

## Impact of Microfinance on the Empowerment of Women Entrepreneurs in Rupandehi District, Nepal

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### Abstract

**Background:** Driven by the growing concerns about women empowerment and their entrepreneurship development, government has put in place various microfinance programmes and policies providing increased access to financial services, mainly credit facilities.

**Objectives:** This paper aims at evaluating the effect of microfinance programs on women entrepreneurs' performance with respect to their economic and social empowerment.

**Methods:** A structured questionnaire survey was made among 124 randomly selected women entrepreneurs taking loan from different microfinance institutions under group lending approach in Rupandehi district. Rupandehi district is known for pioneering in providing microfinance services in Nepal as first microfinance institution was established here about three decades ago. One sample t-test, Paired Sample t-test, Wilcoxon test and McNemar test are major statistical tools used for data analysis.

**Results:** Results show that microfinance leads to increase in business turnover, investment, savings, expenditures and ownership in assets. Similarly, social dimensions of women entrepreneurs were also found improved after participation in microfinance programs. They include women's freedom to decide, family and social relationship, mobility, children's education and health.

**Conclusion:** These findings revealed that microfinance is a powerful instrument to develop women entrepreneurship through economic and social empowerment. Thus, to foster the inclusive growth with the participation of women in economy, scale and scope of microfinance should be enhanced.

**Keywords:** Microfinance, Nepal, women entrepreneurship, women empowerment

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## Introduction

Microfinance is perceived as an effective means to extend various financial services to the poor and the marginalized group of the society (Nepal Rastra Bank, 2011). The main features of microfinance include collateral free lending, simple procedures with less documentation requirement, substitute for formal credit, flexible repayment, emergency financial support to the members of group, targeted to deprived people and group interaction (Momba, 2013). According to World Bank report (2017), global microfinance clients reached above 200 million, and growth is attributed to attention of development partners and government in microfinance as an important development intervention, and its growing commercialization that made it possible to generate substantial economic and social returns. It is assumed that access to finance through microfinance institutions may contribute in sustainable increment in income level of households by getting engaged in income generating activities and diversifying income sources. It may also contribute in increasing household assets, smoothing consumption and improving housing facilities, education, and health of borrowers. In addition, financial access may play crucial role in the social and economic development of women (Hermes & Lensink, 2011).

The women's entrepreneurship has been gaining popularity as a requirement for the poverty alleviation at household-level, the development of nation's economy and most importantly for the women's empowerment (Mayoux 2001a, cited in (Bushell, 2008). According to Khanka (2009), a women entrepreneur can achieve economic independence individually or in collaboration who can generate employment opportunities for others by taking initiatives to establish and run an enterprise. Women entrepreneurs are confident, innovative and creative. In one of the surveys, Gobbi, Dhakal and Hijazi (2005) found that despite significant number of women involved in Micro Small and Medium Enterprises (MSMEs) in Nepal, they are under-represented as owner of the enterprises. Likewise, initiative of providing financial services, organized by microfinance institutions is main factor in achieving greater economic and social empowerment.

Microfinance Institutions (MFIs) provide credit to the MSMEs that has made significant contribution in the expansion and growth of businesses with respect to employment, income, assets, business volume and capitalization (Mukhtar, 2009). Similarly, (Loice & Razia, 2013) and (Soltane & Imen, 2013) found positive association between credit access and women entrepreneurs' performance and they justified that loans assist female entrepreneurs to invest in and expand their business and thereby they make various decisions. By engaging themselves in self-employment activities and provide employment opportunities to others, women participating in microfinance programs are found more confident, better communicators, better decision makers and more trusted in the society (Suja, 2012).

Women empowerment through microfinance was promoted in Nepal since 1990s when Grameen Bikash Bank (GKB) as microfinance institution was established by Government of Nepal. GKB aimed to provide non-collateral loans to the deprived women by organizing them in a groups and helping them create income generating self-employment opportunities so that their economic condition could be uplifted. Till mid-July 2018, a total of 63 MFIs across the country provided financial services including loan and

other capacity building trainings to 1.8 million women (NRB, 2018). All MFIs in Nepal follow modified Grameen Model of microfinance and targets to women who want to transform economically and socially. Ekpe, Razak and Mat (2010) observed that women entrepreneurs do not have easy access to financial services for their entrepreneurial activity and due to which their business performance is lower than that of male entrepreneurs, this is found mostly in developing countries. Traditionally, in most of the developing countries, socio-cultural beliefs and other inhibitions have limited women's participation in the economy and their reach to resources for development. Various government agencies, policy makers, NGOs and financial institutions are thriving to extend financial services to women entrepreneurs to expand their business. Despite this, large number of women still face multifaceted challenges in getting access to finance for their enterprises which can be attributed to a number of reasons such as; engagement in low return activities, heavy household workloads, excessive responsibility of family in meeting household needs, high rate of illiteracy among women and lack of authority in making household decision.

The establishment of microfinance was seen as a bright hope to those who have had little or no access to financial services and empower them to contribute to rural transformation. Microfinance programs usually target women as clients facilitating them with the financial services to help them build their confidence and increase the likelihood of participation in decision making at the household and community level and tackle with the stereotypical gender roles and responsibilities defined by the society. A study by Ocholah et al. (2013) revealed that adequate financing will have a greater effect on profitability, productivity, growth and expansion of women owned enterprises. But even with the influx of microfinance institution women enterprises are still predominantly micro and small, with very few women having growth orientated enterprises. It is anticipated that increased women access to micro finance would increase their income which would in turn translate to improved well-being and a wider change as well as enhance gender equality (Basu, 2006). In SDG 2030, one of the goals is to reducing gender inequality and vulnerabilities by making finance accessible for women to which leads to increased income of women and consequently reduce the gender gap in estimated earned incomes (Kimanjara, 2013).

However, Mayoux (1997) claims that the influence of microfinance programmes may not always bring about favorable outcomes. Women's access to income often comes along with the cost of hectic workload and repayment pressures. Women's income might be a source of entrepreneurship for male members. Also, women's share in the household expenses might result into abandonment of male members' contribution in the household expenses. Rahman's (1999) study further concludes that (40-70)% of the loan provisions extended to women are actually being used by their spouse leading to stress, anxiety and also at times violence, at the domestic level. This evidence has further emphasized on the need to study women's entrepreneurship development through microfinance.

To sum up, this paper tries to evaluate the impact of microfinance on women entrepreneurship development. It further tries to examine the changes in economic and social empowerment of women before and after joining the microfinance. In particular, this study addresses two research questions: i. Do economic aspects of enterprises of women such as business volume, turnover, savings, expenditure and ownership

on assets increase after involvement in microfinance programs? ii. How does microfinance affect social empowerment of women entrepreneurs in terms of decision making power, family & social relationships, freedom of mobility and children's education & health?

### Review of Literature

Empowerment is a latent variable measured by using many indicators. Key measures of empowerment often consists of control over resources, participation in household and community decision-making, mobility in the public domain, feelings of higher self-worth and respect inside home and outside in the community (Kabeer, 2001; Noponen, 2003; cited in Weber & Ahmad, 2014). Microfinance services have provided the means for the empowerment of women through women's entrepreneurship development which provides the basis for increasing income, output, employment and saving under women's power (Mayoux, 2000). Microfinance services create opportunity for the development of women's entrepreneurship so there exists positive relationship between microfinance services and entrepreneurial activity (Shane, 2003). About 70% of world's poor are women. Yet they have no access to credit and other financial services. Therefore, microfinance often target women (Arora, 2011). The main objective of microfinance towards targeting women for giving microcredit is to empower women in the household through helping them to create self-employment for them by establishing microenterprises (Chowdhury, 2009). Various efforts have been made by many Government and Non-Government organizations to promote women empowerment especially in rural areas and one such effort is the microfinance intervention (Arora, 2011).

Access to microfinance services has positively affected economic empowerment of women through expanded businesses activities, improved social status of women and improved entrepreneurial skills in their businesses (Ablorh, 2011). MFIs provide training and facilitation programs to women participants which leads to greater confidence in women for carrying out business activities independently. Rehman, Moazzam and Ansari (2015) stated that due to the involvement in microfinance women's ownership of assets increased with enhanced women's economic independence. It is stated that financial success to the women entrepreneurs is manifested in profitability, number of employees, business turnover, expanding and diversifying of business (Dzisi et al., 2008). Pokhriyal, Rani and Uniyal (2014) supported that microfinance services improves the performance of women entrepreneurs as it result into control over savings and income.

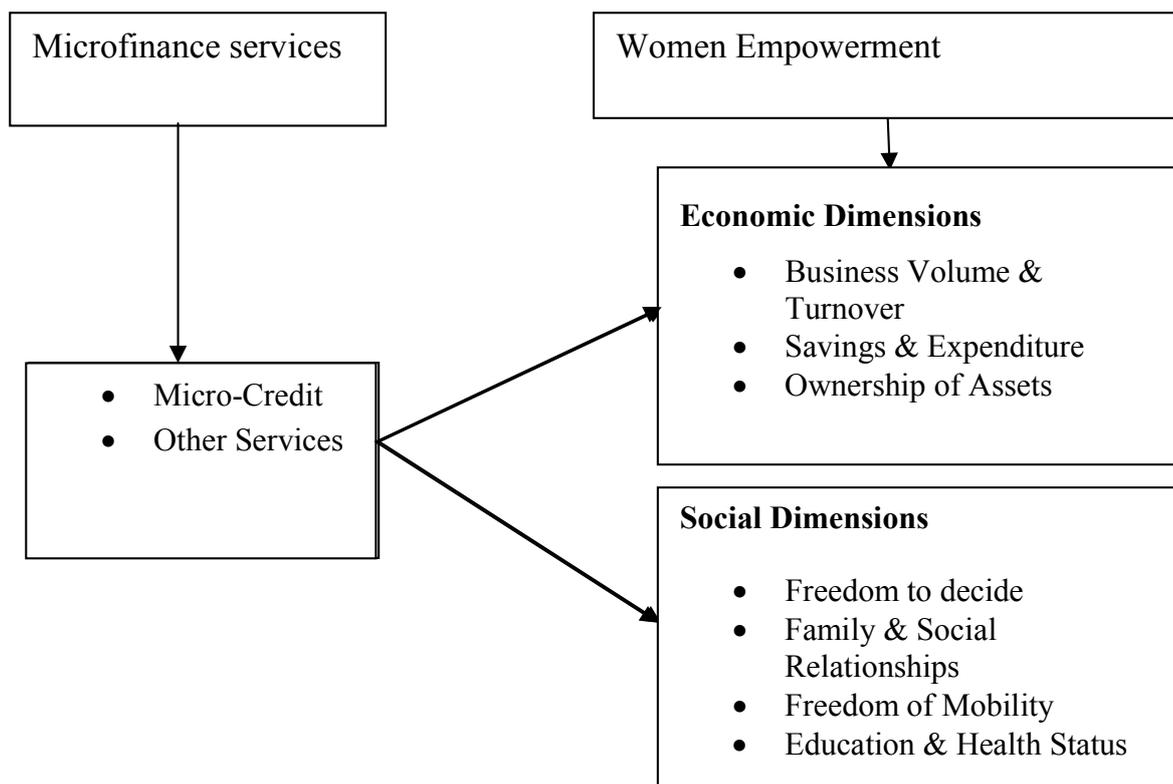
In addition to financial intermediation, activities of some MFIs also leads to social empowerment such as women's freedom on mobility, confidence, self-reliance, obtained a better education level for her and her family members and finally participation in local issues (Alshebami & Khandare, 2015). Through microfinance women's decision making power regarding household consumption, asset possession and children's health and education improved, standard of living, savings and social status also improved (Rehman, Moazzam, & Ansari, 2015). Women's freedom of mobility also increased after starting their business through microcredit (Pokhriyal, Rani, & Uniyal 2014) and (Air, 2013). Thus, microfinance program participation has increased economic and social empowerment of women, and enhanced self-confidence, self-esteem, training, financial literacy, management capabilities and helped in improvement in decision making skill (Vogelgesang, 2001; ESGC, 2004).

On the contrary, it has also been revealed from research studies that besides positive impacts of microfinance intervention on economic and social indicators it has negatively affected the clients social life in general whereas spiritual in special that is because of pressure of time and increase in business activities (Afrane, 2002). Ali and Hatta (2012) also demonstrated that microfinance does not create a significant impact on empowerment as they mostly concentrate on credit and repayment activities. It is believed that women’s empowerment might not be a consequence of microfinance but that it may be achieved if it is integrated in the overall mission of MFIs (Haile, Bock, & Folmer, 2012).

The conceptual framework presented in Figure 1 depicts the linkage between microfinance with economic empowerment and social empowerment of women entrepreneurs. The influence of microfinance is operationalized by evaluating the change in social and economic dimensions of women entrepreneurs after taking loan and other services of microfinance institutions.

**Figure 1**

*Conceptual Model for the Study*



Based on prior empirical studies, and conceptual model developed in previous section, following hypotheses have been developed to determine the role of microfinance in the empowerment of women entrepreneurs.

Hypothesis 1 (H<sub>1</sub>): Microfinance leads to increase in turnover of business run by women entrepreneurs.

Hypothesis 2 (H<sub>2</sub>): Microfinance leads to increase in business volume of businesses run by women entrepreneurs.

Hypothesis 3 ( $H_3$ ): There is significant increase in the personal savings of women after participating in microfinance.

Hypothesis 4 ( $H_4$ ): There is significant increase in the household expenditure of women after participating in microfinance.

Hypothesis 5 ( $H_5$ ): There is significant increase in the women's ownership on assets after participating in microfinance.

Hypothesis 6 ( $H_6$ ): Microfinance leads to greater freedom to make decision at home to women entrepreneurs.

Hypothesis 7 ( $H_7$ ): Family and social relationship of women entrepreneurs is significantly increased after involving in microfinance programs.

Hypothesis 8 ( $H_8$ ): Women entrepreneurs' freedom of mobility significantly increases after receiving services from MFIs.

Hypothesis 9 ( $H_9$ ): There is significant increase in health indicators of women after participating in microfinance programs.

Hypothesis 10 ( $H_{10}$ ): There is significant increase in education indicators of women after participating in microfinance programs.

## Materials and Methods

In this study, entire data were collected through structured questionnaire. Questionnaire consists of four different sections, a) demographic information of respondent, b) uses of microfinance services including loan, c) economic dimension of empowerment and d) social dimension of empowerment. For questionnaire survey, Rupandehi District was selected. Rupandehi district is under Province Number 5 of Nepal and situated in Terai area. According to Nepal Census 2011, it constitutes of 880,196 populations. Its per capita income was \$1,123 which is slightly lower than national average of \$1179 in 2018. Among 77 districts in Nepal, it ranked 16 in terms of human development. The first microfinance institution of Nepal, Grameen Bikash Microfinance has been operating in this area for more than two decades.

Most of the market share of this district is covered by Grameen Bikash Microfinance followed by Nirdhan Utthan Microfinance, Unnati Microfinance and Muktinath Bikash Bank. Researchers approached these institutions and requested the name, address and contact number of women clients who had taken loan from their microfinance for their business purpose. After having list of all clients involved in any kinds of small business, they were called randomly for receiving their consent to participate in survey. Only those clients who got ready to provide information were approached in person by researchers. First of all only ten clients were interviewed as pilot survey and then questionnaire was finalized. Respondents were asked to provide information in key study variables for before and after taking participation in microfinance programs. Hence, the changes in social and economic empowerment variables of women entrepreneurs were measured. The entire survey was made during the month of March and April of 2018. In total, 124 loan clients involving in entrepreneurial activities of MFIs were interviewed and their responses were recorded. Average loan taken by these clients was NPR. 147,112 with minimum of NPR. 30,000 and maximum of NPR. 500,000.

Data used in this paper are quantitative in nature. After completing interviews, coding was made and all responses were entered in SPSS software. Data cleaning was another task and entire data file of 124 responses was prepared then. To describe the respondents' demographic characteristics and some microfinance services related information, data were visualized and presented in appropriate charts and tables showing frequency and percentage. Similarly, mean, standard deviation and other descriptive statistics were calculated for understanding the nature and characteristics of data. In testing hypothesis set in this paper, Paired Sample t-test for metric data, and Wilcoxon test and McNemar test for non-metric data were used.

## Results and Discussion

This section deals with the presentation of respondents' profile, results on economic and social empowerment of women entrepreneurs through microfinance and their discussion.

### Profile of Respondents

The respondents considered in this research are the women of Rupandehi District who have started or expanded their business by using the loan from microfinance. A brief description of demographic profile of all 124 women entrepreneurs taking microfinance services from microfinance institutions have been presented in Table 1.

**Table 1**

*Personal information of respondents (n=124)*

Variables	Category	Number	Percent
Age	less than 30	11	8.9
	30-40	65	52.4
	41-50	37	29.8
	51 & above	11	8.9
Type of business	Agriculture	1	0.8
	Animal Husbandry	11	8.9
	Shop	105	84.7
	Vehicle purchase	7	5.6
Education	Below SLC	83	66.9
	SLC	26	21
	Intermediate	10	8.1
	Under-graduate	2	1.6
Family members	Graduate	3	2.4
	less than 5	69	55.7
	5-10	50	40.3
	10-15	4	3.2
	15 & above	1	0.8

Table shows that more than one third of respondents belonged to age group of 30-40, it meant that women of this age were more likely to take loan from microfinance and inclined to be entrepreneurs. Likewise, same proportion of women (67%) fall in the education level below School Leaving Certificates (SLC). In case of type of business, it was found that majority of the respondents (84.7 percent) had taken loan from microfinance in order to start, improve and expand their business (i.e. for shop). While among total

number of respondents, only 8.9 percent of women were found to take loan from microfinance for the purpose of animal husbandry business. Overall responses regarding number of family members showed that majority of women micro entrepreneurs had to take care of less than 5 members in the family through earnings while substantial proportion of women had large family size.

### Economic Empowerment

The study used business volume and turnover, saving and expenditure and ownership of assets as indicators is economic empowerment of women entrepreneur. Under these three sub-variables, various factors had been considered that have a linkage with women empowerment through the help of microfinance services.

### Business Volume and Turnover

In general, it is expected that after taking microfinance services both volume and turnover of business increase. The result of analysis of change in business volume and turnover due to microfinance is shown in Table 2.

**Table 2**

*Results of Paired Sample t-Test (Business volume and Turnover)*

Items	Mean difference	Std. Error Mean	t-statistics	p-value
1 Daily sales amount	8012	2371.245	3.379	0.001
2 Daily customers flow	11.32	2.057	5.499	0.000
3 Daily purchase amount	3838	902.152	4.255	0.000
4 Number of people employed	0.29	0.096	3.115	0.002
5 Total investment in business	203300	21712.17	9.362	0.000

Results show that average daily sales amount, customer flow, purchase amount, number of employees and total investment have been increased by NPR. 8,012, 11.32, Rs.3838, 0.29 and Rs. 203,300 respectively. P-values of paired sample t-test for each of these dimensions were found statistically significant at 5% level of significance as it is less than 0.05 for each dimension. Thus, business volume and turnover of women entrepreneurs have been significantly increased after receiving services from MFIs.

### Saving and Expenditure

Savings and expenditures of MFIs clients have been significantly increased after participating in microfinance program. Average savings of the clients has been increased by more than Rs.20,000 while monthly household expenditures have been enhanced by Rs.5,000. Table 3 shows that the p-value for each of the dimensions of saving and expenditure were statistically significant at 5% level of significance as the p-value of all the items are less than 5% which supports the hypothesis that microfinance leads to higher savings and expenditures of clients. Thus, this result suggested that microfinance played a significant role in empowering women through improving their saving and expenditure pattern.

**Table 3***Results of Paired Sample t-test (Saving and Expenditure)*

Pair	Items	Mean difference	Std. Error Mean	t-statistic	p-value
1	Average monthly saving at home	8547	935.553	9.136	0.000
2	Average monthly saving in bank	12310	1970.432	6.249	0.000
3	Monthly expenditure in food	2874	219.281	13.107	0.000
4	Monthly expenditure in education	818.40	222.762	3.674	0.000
5	Monthly expenditure in entertainment	325.81	68.429	4.761	0.000
6	Monthly expenditure in health	816.53	99.028	8.245	0.000

**Ownership of Assets**

Ownership of assets is another important indicator of women empowerment. Table 4 depicts the results of paired sample t-test regarding change in ownership of assets after taking microfinance services. It can be observed that there is a significant increase in three of the dimensions of ownership of assets (i.e. number of mobile, TV and motorcycle) at 5% level of significance. On the contrary, there is no significant difference in number of animals and cycles owned by women entrepreneurs as the p-value is greater than 0.05 at 5% level of significance. This showed that the number of mobiles, TVs and motorcycle increased after taking loan from microfinance for their business while the number of animals and cycles were higher before taking loan from microfinance. Thus the findings supported hypothesis that living standard of MFI clients has been significantly improved.

**Table 4***Results of Paired Sample t-test (Ownership of assets)*

Pair	Items	Mean difference	Std. Error Mean	t-statistic	p-value
1	Number of mobile	1.169	0.154	7.617	0.000
2	Number of TV	0.153	0.038	4.026	0.000
3	Number of animals	0.766	0.664	1.153	0.251
4	Number of cycle	0.024	0.064	0.377	0.707
5	Number of motorcycle	0.194	0.049	3.911	0.000

**Social Empowerment**

It is expected that microfinance can lead to the improvement in women's decision making power in household and business related issues, improved family and social relationships, greater freedom of mobility and education and health status of women after taking loan from microfinance. Following section provide the empirical evidences on each of these dimensions.

**Freedom to Decide**

In this dimension, women were asked to provide information regarding who make the household and business decision in which their freedom to decision making were ranked from zero to two where 0 indicated that the husband takes entire decision of household and family; 1 indicated that husband and wife jointly takes decision while 2 indicated that the women themselves take decision on household and business matters.

By Panel A of Table 5, it can be delineated that based on ranks women's freedom to decide had positive influence as in all the five decision criteria it was found that majority of the women took equal part as husbands in all the decision criteria after taking loan from microfinance. Most of the women also took decisions for household and business issues more than their husband does which can be shown by the positive ranks exceeding negative ranks.

**Table 5**

*Results of Wilcoxon Signed Ranks test (Women's freedom to make decisions)*

<b>Panel A: Ranks for freedom to decide</b>					
<b>Decision criteria</b>	<b>Ranks</b>	<b>N</b>	<b>Mean Rank</b>		
Decision for children education	Negative	0	0		
	Positive	13	7		
	Ties	111			
Decision for household expenses	Negative	3	9		
	Positive	12	7.75		
	Ties	109			
Decision for savings	Negative	3	10		
	Positive	14	8.79		
	Ties	107			
Decision for business issues	Negative	0	0		
	Positive	11	6		
	Ties	113			
Decision for health issues	Negative	0	0		
	Positive	7	4		
	Ties	117			
<b>Panel B: Test statistics for decision making based on negative ranks</b>					
<b>Test Statistics</b>	<b>Children Education</b>	<b>Household expenses</b>	<b>Savings</b>	<b>Business issues</b>	<b>Health issues</b>
Z value	-3.314	-2.030	-2.398	-3.017	-2.428
P value	0.001	0.042	0.017	0.003	0.015

Similarly, the Panel B shows that the women's freedom to decide on household and business issues is statistically significant at 5% level of significance in all the dimensions of decision making. It therefore supports the hypothesis that women entrepreneurs' freedom towards decision making significantly improved after receiving microfinance services.

### **Freedom of Mobility**

The Panel A of Table 6 showed that majority of the respondents jointly with their husband take decisions regarding mobility. This suggested that women's participation in microfinance had positive influence as in all areas of mobility.

**Table 6***Results of Wilcoxon Signed Ranks test (Women's freedom of mobility)*

Panel A: Ranks for freedom of mobility					
Area	Ranks		N	Mean Rank	
Visiting places	Negative		2	21.75	
	Positive		23	12.24	
	Ties		99		
Visiting market for household/business purchase	Negative		0	0	
	Positive		24	12.5	
	Ties		100		
Meeting stakeholder	Negative		0	0	
	Positive		22	11.5	
	Ties		102		
Attending seminars/programs related to business	Negative		0	0	
	Positive		23	12	
	Ties		101		
Attending ceremonies/gatherings	Negative		0	0	
	Positive		18	9.5	
	Ties		106		
Panel B: Test statistics for freedom of mobility based on negative ranks					
Wilcoxon	Visiting places	Visiting market	Meeting stakeholder	Attending programs	Attending ceremonies
Z	-3.288	-4.428	-4.235	-4.332	-3.852
P value	.001	.000	.000	.000	.000

Similarly, Panel B depicts that the women's freedom of mobility is statistically significant at 5% level of significance which supports hypothesis that women entrepreneurs' freedom of mobility significantly changed after receiving microfinance services. After involving microfinance programs, women's mobility in terms of visiting difference places, markets, meeting stakeholders, attending programs and ceremonies have been significantly increased. One of the reasons behind increased in mobility of women could be their regular interaction in center meeting organized by MFIs.

### Family and Social Relationship

The changes in their social and family relationship after taking loan from microfinance were analyzed using five point Likert scale with the options: 5 i.e. improved greatly, 4 i.e. improved slightly, 3 i.e. remained constant, 2 i.e. slightly bad and 1 i.e. worsened. The Panel A in Table 7 shows that among the total 124 respondents, the aggregate mean value of family and social relationship is 3.99 with standard deviation of 0.48, meaning that it has been improved. The change after participation in microfinance programs is statistically significant as its p value is less than 0.05. Thus, it can be inferred that the family and social relationship of women entrepreneurs improved after taking loan from microfinance. In other words, respondents had positive impact on family and social relationship of women entrepreneurs after taking loan from microfinance.

**Table 7**

*Results of One Sample Test (Women's family and social relationship)*

Panel A: Overall frequency distribution for family and social relationship of women

One sample Statistics	N	Mean	Std. Deviation	Std. Error Mean
Family & social Relationship	124	3.99328	0.482016	0.043286

Panel B: Test for the level of significance with test value 3

	T	P value	Mean Difference	Lower	Upper
Family & social Relationship	22.947	0.000	0.99328	0.9076	1.079

**Education and Health Status**

The respondents were asked to respond on the basis of different dimensions of education and health status based on five point Likert scale where 5 stands for improved greatly, 4 for improved slightly, 3 for remained constant, 2 for slightly bad and 1 for worsened. The Panel A in Table 8 shows that among the total 124 respondents, the aggregate mean value of all the five dimensions of education and health status of women and their family is 3.85 which is close to 4 i.e. slightly improved and the overall standard deviation is 0.39.

Furthermore, with the test value 3, the education and health status of women entrepreneurs and their family is statistically significant with t-statistic 23.88 at 5% level of significance, after taking loan from microfinance. It indicated that the respondents had positive impact on education and health status of women entrepreneurs and their family after taking loan from microfinance.

**Table 8**

*Results of One Sample Test (Women's education and health status)*

Panel A: Overall frequency distribution for education and health status of women entrepreneurs

One-Sample Statistics	N	Mean	Std. Deviation	Std. Error Mean
Education and health status	124	3.8548	0.39865	0.0358

Panel B: Test for the level of significance with test value 3

Test Value = 3					
	T	P value	Mean Difference	Lower	Upper
Education and health status	23.878	0.000	0.85484	0.784	0.9257

The analysis of business volume and turnover suggested that there is a significant difference in business volume and turnover of women's business after taking loan from microfinance. It is also supported by Naeem et al. (2015) as they asserted that microfinance has overall significant impact on sale revenue and net income of beneficiaries' microenterprises as compare to non-beneficiaries. The results showed that the saving and expenditures pattern of women improved after receiving microfinance services. The savings also enable the enterprises acquire more assets and meet emergency situations as depicted by study of

Al-Mamun et al. (2014). Regarding accumulation of fixed assets, as shown by Barnes, Morris, and Gaile (2001b), household assets significantly increased after taking loan from microfinance institutions in Rupandehi district.

The findings of the study revealed that jointly by husband and wife decisions regarding household and business were made in majority. The study of Kabeer (2009) had also emerged with identical outcome for major household and business decisions jointly. The study suggested that the family and social relationship improved after they took loan from microfinance compared to before taking loan from microfinance which is also shown by Rehman, Moazzam and Ansari (2015). Furthermore, the findings support the claim made by Pitt, Khandker and Cartwright (2003) that the participation in microcredit programs helps women to have greater freedom of mobility. In the line with Pronyk, Hargreaves and Morduch (2007), this study also found improvement of various dimensions of human capital, such as education and health status of women after receiving the microfinance services.

### **Conclusion and Recommendation**

The paper concludes that microfinance is a powerful instrument for empowering women socially and economically. Additionally, women's business indicators are positively affected by taking credit, savings and other relevant services from microfinance institutions. The findings also revealed improved economic and social condition of women of Rupandehi district after taking loan from microfinance. Microfinance significantly affects in increasing business volume, ownership of assets, saving and expenditure pattern, freedom towards decision making, family and social relationship, freedom of mobility and education and health status of women entrepreneurs. Therefore, government and international development agencies should give more emphasize on scaling up the microfinance services to women entrepreneurs for inclusive growth and of the country. Considering the point that there is scare researches on this area in Nepal, this study adds up to the field of socio-economic empowerment of women entrepreneurs which are highly influenced by MFIs. Further, the researchers and scholars can use Randomized Controlled Trail (RCT) in a large sample size to generalize the findings nationwide and minimize selection bias in the study.

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