

Women's empowerment and economic development are closely related. While growth by itself can considerably lessen gender inequality, women's empowerment may also aid in development. Does this imply that a decent circle would begin if you pressed one of these two levers? The research on both sides of the empowerment-development nexus is examined in this study, which argues that since the relationships between the two groups are probably too weak to sustain themselves, continued policy commitment to equality for its own sake may be required to achieve gender equality (Torfi, Kalantari & Mohammadi, 2011).

Financial opportunity, political empowerment, degree of education gained, overall health and well-being, and economic involvement. According to Sharma (2017), countries that do not make the most of fifty percent of their people are wasting human capital and endangering their chances of being competitive. Through the combination of publicly available data from international organizations, national statistics, and unique poll data from the World Economic Forum's Executive Opinion poll, the report assesses the status of women in a wide range of countries. Women's economic independence and empowerment are mutually exclusive. Gender equality results from

women's economic independence being firmly entrenched in society, which naturally elevates and strengthens them. By employing microfinance, women in low-income households can boost their income, amass assets, and/or shield themselves from external shocks (Subedi, 2006).

### **2.3 Theoretical Review**

By following the UN Women's Empowerment Principles (WEPs), businesses can promote gender equality and women's empowerment while enhancing household well-being and economic welfare. The seven principles encompass a leader's commitment to gender equality, ensuring equitable treatment and the absence of discrimination in the workplace, prioritizing the health and safety of employees, funding women's education and training, endorsing women-owned enterprises and gender-inclusive supply chains, engaging in community initiatives and promoting gender equality, and monitoring and revealing the outcomes of gender equality endeavors (Ali et al, 2020). By adhering to these recommendations, businesses can promote women's economic wellbeing, foster inclusive work environments, and improve the general well-being of households (Chowdhury et al., 2011).

The study uses the following theories as its theoretical frameworks:

#### **2.3.1 Williams Model of Social empowerment**

William created a theoretical foundation for women's empowerment. By altering Kabeer's 2001 data, this model was developed. Three components make to women's empowerment, according to this theoretical framework: accomplishments, agency, and resources. Here, systemic gender norms influence and are influenced by women's economic resources, and the two facets of empowerment interact to shape how women use their agency or power. The use of power affects both demographic outcomes including health, fertility, and death as well as economic resources. Economic resources also have an independent influence on these "achievements". The model is unidirectional.

The things that make it possible for women to achieve liberation are called resources. Women's capacity is viewed as agency, and their success in achieving their life goals

is referred to as ultimate achievement. The ultimate outcome, which is the convergence of these three elements, is women's empowerment.

This idea was beneficially used to women's empowerment and human development in Pakistan (Hina et al., 2015). This model served as a guide for investigating the impact of microfinance on women's empowerment and the growth of their businesses (Khursheed, 2019). Sajeda (2023) employed this tactic to illustrate the relationship between microfinance components and women's empowerment in Chittagong.

### **2.3.2 Feminist Empowerment Theory**

Mayoux (2005) proposed a feminist empowerment hypothesis that links microfinance to women's economic participation. Based on the feminist empowerment paradigm, microfinance services can support women's economic engagement. Insurance, savings, and credit are examples of services associated with microfinance. This notion holds that women's self-sustainability is a direct result of the assistance that microfinance institutions provide. Facility accessibility and credit accomplishment boost women's decision-making authority since they provide them the freedom to decide how and when to repay loans. Investing in microenterprises also results in higher revenue creation and an improvement in social wellbeing (Mayoux, 2005). Microfinance is a method that assists women in establishing free social networks, so enhancing their possibilities in the legal, social, and political spheres and ultimately increasing the percentage of employed women. With the aid of this paradigm, it was feasible to link the purposes of microfinance services to women's self-sustainability and empowerment (Adnan et al., 2019).

### **2.3.3 Status Withdrawal Theory**

This hypothesis states that some groups of people realize they are not appreciated by society. In an attempt to become more respected by others, they resort to entrepreneurship. Consequently, giving up one's standing is necessary before starting a business. We apply this theoretical framework to our understanding of how female borrowers construct their businesses. Thus, improving women's economic status can contribute to their empowerment. Economic well-being is now a crucial part of women's empowerment because of microfinance.

Using small-scale loans from RCDP to boost borrowers' financial and socioeconomic status through entrepreneurship is a successful application of this concept (Khursheed, 2023).

### **2.3.4 Synergistic Elemental theory of social empowerment**

The framework for women's empowerment is composed of three interconnected elements: The process of empowerment involves transforming the ways in which men and women interact within different social groups to establish a connection between empowerment and a broader vision of equity and equality. The dimensions of empowerment encompass economic, social, political, and legal aspects, while also considering the diverse roles and interests that women play. Lastly, interventions are required at various levels, such as individual, household, and community, to address structural issues related to caste, religion, and class. These issues have a cumulative effect on women's status and include institutional discrimination.

### **2.4 Empirical Review**

Vachya (2015) examined a study on Microfinance Impact on Socio-Economic wellbeing: A special Reference to Andhra Pradesh. The primary aims of the research were to examine the role of microfinance and its impact on the economic and social empowerment of women. The study used a multi-stage stratified proportionate random sampling technique to choose representative districts, mandals/talukas, families, and villages. Regression analysis has been used to examine how different socioeconomic factors affect women's empowerment. According to the research, the investigation discovered that there has been a considerable change in the socioeconomic indices. It also became clear that women are increasingly more often involved in household decision-making. The study came to the conclusion that in order to promote women's social wellbeing, the government should implement the necessary laws and programs. The study also came to the conclusion that various policies could be beneficial in enhancing women's economic independence, employment opportunities, and empowerment. These policies could include increasing the frequency of SHG meetings, putting in place a training program for SHGs, raising loan amounts, and ensuring loans are used effectively.

Berntsen (2016) studied on women in agricultural micro finance impact on food security in Kerala, India for women producers. The study's goals were to increase their social capital, boost their confidence and independence, and give them more influence over decisions. The study examined women in agriculture and food security using the survey approach. To facilitate the negotiation of better contract terms, this article gathers data through a survey consisting of sixty questionnaires. According to the study, getting better conditions for agreements, costs, and access to a range of resources and services—like finance, credit, markets where farmers can sell their produce, and other financial services—was important. Additionally, it discovered the prices and availability of a wide range of resources and services, including capital, credit, social services, markets where farmers may sell their produce, and other financial services.

Sami (2017) investigated a study on social empowerment through microfinance in north India. The purpose of the study was to ascertain how women's empowerment in five North Indian regions was impacted by microfinance. The study used basic linear regression as the statistical technique and five-point Likert scale surveys to evaluate the impact of microfinance on women's empowerment. The study finds that in North India, microfinance has a major impact on women's empowerment. The research concluded that women in India face a range of discriminatory practices, such as being denied the right to vote, the capacity to own property, and the freedom to choose their own career path.

Swapna (2017) researched on impact of micro finance on women entrepreneurship. Examining the effects of microfinance and how it contributes to the social empowerment of female entrepreneurs is the study's goal. Regression analysis and the survey method were employed in the study. According to the survey, a number of financial services offered by well-known public and private sector organizations include a variety of programs designed especially to help women launch small and medium-sized enterprises. Most microfinance and financial services have created a suite of related services targeted at reducing poverty and promoting women's agency in society. These studies have shown that investing in women offers nearly all practical and essential means of raising a family and, consequently, the standards of education, cleanliness, health, and hygiene that society expects. Many financial

services offered by well-known public and private sector organizations provide a variety of programs designed especially to help women launch small and medium-sized enterprises.

Ojha (2018) examined on women entrepreneurship development through micro finance. The study aimed to investigate the influence of microfinance on the development of women entrepreneurs and evaluate the part that microfinance played in women's financial empowerment. Regression analysis and the survey question were employed in the study. The study concluded that although microfinance needs to do more to guarantee that women have easy access to its policies and processes, the WSC's role to apparent shifts in women's social wellbeing position cannot be overstated. The WSC women firmly believe that appropriate business counseling and training, along with deposit holding and loan lending, are essential services for the growth of entrepreneurship. The survey discovered that there are no problems with loan repayment at the institutions it examined because every woman is completing her monthly payments on time. The appeal of women in business, especially in grocery shops, has shown changes in the evolution of entrepreneurship. These industries are followed by tailoring, pharmacies, and other sectors. The study also discovered that alternative microfinance will encourage women's entrepreneurship and improve their economic and social status by creating a competitive environment and offering financial support.

Yasha (2019) studied on empowering women through entrepreneurship: purposive credit deployment' and concluded that a quiet revolution is in the making through the entrepreneurial/self-employment/business development loans disbursed by Souhardha Micro finance. The study aimed to determine the monthly savings of female participants and investigate the impact of microfinance on the members' financial situation. The current investigation has been carried out using both descriptive and analytical methods. The main application of the analytical technique has been the examination of the link between income, investment, and other variables. The research subject and objectives of the study were primarily conceptualized using the descriptive approach. This inquiry made use of primary data. The subject of this study was chosen using purposeful sampling. According to the research, 404 female stockholders own more than 500 rupees. A simple random sampling method was used

to choose 101 of the 404 female stockholders as a sample. There are clear indications that Souhardha women Microfinance is promoting economic wellbeing, even on a lesser scale, and there is evidence that this has consequences for social welfare as well. The study came to the conclusion that the program had raised women's standards of life by increasing productivity and generating jobs. The most important and effective foundation program aims to raise the economic standing of rural women. The bulk of the sample's female members are farmers, and this is how most of them support themselves.

Haileslasie (2020) examined the role of micro finance in promoting socio-economic wellbeing of women: evidence from multipurpose Micro finance Societies in South-Eastern Zone of Tigray', in developing countries, among the poor, rural women are the poorest and more vulnerable. The study's goals were to compare and evaluate the four multifunctional microfinance unions' financial results. To do this, the study employed regression analysis and secondary data from the unions' audited financial records for the years 2002–2011 E.C. Primary data were obtained through key informant interviews, which were then reported and incorporated into the secondary data analysis. The majority of the metrics used in the survey indicated that the socioeconomic status of the respondents had improved; yet, obstacles still stand in the way of women actively engaging in their microfinance. The study came to the conclusion that although the comparative analysis revealed both an overall increase and decrease in financial performance, the common size analysis ensured that each union managed a significant amount of financing, of which the total sales and debt covered a larger portion while the capital was cover a small portion. Over the course of the study period, variations in each union's financial statements were identified by the trend analysis.

Okunlola (2020) examined on empowering women through micro finance: empirical evidence from Ibadan, Oyo state, Nigeria. The purpose of the study was to look into the economic well-being, social empowerment, and access to microfinance for women in the Nigerian state of Oyo. Using a significance level of 0.05 percent, the Pearson (r) correlation analysis approach was used to assess the degree of link. The prior inquiry suggested, according to the report, that women are more economically and socially empowered when they have access to microfinance through MFB loans. The

study comes to the conclusion that there is a need to verify the notion that women's empowerment increases with access to microfinance.

Tiwari (2020) studied on small farmer co-operative limited (SFCL) and its effect - a case study of SFCL Begnas, Kaski. The primary objectives of the study were to determine the opportunities, risks, and success factors of the ADB/N-launched SFCL; to evaluate the impact of SFCL on the socioeconomic development of residents in Begnas, Kaski; to identify the primary challenges confronting SFCL in Begnas; and to evaluate the contribution of SFCL to the reduction of poverty. The SFCL model can be advantageous for Microfinance and Finance Company programmers, according to the study's use of regression analysis. According to the study's findings, SFCL's programmers work to elevate people out of poverty by giving them the tools they need to transition from being vulnerable to being well-known business owners and contributing members of society. The following conclusions are clear after a careful examination of all the facts and data that were accessible.

Thapa (2020) conducted on role of micro finance on women entrepreneurship development. The purpose of this study was to investigate member women's saving behaviors, the income sources of thirty-three of the women who completed the survey, member women's loan-taking behaviors, the effect of microfinance on member women's improved economic status, and suggestions for enhancing the financial situations of the most impoverished women. Regression analysis and the survey method were employed in the investigation. It proves that people believe in loans and are prepared to invest them in profitable industries. Those who are surveyed are mostly employed in agriculture. Individuals are judged to have acceptable income and loan investment status, and their earnings are progressively rising with programed help. The study came to the conclusion that, despite the ongoing trend of recovery, microfinance and financing organizations are able to progressively meet the loan payback requirements, even in cases where the total amount of outstanding debt is still below the required level.

Bastida (2021) conducted on motivational drivers to choose worker microfinances as an entrepreneurial alternative: evidence from Spain. With an emphasis on the role of microfinance as gendered organizations, this study sought to shed light on social

entrepreneurship and microfinance, a relatively new academic issue. Two approaches—a theoretical one and a confirmatory one—have been used in this study to examine the importance of particular factors in affecting the choice of the microfinance model. The findings showed that strong public policies are required to support the microfinance model since it promotes more responsive and sustainable economic growth. The investigation carried out on female coworkers in microfinance offered more proof that the previously indicated factors are appropriate motivators.

The study discovered that because Spanish women directly share the principles, beliefs, and working circumstances that support the microfinance model, they use microfinance as an entrepreneurial tool to help close the gender gap. The study came to the conclusion that microfinance fosters women's economic development and is regarded by female colleagues as a helpful tool for reaching gender parity, which is one of the most important Sustainable Development Goals.

Acharya (2022) conducted on impact of microfinance and finance company on social empowerment as an A case study of Sunal - 4, Nawalparashi District. This study looked at how the Microfinance and Finance Company empowers Nepalese women economically, how the program has raised women's status, and how, after joining the organization, Nepalese women participate in family decision-making and social status. Data were gathered using structured questionnaires and in-person interviews. Ultimately, it was found that Micro Finance Ltd.'s financial sustainability and viability are in better form and that Sunal Microfinance and Finance Company Ltd. also helps to improve the socioeconomic status of its members. The investigation's findings demonstrated a strong correlation with those of past studies. Consequently, the final results are consistent with previous findings. The study comes to the conclusion that the clientele of the microfinance and finance organization had not been adversely affected by the microcredit program for women in the research region. Despite their lack of knowledge, they nevertheless send their children to school with the dreams of a bright future.

Senayake (2022) measured an overview of the micro finance sector in Sri Lanka. This study aimed to classify Tea Small Holding Development Society (TSDS) in the Badulla district based on how closely they adhered to the Multifunctional Service Approach and to identify the various activities that they conducted. Data from twenty-

one TSDS were collected using structured interviews; participants were selected through a stratified random sample method. Based on the diversity of the multifunctional service approach's practice, the study indicated that among six clusters, one could be found with almost inactive TSDSs in many of the activities taken into consideration. Five other groups showed varying degrees of participation in different functions based on particular features. The investigation came to the conclusion that overall, the multifunctional service approach performances of the TSDSs did not live up to expectations.

Khursheed (2023) researched on exploring the role of microfinance in women's empowerment and entrepreneurial development: a qualitative study. The study's primary goal was to find out how MFI supports women's empowerment in Pakistan. Focus groups and in-depth interviews with six female Rural Community Development Program borrowers provided core material for the study, which used a qualitative technique (RCDP). The study discovered that the RCDP's programs to assist women-owned businesses and combat poverty through women's empowerment. The study's conclusion not only looks at the empowerment that women are receiving from microfinance, but it also explains to MFIs how crucial microfinance is to promoting economic development.

Table 1

*Summary of Empirical Review*

| Source           | Objectives   | Findings   |
|------------------|--|--|
| Khursheed (2023) | To determine the impact of microfinance in women's empowerment through social and financial standing through empowerment and entrepreneurship, hence bolstering the economic wellbeing | The results show that even small-scale loans from the RCDP have greatly aided women in improving their socioeconomic and financial standing through entrepreneurship, hence bolstering the status withdrawal theory's theoretical underpinnings. |
| Acharya (2022)   | to examine the role of Micro finance in  | The findings show that microfinance greatly improves the socioeconomic   |

|                       |  |   |
|-----------------------|--|---|
|                       | economic wellbeing of<br>Nepalese women  | standing of its participants.   |
| Sanayeke<br>(2022)    | To identify the various<br>activities carried out by<br>TSDS in the Badulla<br>district and classify<br>TSDS based on<br>adherence to the<br>Multifunctional service<br>approach | Based on the variety of the<br>multifunctional service approach's<br>practice, six clusters could be identified,<br>one of which had almost inactive TSDSs<br>in many of the activities taken into<br>consideration.  |
| Bastida<br>(2021)     | To find out the main<br>motivation and<br>constraints for women<br>entrepreneurship .social<br>entrepreneurship and<br>Micro finance   | The findings show a strong correlation<br>between the microfinance model and<br>sustainable economic growth, which is<br>helpful in fostering the expansion of<br>public policies that promote social<br>empowerment.   |
| Haileslasie<br>(2020) | To analyze and compare<br>the financial performance<br>of the four multi-purpose<br>microfinance unions in<br>the studied area of<br>Ethiopia                                    | The comparative research revealed an<br>overall increase and reduction in the<br>financial performance of the examined<br>micro-finance unions. The data showed<br>that total sales and debt covered a larger<br>portion while capital was only covering a<br>tiny portion. Nonetheless, microfinance<br>was found to have a considerable positive<br>influence on enhancing social well-being. |
| Tiwari<br>(2020)      | To explore the role of<br>SFCL (Small Farmer Co-<br>Operative limited ) in the<br>socio-economic<br>development of people in<br>Begnag, Kaski                                    | The SFCL program has had a noteworthy<br>positive influence on saving, mobilizing<br>savings, and enhancing skills, all of which<br>have raised economic growth and human<br>resource development.  |
| Okunlola              | To investigate women's   | The findings indicate a strong correlation  |

|                  |   |   |
|------------------|---|---|
| et al.<br>(2020) | access to microfinance, economic wellbeing, and social empowerment in the Nigerian state of Oyo   | between women's social-economic well-being and their access to microfinance.  |
| Thapa<br>(2020)  | To study the role of microfinance on women entrepreneurship development.  | It is determined that microfinance is a successful strategy for uplifting women's status in society, fostering the growth of microbusinesses, and reducing poverty.   |
| Yasha<br>(2019)  | To find out the monthly saving of women respondents and to analyze the impact of micro finance to improve the economic status of the member women.                | A positive correlation was found between the monthly savings from microfinance and the enhancement of rural women's economic standing and the level of living for women. Positive research also suggests that there is a beneficial effect on social wellbeing. |
| Ojha<br>(2018)   | To examine the impact of microfinances on Women Entrepreneurship Development and to assess the role played by the microfinance's on women's financial empowerment | According to the study's findings, alternative microfinance would encourage women's entrepreneurship and economic and social progress by fostering a competitive environment and offering financial support.  |
| Sami<br>(2017)   | To study the impact of microfinance in social empowerment in 5 North Indian areas   | According to the study, microfinance significantly influences social empowerment in North India.  |
| Swapna<br>(2017) | To examine the impacts of microfinance and how it is helpful towards empowering the female entrepreneurs socially   | Many financial services offered by well-known public and private sector organizations provide a variety of programs designed especially to help women launch small and medium-sized   |

|                                    |  |   |
|------------------------------------|--|---|
|                                    |  | enterprises.  |
| Berntsen<br>(2016)                 | To study the impact of micro-finance in food security of women's in Kerela, India by enhancing social capital, self-esteem, self-reliance, decision making power | Significantly improved contract terms, pricing, and availability of a range of resources and services |
| Vachya<br>and<br>Kamaiah<br>(2015) | To study the impact of microfinance on socio-economic wellbeing in Andhra Pradesh  | The sample group's social empowerment was significantly impacted by the microfinance.                 |

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## 2.5 Research Gap

Jing and Zhang (2017) researched on the field of Micro finance, social and women entrepreneurship. Even with some notable advancements in the growth of women's empowerment, female entrepreneurs continue to face numerous obstacles. Financial difficulties, a lack of market knowledge, inadequate infrastructure and utility supplies, outdated technology, a shortage of experienced and educated labor, convoluted regulatory processes, and SME support centers are a few of these (Parvin et al., 2012). In the area of microfinance and social empowerment, various academics and researchers have come to diverse conclusions and findings. Variables, methodology, data analysis methods, sample, and environment have all varied. Household, economic, and social wellbeing variables have been considered in very few studies.

This research has taken household wellbeing, economic wellbeing, and social wellbeing through microfinance; it is primarily focused on social empowerment and the boundaries of empowerment. But in Barhabise, this research is brand-new. This study validates the current microfinance research. This study demonstrated that women are more likely than men to be involved in business for the purpose of making money, having a higher loan payback rate, and having an interest in it. In addition, it facilitates women's involvement in social concerns and decision-making abilities.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

The research techniques utilized to achieve the study's stated objectives are explained in this chapter. The research design, sampling design, sample size, research tools, data collecting, and data analysis procedures are all part of the research methodology used in this study to examine the role that microfinance plays in social empowerment in Nepal. In addition, it involves creating the questionnaire that participants must complete. Additionally, this chapter describes the methods for assessing the available data as well as the data collection process. Both primary and secondary data collection techniques served as the foundation for this investigation. This chapter focused on the contributions of women who were active during the early days of microfinance as well as those who joined more recently.

#### **3.1 Research Design**

This study's research design combined a casual comparative analysis with descriptive methods. In order to compare and explain the phenomena of women's empowerment and microfinance programs, the method of casual comparative study was used since it is reasonably cost-effective when considering both time and resources. The research employs a quantitative methodology. Additionally, when dealing with factors that are difficult to differentiate and when doing an experimental study is not feasible due to the circumstances, this kind of investigation is appropriate.

#### **3.2 Population and Sample**

The ladies of Nepal's Barhabise Valley comprise the study's population. 200 Barhabise Valley women who actively participate in microfinance make up the sample. A sample size of more than 200 is referred to as substantial, meaning it is adequate to produce meaningful results (Eldred, 1987). Data collection under the quantitative sample procedure involved delivering the questionnaire to the sample in order to employ the convenience sampling technique. In this study, the researcher's convenience in terms of sample and location was taken into account. Generally speaking, a narrower margin of error results from greater sample sizes. 200 samples

can provide a reasonable margin of error, particularly if the population variance is minimal.

### **3.3 Nature and Sources of data**

Primary data were used in this investigation. Primary data were gathered using observation techniques, questionnaires, and household surveys.

### **3.4 Tools and Techniques of Analysis**

The pattern of data that is now available will guide the data analysis. Numerous financial, accounting, and statistical approaches have been employed to meet the study's goal.

### **Descriptive Statistics**

Brief informational coefficients known as descriptive statistics are used to provide an overview of a specific data collection, which may be a sample or a representative of the full population. Measurements of central tendency and measurements of variability (spread) are the two categories into which descriptive statistics fall. The standard deviation, variance, minimum and maximum variables, kurtosis, and skewness are measurements of variability, whereas the mean, median, and mode are measures of central tendency.

### **Mean**

The arithmetic mean is the most often used and well-liked metric for summarizing all of the data in one variable. It is computed by dividing the total number of things by the sum of all the items. The average value during the study period is represented by the means of the various variables.

### **Standard deviation**

The degree to which individual objects vary from a core value is known as dispersion. The absolute dispersion is measured by the standard deviation. The standard deviation increases with the degree of dispersion. A high level of observational regularity and series homogeneity is indicated by minimal standard deviations, and vice versa. The standard deviation for earning per share, dividend payout ratio, market value per

share, retained earnings, dividend yield ratio, and price earnings ratio was calculated in this study.

### **Correlation analysis**

One statistical method for describing how closely one variable is related to another is correlation analysis. The current investigation has employed simple correlation. The correlation coefficient between the ensuing financial variables has been computed, analyzed, and displayed in a matrix format.

### **Coefficient of determination ( $r^2$ )**

A measure of the degree of linear relationship or correlation between two variables—one of which is dependent and the other independent—is called the coefficient of determination. Stated differently,  $r$  is the overall percentage variance in the dependent variables. There are values for the coefficient of determination that range from zero to one. Only when the unexpected variation is zero, or when every data point in the scatterplot falls precisely on the regression line, can a value of one occur.

### **Regression analysis**

Regression analysis indicates movement direction but not relative movement in the variables under investigation. We can determine the relative movement in the variables with the use of regression analysis. Analysis of regression for the given variable.-have been computed and analyzed. In this study, household wellbeing, economic wellbeing, and social wellbeing are regarded as independent factors, while social empowerment is the dependent variable. Multiple coefficient of determination, standard error of estimate, and least squares approaches are typically computed for this purpose in multiple regression analysis.

The multiple regression equation model is:

### **Model I**

This model examines the impact of elements on motivation factors.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots e_t$$

$Y = X_1, X_2, X_3 =$  Household wellbeing, Economic wellbeing, Social wellbeing

$\beta_0 =$  Regression Constant

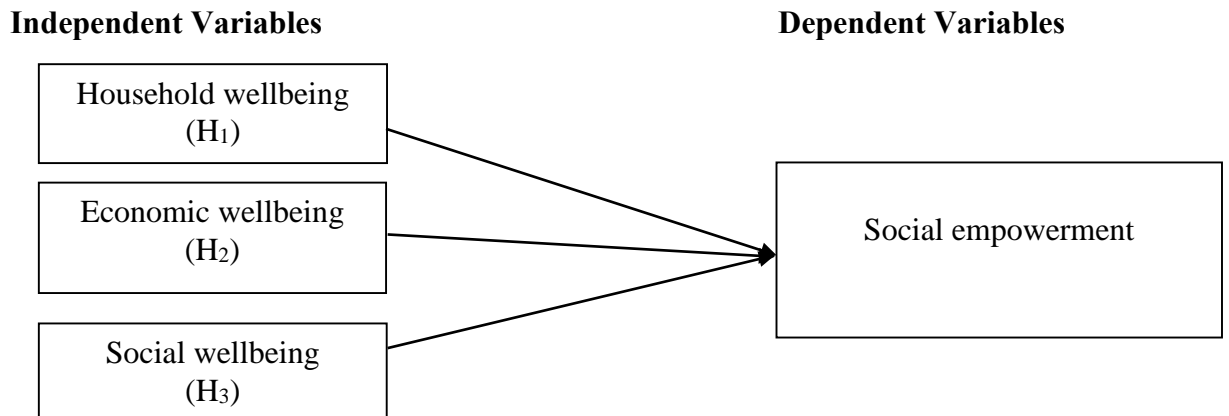
$\beta_1, \beta_2, \beta_3, \beta_4, \dots$  = Regression Coefficient of Household wellbeing, Economic wellbeing, Social wellbeing respectively

$e$  = Error

### 3.5 Research Framework and Definitions of Variables

Figure 1

*Research framework*



Sources: Modified from Khan (2023), Yogi (2020)

#### Definition of Variables

##### Social empowerment

The extent to which social relationships improve an individual's capacity for action and their own capabilities is known as social empowerment. Thus, empowerment forms the basis of the overall social quality effort (Herrmann, 2005). As a dialectical theory of action, the social quality approach makes sense from this point on (Cheston & Kuhn, 2002).

##### Household wellbeing

Since women's social and financial contributions have a significant impact on the family's overall health, there is a strong correlation between women's empowerment and the well-being of a home (Das, 2014). Strong women are more inclined to assume leadership responsibilities in the home, which promotes inclusive decision-making. By gaining more economic clout and supporting their families' financial security through job and educational possibilities, women can raise living standards. Moreover, strong women emphasize their family members' health and give it greater

importance (Kutty, 2003). More equal and supportive interactions occur in the home when women are empowered, creating a caring atmosphere that is good for everyone's mental well-being (Das, 2014). In conclusion, encouraging women's liberation benefits the family's overall well-being.

### **Economic wellbeing**

Women must be empowered if societies are to see improvements in their economic well-being. Women make up a larger portion of the workforce and contribute more to economic growth since they have greater access to professional and educational possibilities. Strong, independent women typically encourage their families' health and education, which has a favorable knock-on impact (Sooriyakumaran, 2016). Women's empowerment also fosters a diversity of viewpoints in the decision-making process, supporting inclusive and creative solutions in both industry and government. Women who are financially independent are in a position to challenge gender norms and push for a more fair allocation of opportunities and resources. In conclusion, women's empowerment is essential for both social fairness and long-term, sustainable economic success (Yasha, 2019).

### **Social wellbeing**

Empowering women is essential to promoting social well-being because it strengthens a society's communal fabric. Stronger women are able to actively participate in decision-making processes and offer a variety of viewpoints and suggestions. This transparency promotes a more equitable allocation of chances and resources while also strengthening the social fabric (Neupane, 2011). Furthermore, powerful women frequently act as catalysts for constructive societal change by supporting issues like economic growth, healthcare, and education. Gaining women's autonomy and independence enhances community relations and lays the groundwork for a society that is both successful and peaceful (Neupane, 2011).

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

This chapter begins with data given in the proper format, followed by analysis and discussion. The goal of the analysis is to provide answers to the research questions. The results are the analysis's output. This chapter attempts to explain the analysis's conclusion and displays the findings. Microfinance-based urban social empowerment is the study's main goal. The purpose of this research is to highlight the role and effectiveness of microfinance in Nepal.

#### **4.1 Results**

##### **4.1.1 Descriptive statistics**

The analysis of the data gathered throughout the study process via questionnaires is covered in this section. The data features have been examined with respect to the lowest and maximum values, mean values, and standard deviation of the following variables: women's empowerment, household wellbeing, economic wellbeing, and social wellbeing.

These values aid in the analysis of the data by the researcher with regard to variables and research questions, as well as frequency and aggregate analysis. The respondents were offered "five point Likert scale" questions for this purpose, which ranged from "strongly disagree = 1" to "strongly agree = 5." There were 200 responses for each question item. The following lists the questions for each determinant along with its descriptive statistic.

### **Descriptive Analysis of Household Wellbeing**

This section the descript analysis of the household wellbeing provided by the microfinance program.

Table 2

#### *Analysis of Household Wellbeing*

| Code | Particular   | Mean  | Std. Dev. |
|------|--|-------|-----------|
| HW   | My nutrition has improved as a result of participating in MFIs.        | 3.153 | 1.363     |
| HW   | The money received from MFIs aids in the purchase of household assets. | 3.347 | 1.323     |
| HW   | My physical health has improved as a result of participating in MFIs.  | 3.281 | 1.336     |
| HW   | MFIs contribute to an improved standard of education for kids.         | 3.152 | 1.279     |
| HW   | I am able to buy household products with freedom.                      | 3.355 | 1.326     |

*(Source: Field Survey 2023)*

Table 2 exhibits the descriptive statistics of an individual item related to the household wellbeing. This table shows the respondents perception regarding the use of household wellbeing. The statement household wellbeing helps to generate income generating activities which in turn helps in the acquisition of nutrition have a mean score of 3.153 and standard deviation 1.363 which explains the respondents were less than the average with the statement. The money received from MFIs aids in the purchase of household assets mean score of 3.347 and standard deviation 1.323 where the opinion suggested that they agreed with it.

The improvement of health after involved MFIs score of mean 3.281 and standard deviation 1.336. MFIs helps to improve the standard of education with score of mean 3.152 and standard deviation 1.279 and freedom to purchase household good score of mean 3.355 and standard deviation 1.326. The client of the microfinance institution were more than the average as to whether household wellbeing being provided helps in the overall impact of women empowerment.

### **Descriptive Analysis of Economic wellbeing**

The descriptive analysis of respondent's perception regarding the improvement of economic on the women life style is presented in the table 6.

Table 3

*Analysis of Economic wellbeing*

| Code | Particular  | Mean  | Std. Dev. |
|------|---|-------|-----------|
| EW   | My income has increased under my direct control.                              | 3.090 | 1.351     |
| EW   | Enhancing the economy is facilitated by savings in microfinance institutions. | 3.322 | 1.326     |
| EW   | I can now participate in decision-making on a more advanced level.            | 3.282 | 1.355     |
| EW   | I feel more economically powerful now that I'm part of MFIs.                  | 3.157 | 1.287     |
| EW   | MFIs enable me to start a business.   | 3.285 | 1.367     |

(Source: Field Survey 2023)

Table 3 exhibits the descriptive statistics of an individual item related to the economic empower of women. This table shows the perception of the women clients taken under study regarding the use of economic wellbeing. The growth of income under women control, enhance the economy improved decision power, women economically empower, living standard and start up business and these research question have also above the mean value i.e. 3.090, 3.322, 3.282, 3.157 and 3.285. Thus the mean value is in agree response and the standard deviation are 1.351, 1.326, 1.355, 1.287 and 1.367 respectively which is less variability.

**Descriptive Analysis of Social Wellbeing**

The descript analysis of respondents view regarding the empowerment term of social wellbeing is presented in the following table.

Table 4

*Analysis of Social Wellbeing*

| Code | Particular   | Mean | Std. Dev. |
|------|--|------|-----------|
| SW   | I'm free to go to MFIs and political programs.                   | 3.22 | 1.327     |
| SW   | I took part in events promoting social development.              | 3.60 | 1.341     |
| SW   | I am allowed to move wherever to participate in social programs. | 3.47 | 1.416     |
| SW   | I got freedom to visit social organization for my career.        | 3.17 | 1.223     |
| SW   | I had the chance to participate in societal decision-making.     | 3.17 | 1.541     |

(Source: Field Survey 2023)

Table 4 exhibits the descriptive statistics of an individual item related to the social wellbeing of women. This table shows the respondent's perception regarding the use

of MF. The statement relating to the social wellbeing received from the microfinance institutions has been helpful in social activities have got freedom to attending political program have a mean score of 3.22 and standard deviation 1.327 which states the tendency of agreeing with the statement.

Respondents promoting social development and participated in social activities have a mean score of 3.60 and 3.47 with standard deviation 1.341 and 1.416. Clients of MFIs of women have freedom to visit the social organization for career have mean score of 3.17 and standard deviation 1.223. The statement of involvement in decision making in social activities have mean score 3.17 with standard deviation 1.541.

### **Descriptive Analysis of Social Empowerment**

The descript analysis of respondents view regarding the empowerment term of women empowerment is presented in the following table.

Table 5

#### *Analysis of Social Empowerment*

| Code | Particular   | Mean | Std. Dev. |
|------|--|------|-----------|
| SE   | After being active in MFIs, I am able to improve in terms of basic comforts and services.  | 3.18 | 1.349     |
| SE   | I may now buy necessities after participating in MFIs.   | 3.35 | 1.321     |
| SE   | Family members consider my advice before making a financial choice.  | 3.28 | 1.352     |
| SE   | Money is not an obstacle for me to spend on strengthening myself.  | 3.17 | 1.286     |
| SE   | The process of using different materials and technology in the business is made easier with the help of MFI's training programs. | 3.32 | 1.359     |

*(Source: Field Survey 2023)*

Table 5 exhibits the descriptive statistics of an individual item related to the women empowerment through microfinance. This table shows the respondent's perception regarding the use of MF. The statement relating to the women empowerment on their personal status received from the microfinance institutions has been helpful to improve in basic comforts and services have mean score of 3.18 and standard deviation 1.349 which states the tendency of agreeing with the statement. Respondents participated may able to purchases of necessities have a mean score of 3.35 with standard deviation 1.321. Family member of women take financial suggestion before taking financial choice have mean score of 3.28 and standard

deviation 1.352. Women can individually spend money have mean of score of 3.17 and standard deviation 1.286. The statement of training provided by MFIs helps in process regarding the use of different materials and technology in the business have mean score of 3.32 with standard deviation 1.359.

#### **4.1.2 Correlation Analysis**

To determine the degree of correlation between two or more variables and the amount to which the variables under research are associated with one another, Pearson's correlation analysis has been performed. When there is a positive correlation, the relationship is positive in direction, with one increasing in response to the other's increase. In the meantime, an inverse relationship—that is, an increase in one variable when a drop in another—is revealed by a negative correlation. This also takes care of additional technical problems that could arise while estimating a multiple regression model. Separate correlation analyses have been performed for the independent and dependent variables.

#### **Correlation Coefficient for Social empowerment**

This section contains the results of the correlation study between social empowerment and the independent variables of household wellbeing, economic wellbeing, and social wellbeing. The table's correlation analysis result demonstrates that there is a positive relationship between the dependent and independent variables in the data.

The social empowerment Pearson correlation coefficient and the independent variables under investigation, as well as the correlation between them, are displayed in the table. In order to aid in regression analysis, it compares the sign with the previous expectation. The household, economic, and social well-being that the microfinance organizations provide serve as the study's proxy for the independent variable.

Table 6

*Correlation Analysis of dependent and independent variables*

|                     | Variables | SE     | HW     | EE     | SW |
|---------------------|-----------|--------|--------|--------|----|
| Social Empowerment  |           | 1      |        |        |    |
| Household Wellbeing |           | .872** | 1      |        |    |
| Economic Wellbeing  |           | .380** | .650** | 1      |    |
| Social Wellbeing    |           | .248** | .520** | .627** | 1  |

Note: SE = Social empowerment, HW= Household Wellbeing, EW = Economic Wellbeing, SW = Social Wellbeing

(Source: Output of SPSS 23)

Correlation analysis is run to test whether there exists relation between two constructs. It shows the relative change in one variable to another variable. Correlation shows the degree and direction of relation. The relation may be weak, moderate and strong with positive or negative direction (Levin & Fox, 2006). Correlation analysis is done in Table 9. The value of correlation coefficient (r) lies between '-1' to '+1'. Levin and Fox (2006) reports when value of 'r' lies below 0.3, it is said weak correlation. When the value of 'r' lies between 0.30 –0.60, it is called moderate correlation (Levin & Fox 2006). When value of 'r' is greater than 0.6, it is called strong correlation (Levin & Fox, 2006)

From Table 6, it is depicted that the relationship between economic and household are 0.650 showing high degree of positive correlation and the relationship is significant. Similarly, the relationship between social wellbeing with economic is 0.627 showing high degree of positive correlation and the relationship is significant at 0.01 level of significance. Likewise, social empowerment and household is showing high degree of positive correlation and significant with 0.872 coefficient. Women empowerment and economic showing high degree of positive correlation and significant relationship with 0.380 coefficient at 0.01 level of significance. Also, women empowerment and social wellbeing showing high degree of positive correlation with significant relation with 0.248.

#### **4.1.3 Regression Analysis**

Regression analysis identifies the independent variables that contribute to result variability, the extent to which independent variables account for dependent variable

variability, and the variables that are important (relative to other variables) in explaining dependent variable variability. Utilizing linear regression, the influence of independent factors was investigated. To determine the impact of predictors on the dependent variable, regression analysis was used. F and t-values for linear regression were computed and displayed.

Table 7

*Variables Entered / Removed*

| Model | Variables Entered | Variables Removed | Method |
|-------|-------------------|-------------------|--------|
| 1     | SW, HW, EW        | .                 | Enter  |

a. Dependent Variable: Social empowerment

b. All requested variables entered.

Note: HW= Household Wellbeing, EW = Economic Wellbeing, SW = Social Wellbeing

Table 8

*Model Summary*

| Model | R     | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1     | .736a | .541     | .534              | .46616                     |

a. Predictors: (Constant), Household wellbeing, Economic Wellbeing, Social wellbeing.

Model summary indicates that the R- square also known as coefficient of determination which can help in explaining variance. The coefficient of determination  $R^2$  values obtained in model summary is 0.541 which shows 54.10% of change is explained by Independent variables i.e. Household wellbeing, Economic wellbeing, Social wellbeing in dependent variables i.e. Social empowerment.

It shows the total variance or combined effect of all independent variables on the dependent variables. Model summary also indicates the standard error of the estimate of 0.46616 which shows the variability of the observed value of social empowerment from regression line is 0.46616.

Table 9

*ANOVA Analysis*

|   | Model      | Sum of Squares | df  | Mean Square | F      | Sig.  |
|---|------------|----------------|-----|-------------|--------|-------|
| 1 | Regression | 100.723        | 3   | 16.787      | 77.251 | .000b |
|   | Residual   | 85.402         | 196 | .217        |        |       |
|   | Total      | 186.124        | 199 |             |        |       |

a. Dependent Variable: Social empowerment

b. Predictors: (Constant), Household wellbeing, Economic wellbeing, Social wellbeing.

(Source: Output of SPSS 23)

Table 9 shows the ANOVA table to show the impact of independent variables on dependent variables. The F-value is 77.251 which is high and the p-value is 0.000 lesser than 5% level of significance which shows that the independent variables Household wellbeing, Economic wellbeing, Social wellbeing has significant impact on dependent variables i.e. Social empowerment.

Table 10

*Regression Coefficients*

|   | Model               | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|---|---------------------|-----------------------------|------------|---------------------------|-------|------|
|   |                     | B                           | Std. Error | Beta                      |       |      |
| 1 | (Constant)          | .335                        | .203       |                           | 1.644 | .101 |
|   | Household Wellbeing | .137                        | .051       | .103                      | 2.666 | .008 |
|   | Economic Wellbeing  | .485                        | .049       | .442                      | 9.912 | .000 |
|   | Social Wellbeing    | .287                        | .038       | .318                      | 7.632 | .000 |

a. Dependent Variable: SE= Social empowerment

(Source: Output of SPSS 23)

**Regression analysis output: coefficient**

The estimated linear equation of this model is,

$$\hat{Y} (SE) = 0.511 + 0.360HW + 0.283EW + 0.287SW$$

In the regression analysis, the beta coefficients are used to explain the relative importance of the independent variables in contribution to the variance in dependent variable. The constant term has greater than 0.05 indicating insignificant impact on social empowerment. The results presented in Table 14, the beta values of significant coefficients household wellbeing, economic wellbeing and social wellbeing are respectively 0.137, 0.485 and 0.287 which shows one unit increment in household

wellbeing, economic wellbeing and social wellbeing leads to increase of 0.137, 0.485 and 0.287 unit in social empowerment.

#### 4.1.4 Hypothesis Testing

Table 11

*Results of Hypotheses Testing*

| Hypotheses   | Sig. Level | Relationship         | Accepted/<br>Not Accepted |
|--|------------|----------------------|---------------------------|
| H <sub>1</sub> : Household Wellbeing has a significant impact on Social empowerment. | 0.008<0.05 | Significant/Positive | Accepted                  |
| H <sub>2</sub> : Economic wellbeing has a significant impact on Social empowerment.  | 0.000<0.05 | Significant/Positive | Accepted                  |
| H <sub>A3</sub> : Social wellbeing has a significant impact on Social empowerment.   | 0.000<0.05 | Significant/Positive | Accepted                  |

#### Hypothesis 1

**H<sub>1</sub>**: Social empowerment is significantly impacted by household well-being. At the 5% level of significance, the hypothesis H1 is accepted since the null hypothesis is rejected and the P value is less than alpha, or 0.008 <0.05. As a result, social empowerment and household well-being are significantly correlated.

#### Hypothesis 2

**H<sub>2</sub>**: Social empowerment is significantly impacted by economic well-being. Because the null hypothesis is rejected and the P value is less than alpha, or 0.000 <0.05, the stated hypothesis, H1, is accepted at the 5% level of significance. Consequently, there is a strong correlation between social empowerment and economic well-being.

#### Hypothesis 3

**H<sub>3</sub>**: Social empowerment is strongly influenced by social welfare. At the 5% level of significance, the hypothesis H3 is accepted since the null

hypothesis is rejected and the P value is less than alpha, or  $0.000 < 0.05$ . As a result, social empowerment and social wellbeing are significantly correlated.

#### **4.1.5 Major Findings**

The purpose of the study was to examine the state of social empowerment and microfinance in Nepal. An analysis is conducted on the correlation between social empowerment and microfinance parameters. A sample size of 200 respondents was used in the research, which represented the size of the population. Descriptive analysis and hypothesis testing served as the foundation for the study. The study's variable, which took into account the demographic profile, concentrated on key demographic elements like age, marital status, and education level.

According to the age distribution of the respondents, 32% of them are between the ages of 31 and 40. The age group of 20 to 30 years old accounts for 18.50 percent of all respondents, while the age group of 41 to 50 years old makes up 20.5 percent of all respondents. In addition, the age group Over 50 accounts for the smallest portion of responders (19%). Lastly, the age category "Below 20 years" includes the smallest percentage of responders, or 10%.

Similarly, with 67 respondents, or 33.25 percent of the total, the bulk of respondents fall into the SLC level category based on their academic background. In a similar vein, 63 respondents, or 31.75 percent, fit the description of having a bachelor's degree. Of the respondents, 48 (or 24.25 percent) are at the Intermediate/+2 Level. Finally, 22 respondents, or 10.75 percent of the total, reported having a master's degree or more. According to the respondents' marital status, half of them were married and the other third were single. Ten percent were divorced. widows making up the lowest five percent.

The association between household and economic is shown to be 0.650, indicating a high degree of positive correlation and significance. In a similar vein, there is a strong positive connection (0.627) between social wellbeing and economic well-being, and this link is significant at the 0.01 significance level. Likewise, there is a strong positive link (0.872 coefficient) between social empowerment and the household. Social wellbeing exhibits a strong positive association with a 0.380 coefficient at the

0.01 significance level, indicating a substantial relationship. Additionally, social wellbeing and social empowerment have a strong positive association ( $p = 0.248$ ) with a substantial relationship.

R Square is 0.541, meaning that independent variables (household wellbeing, economic wellbeing, and social wellbeing) account for 54.10% of the variation in social empowerment. The standard error of the estimate, which is 0.46616 in the model summary, demonstrates the range of the observed value of social empowerment from the regression line.

The p-value for the ANOVA is 0.000, which is the same as alpha. Aside from that, at 77.251, the F-statistic is considerable. As a result, the model accurately captures the relationship between the predictor and dependent variables. Therefore, social empowerment is greatly impacted by the independent variables (household wellbeing, economic wellbeing, and social wellbeing).

## **4.2 Discussion**

One of the main objectives of the study was to investigate the relationship between social empowerment, economic wellbeing, home wellbeing, and social wellbeing. This is being done in light of the results of the analysis carried out in the part before it, which examined the empowerment of women through microfinance, as well as the earlier studies carried out in this area.

Household well-being has a significant impact on social empowerment. This outcome is consistent with the findings of Khursheed (2023). Acharya (2022) revealed that microfinance considerably increases the overall status of social welfare as well as household wellbeing. The microfinance program, according to the respondents, improved their children's educational levels, their buying power, and their health.

William's theoretical framework for social empowerment lends support to the current investigation. With some revisions, this model is based on the insights presented by Kabeer (1999). This theoretical paradigm divides social empowerment into three components: resources, accomplishments, and agency. As a result, in addition to considering activities and resources as input, our framework also considered

achievement as the outcome of combining agency and resources, where household wellbeing, economic wellbeing, and social wellbeing are the three categories of outcomes. Agency is defined as the use of power in the presence of resources.

Economic well-being has a significant impact on women's empowerment since it increases women's freedom, opportunity, and social influence. When women have access to economic resources including employment, financial services, and business prospects, they can make independent decisions about their lives, including their healthcare, education, and participation in community affairs. Furthermore, women who are economically well-off have greater influence in their homes and communities, which leads to a more equitable distribution of resources and decision-making authority (Holvot, 2005). In addition, financially independent women are better able to challenge gender stereotypes and expectations, promoting gender equality and social change. When women start to take part in the microfinance program, their mobility improves and they become more confident to leave the house by themselves. After engaging in the microfinance program, women now have greater sway over decisions made inside the family. It is corroborated by a study conducted by Holvot (2005).

According to this study, women who participate in microfinance programs have more financial security. According to current studies, women's decision-making on home finances is also supported by improved financial standing. Women who participate in the microfinance program can increase their legal knowledge, which will make them more economically powerful and able to launch their own enterprises.

This result is comparable to the conclusions reached by (Khursheed, 2023, Acharya, 2022, Tiwari 2020, Okunlola et al., 2020). Their research indicates that women who take part in microfinance programs have better financial circumstances. This study shows that microcredit programs in the SFCL model have increased saving, mobilized funds, and enhanced skills, all of which have boosted economic growth and the development of human resources. According to Ojha (2018), by creating a competitive environment and offering financial support, microfinance will increase women's entrepreneurship and improve their economic and social position.

Social welfare has a major role in women's empowerment by enabling them to participate fully in public, political, and social life. When women have equal opportunities to advocate for their rights, participate in decision-making processes, and build institutions and policies, societies are more inclusive and democratic (Ojha, 2018). To attain socio-political empowerment, barriers to women's participation in society must be removed, and structural imbalances in areas such as employment, education, and representation in leadership roles must be addressed. By involving women in community development, governance, and policy-making, societies may take advantage of their distinct perspectives and skills to solve pressing problems and promote sustainable development. (Acharya 2022). According to our research, a microfinance variable called social-political empowerment had a beneficial impact on the respondents' financial well-being.

This conclusion is supported by Vachya and Kamaiah's (2015) findings. Vachya & Kamaiah assert that the microfinance had a major influence on the social empowerment of the sample group. Women can share thoughts and information about their legal rights in a forum provided by microcredit, which helps them understand a wider range of legal issues. Participating in the microfinance program improves mobility. This result is in line with previous research findings by Swapna (2017).

# **CHAPTER V**

## **SUMMARY AND CONCLUSION**

The debate, findings, and consequences of the research project are covered in this last chapter. This chapter presents the information and conclusions from the study of primary data.

### **5.1 Summary**

Empowerment is the process of being stronger and more confident, especially when it comes to taking control of one's life and standing up for one's rights. When women are able to make informed decisions about their social life and gain influence in the political, social, and economic spheres, they are seen as empowered. Thus, the focus of this study is on the empowerment of women through economic, political, and social empowerment as well as household well-being.

The study aims to provide a detailed description of the state of microfinance and social empowerment in Nepal by examining the relationship between microfinance factors (household wellbeing, economic wellbeing, and social wellbeing) and social empowerment as well as the impact of microfinance factors on social empowerment.

For the study, primary data collection was employed. Data were gathered using a self-administered questionnaire that was adapted from Khan, 2023; Yogi, 2020 for the independent components and dependent variable. The questionnaire was completed by 200 respondents with a variety of ages, marital statuses, and educational levels. To collect responses, an actual field visit was undertaken and questionnaires were distributed. After that, the information obtained from the written surveys and interviews was totaled. Younger respondents fell into the lowest age category of 20, with the majority of respondents being between the ages of 31 and 40. Out of the 200 respondents, around 60% were married. Similarly, 33.25% of respondents, or the largest number, had the highest level of education, followed by 31.34% and 5% of respondents with bachelor's degrees, respectively, have taken out loans more than four times, according to this study.

The results of the study suggest that microfinance program participants have profited from them. The bulk of respondents engage in a range of revenue-generating activities as a result of microfinance organizations. Their participation in microfinance programs has led to a large rise in their income and savings, which has enabled them to play a crucial role in supporting their family. Microfinance has led to a decline in women's reliance of illegitimate financial sources. The microfinance initiative has made it possible for the responders to eat better. Because of the financial assistance they received from the microfinance, the respondents have been able to help with the purchasing of household assets. Likewise, it was found that microfinance had improved the participants' physical health. They are now independent enough to buy household products as well.

First, the study demonstrated that having access to microfinance has been extremely beneficial to the microfinance program. The results demonstrate that microcredit plays a significant role in improving women's physical and nutritional well-being as well as their ability to purchase household products. These outcomes agreed with those of Rahman (2015) and Kabeer (2003). As a result, women's empowerment eventually benefits from the health of the home.

Second, the study showed that having access to microfinance has improved women's economic status. According to this study, women who participate in microfinance programs have more financial security. The income of respondents is directly influenced by them. The respondents' greater savings in microfinance firms have improved their financial situation. The results of this study also show that women's improved financial circumstances support their decision-making about household finances. Women who participate in the microfinance program can increase their legal knowledge, which will make them more economically powerful and able to launch their own enterprises. This finding and the conclusions reached by Khursheed (2023), Acharya (2022), Tiwari (2020), and Okunlola et al. (2020) are similar.

Their research indicates that women who take part in microfinance programs have better financial circumstances.

Thirdly, microfinance encourages societal and political advancement. It was shown that the beneficiaries are more willing to participate in social programs and have better confidence when visiting MFIs, political events, and activities pertaining to social development. Participation in social and collective activities has increased, and decision-making in society has improved. This finding is supported by Vachya & Kamaiah (2015). Vachya & Kamaiah assert that the microfinance had a major influence on the social empowerment of the sample group.

Malhotra (2002) states that while evaluating women's decision-making capacity, factors such as money, resources, allocation, expenditure, social and home problems, and child-related matters are usually taken into account. In this way, microfinance programs have considerably contributed to women's empowerment. The finding that microcredit significantly influences women's capacity for making decisions in the household is consistent with study by Kabeer (2003).

Empowerment is the process of being stronger and more confident, especially when it comes to taking control of one's life and standing up for one's rights. When women are able to make informed decisions about their social life and gain influence in the political, social, and economic spheres, they are seen as empowered. Thus, the goal of this study is to empower women through improving their domestic, political, and economic standing.

The majority of respondents reported a considerable improvement in their social, economic, and political empowerment after participating in microfinance programs. Microfinance programs have helped women become “more creative, intelligent, innovative, proactive, inclined toward planning, and better organized,” to put it briefly. Their ability to make decisions and take charge of their own life increases along with their self-confidence.

Women's development is correlated with long-term societal trends that lead to the growth of women's social and material wealth. The measure of women's relative development must take into account the relative increase in material well-being as well as the changes in the social, political, legal, educational, and cultural institutions of women's society. The results of the study demonstrate that women who actively

engaged in microcredit programs had better access to necessities such as comforts and services. Women can now make economic contributions thanks to MFIs; they can now establish new businesses without worrying about money, buy household items, and have equal say in home matters. Therefore, it is acknowledged that factors related to microfinance have a favorable and noteworthy effect on the empowerment of women.

## **5.2 Conclusion**

This study has brought up concerns regarding social empowerment and programs that assist women. The MF program's services are designed to increase social empowerment and elevate individuals from a position of vulnerability to that of a renowned entrepreneur and self-sufficient member of society. Following a thorough analysis of all available facts and information, the following conclusions are evident. Certain inferences regarding the program's implementation in the Barhabise study area can be drawn.

The study's primary goal is to provide an overview of Nepal's social empowerment and microfinance environments. The process of social empowerment entails making decisions about finances, households, and how positively others see them. Women's and their families' health-related sectors have grown, as have awareness of health, nutrition, and meal consumption. Positive changes have also occurred in their family's education system, including children being sent to better schools and higher educational costs. Their personal and corporate income development has likewise raised the amount of money, and rising expenses have been covered by it as well. Women lack their own land, yet they are eager to buy supplies for physical structures.

Examining the connection between social empowerment and microfinance variables (household, economic, and social wellbeing) is the study's second goal. According to the study, there is a strong and high degree of positive correlation between household and economic factors, with a correlation coefficient of 0.650. In a similar vein, there is a strong positive connection (0.627) between social wellbeing and economic wellbeing, and this link is significant at the 0.01 significance level. Likewise, there is a strong positive link (0.872 coefficient) between social empowerment and the household. Economic empowerment and the degree of positive connection are highly

significant, with a 0.380 coefficient at the 0.01 significance level. Additionally, social wellness and women's empowerment have a strong positive link and a significant relationship with 0.248.

Examining the relationship between social empowerment and microfinance factors—household, economic, and social wellbeing—is the third goal of the research. Additionally, it was discovered that microfinance initiatives have given women more social, political, and economic clout. It displays the aggregate effect of all independent factors on the dependent variables, or the total variance. The standard error of the estimate, which is 0.46616 in the model summary, demonstrates the range of the observed value of social empowerment from the regression line. Social empowerment is significantly impacted by household, economic, and social wellness. Every finding demonstrates the beneficial impact of MFPs on the empowerment of women recipients in the research region. By giving them financial help, women in Barhabise can greatly increase the activities that generate cash for them. The study's overall finding is that social empowerment is acceptable both on a family and a societal level. According to the regression analysis, social, economic, and household wellbeing all have a positive statistically significant impact on social empowerment.

### **5.3 Implication**

The microfinance organization may find this information helpful in forming their future plans for women's empowerment. The following are the study's implications:

#### **General Implications**

The important components of social empowerment in Nepal have been determined by this study. Taking those considerations into consideration, the government of Nepal can develop policies for social empowerment. The study has significant ramifications for female microfinance institution founders. This study may serve as a guide for local government entities in developing strategies and policies related to poverty reduction and social empowerment. For NGOs working in the women's field, this study could be helpful in providing an overview of women's economic power and in helping to form their plans and policies. The banks and other financial institutions may find this study useful as a guide to understanding the state of investments and income ratios at

the moment. The NRB's D class classification of the microfinance development bank will benefit from this study as it pertains to their growth and development.

### **Future Research Implications**

This study can be used as a baseline to determine the extent to which MFIs have been able to empower women in other regions of the nation. The results of these studies should be compared with those of this study in order to determine the relationship between microfinance intervention and empowerment of women entrepreneurs using various microfinance interventions. Thus far, the study has only examined the economic and social dimensions of social empowerment; however, there are many other aspects of social empowerment, such as health, political, and psychological, which could be measured and that could be explored by future researchers.

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## Appendix (Questionnaire)

Dear respondent,

This is a questionnaire that intended to assess the effect of microfinance programs on social and economic empowerment. The information you provide is used only for academic purposes and shall be kept strictly confidential. Therefore, you are kindly requested to give accurate information. Thank You for your cooperation

Name of member (Optional): .....

Name of Microfinance (Optional) .....

Time period involve in Microfinance.....

### Section A

#### Personal information.

##### Age group

- a. Below 20
- b. 20-30
- c. 31-40
- d. 41-50
- e. Above 50

##### Marital status

- a. Married
- b. Unmarried
- c. Widow
- d. Divorce

##### Educational Status

- a. Under SLC
- b. +2
- c. Bachelor
- d. Masters and above

## Section B

Please complete the following questionnaires on a scale of 1 to 5.

**1-Strongly Disagree**

**2-Disagree**

**3-Neutral**

**4-Agree**

**5-Strongly Agree**

### Household Wellbeing

|     | Particular   | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| HW1 | My nutrition has improved as a result of participating in MFIs.        |   |   |   |   |   |
| HW2 | The money received from MFIs aids in the purchase of household assets. |   |   |   |   |   |
| HW3 | My physical health has improved as a result of participating in MFIs.  |   |   |   |   |   |
| HW4 | MFIs contribute to an improved standard of education for kids.         |   |   |   |   |   |
| HW5 | I am able to buy household products with freedom.                      |   |   |   |   |   |

### Economic Wellbeing

|     | Particular  | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| EW1 | My income has increased under my direct control.                              |   |   |   |   |   |
| EW2 | Enhancing the economy is facilitated by savings in microfinance institutions. |   |   |   |   |   |
| EW3 | I can now participate in decision-making on a more advanced level.            |   |   |   |   |   |
| EW4 | I feel more economically powerful now that I'm part of MFIs.                  |   |   |   |   |   |
| EW5 | MFIs enable me to start a business.   |   |   |   |   |   |

### **Social Wellbeing**

|     | Particular   | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| SW1 | After being active in MFIs, I am able to improve in terms of basic comforts and services.  |   |   |   |   |   |
| SW2 | I may now buy necessities after participating in MFIs.   |   |   |   |   |   |
| SW3 | Family members consider my advice before making a financial choice.  |   |   |   |   |   |
| SW4 | Money is not an obstacle for me to spend on strengthening myself.  |   |   |   |   |   |
| SW5 | The process of using different materials and technology in the business is made easier with the help of MFI's training programs. |   |   |   |   |   |

### **Social Empowerment**

|     | Particular   | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| SE1 | I'm free to go to MFIs and political programs.                   |   |   |   |   |   |
| SE2 | I took part in events promoting social development.              |   |   |   |   |   |
| SE3 | I am allowed to move wherever to participate in social programs. |   |   |   |   |   |
| SE4 | I got freedom to visit social organization for my career.        |   |   |   |   |   |
| SE5 | I had the chance to participate in societal decision-making.     |   |   |   |   |   |

**I appreciate your considerate reply. Thank you so much for your thoughtful response.**

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**ABSTRACT** Women's empowerment is one of the most crucial issues facing emerging nations. Women make up a large portion of society, yet their standing and involvement in political, social, and economic decision-making are relatively low. Through its participation in economic activities, microfinance plays a significant role in enhancing women's decision-making. Microfinance is a potent instrument for empowering the impoverished globally, particularly women. Women's empowerment is microfinance's primary goal. Women's empowerment is gauged by their employment status, income level, savings, amount of land owned, education, and decisions on food and clothing expenses, children's education, agriculture, and saving money. This study's primary data came from a self-made questionnaire given to Barhaise, Sindhupalchok District women. Statistical tools such as the mean, standard deviation, correlation analysis, and regression analysis are used to analyze data. The opinions of respondents have been gathered and their behavior has been studied using a descriptive study design. This study looks into the well-being of households, women's economic, social, and political empowerment, and their ability to make decisions after participating in microfinance programs. All variables exhibit favorable impacts, according to the results. The study also showed that women who invest in

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