

THE IMPACT OF MICRO FINANCE SERVICES ON WOMEN'S ECONOMIC EMPOWERMENT; EVIDENCE FROM KURUNEGALA DISTRICT IN SRI LANKA

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ABSTRACT

Women's economic empowerment has become one of the most pressing concerns in the world as empowering women economically, can make a significant contribution to the expansion of the economy and their immediate families to maintain a sustainable way of life. The concept of microfinance has developed as a tool to obtain both financial and non-financial support for poor people's self-empowerment. Women who come from low-income families are given the ability to make a valuable contribution to the economy through the use of microfinance. In the Sri Lankan context, female labor force participation is comparatively at a lower level, and thus more women are economically inactive. Therefore, microfinance services are vital to low-income women in both rural and urban areas. Due to the vitality of this aspect, this research aims to examine the impact of microcredit, micro saving, financial training, and advisory services on women's economic empowerment in Sri Lanka. The population used in this research is microfinance women beneficiaries in Kurunegala District, and the researcher selected 380 microfinance women beneficiaries as the sample size of this study using random sampling technique. Data collection was conducted using structured, self-administered, web-based questionnaires and personal interviews, where the data set was analyzed using multiple linear regression analysis. The results of this research show that microcredit, micro savings, financial training, and advisory services significantly and positively impact women's economic empowerment. Accordingly, the researcher recommends microfinance institutions to increase the granting of microcredit facilities to poor women in the Kurunegala district, as these institutions have given less loan amounts than applied. Also, it is recommended to reduce interest rates and increase payback periods, as high interest rates are an additional burden on the customers. Furthermore, the government should pay more attention to these low-income women and conduct some programs to improve their knowledge and careers. Meanwhile, microfinance institutions should improve their management capacity and strive to reach out to women in need to enhance their economic empowerment and improve their contribution to the workforce and economy.

Keywords: *Micro Credit, Micro Saving, Financial Training, Advisory Service, Women's Economic Empowerment*

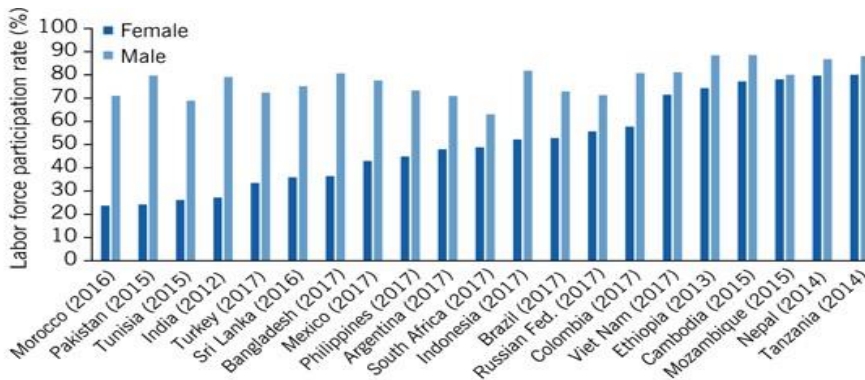
1. INTRODUCTION

One of the most pressing concerns being addressed in many developing nations is the empowerment of women in terms of their economic situation. Despite the fact that many women are currently engaged in the economy, over 500 million people worldwide currently live in extremely poor conditions, leading to a low standard of living. Akingunola et al. (2013) assert that women can sustain themselves through self-employed microbusinesses or by working for other microbusinesses in their vicinity. Women who are employed all over the world make a significant contribution to the expansion of the economy as well as the ability of their immediate communities and families to maintain a sustainable way of life.

Women who come from low-income families are given the ability to make that kind of valuable contribution to the economies they are engaged in through the use of microfinance. To assist families in taking full advantage of opportunities and alternatives that generate income and more effectively deal with risk, microfinance represents the means of offering financial services to poor people in a sustainable way. Microfinance makes use of loans, savings, and other solutions that include microinsurance.

The concept of “Microfinance” has developed as a vital tool for obtaining both financial and non-financial services and facilities for self-empowerment for poor people, especially women in rural areas and urban low-income earners. Women could be employed for development by facilitating them to become entrepreneurs, as entrepreneurship is essential for the proper use of renewable and nonrenewable resources, which employs the unemployed. It is believed that the establishment of Microfinance Institutions (MFIs) is one of the most effective possible sources of financial services for individuals with low incomes. This is because MFIs can help raise these individuals' income levels, which in turn reduces their poverty rate. According to Gogwe (2019), the economic empowerment of women is considered a necessary condition for the progress of sustainable development, the economic expansion that is beneficial to the people who represent the poor, and the successful accomplishment of the goals of sustainable development.

According to national estimates from the ILO Statistical Database, in 2016 the male labor force participation rate was around 75% and female labor force participation was around 35%. It's a bad situation for the country. Because labor force participation highly influences a country's development. Therefore, more women are not economically active, and they are also more economically inactive than men. Their decision-making power is relatively low, and they can't make their own choice independently. Thus, microfinance services are very important and helpful to women. Microfinance is the key instrument for low-income people, especially rural area women and urban area low-income women. Women can contribute to the country's development through microfinance.



Source: National estimates from ILO Statistical Database

Figure 1: Labor Force Participation of Sri Lanka in 2016

Nowadays, microfinance services are very popular in rural areas of Sri Lanka. Furthermore, women are considered the primary target demographic. Their primary target market is women. Microfinance officers go to the rural area village, and they start a small group of societies attending the women. After they create small credit groups among the societies, finally, they give loans to the customers on the bail of other members of the group. The loan payments are collected from the women depending on either a weekly or monthly schedule by the officials who visit to collect them. Women can get loans to start new businesses, develop existing businesses, or start self-employment businesses, among other things. As a result, women's empowerment should be increased through the provision of microfinance services. They can contribute to the country's development. Also, women can become self-sufficient and have the power to make decisions and control their lives individually. It is also possible for women to assist their households in improving their quality of life. However, some women do not use this loan facility according to plan. They misuse their loan amount: In rural areas, women often lack a clear understanding of how to properly utilize their loan amount. They can have a lack of knowledge and skills. So, they can't pay back this loan properly. After that, they have to depend on another loan facility to pay this loan. Thus, they fall into a debt trap. This is a problem arising from microfinance services. These micro-finance services positively and negatively impact women's empowerment. Thus, the main research objective is to find out the impact of micro finance services on women's economic empowerment in Kurunegala district. The Kurunagala district garnered significant attention due to its 9.5% extreme poverty rate and its average household credit from micro-finance institutions, ranking fourth behind Kalutara, Monaragala, and Pollonnaruwa districts (International Labor Organization, 2017).

This study will attract the attention of microfinance institutions, policymakers and donors, and also academics. This study will help microfinance intuitions to understand the needs of low-income women and how their services will impact the well-being of these women. Further, the policymakers will be able to establish effective regulations that will facilitate the growth of microfinance institutions and

will take steps to improve the economic empowerment of women through supporting microfinance. Also, this research will contribute to the academics' knowledge of microfinance and women's economic empowerment and will serve as a starting point for further research.

2. LITERATURE REVIEW

2.1 *Theoretical Review*

2.1.1 Classical Microfinance Theory

According to this view, microfinance institutions are considered one of the most important factors in alleviating poverty because they ensure an improvement in the socioeconomic position of those who are considered to be poor. One of the main assumptions in this theory is that microfinance programs and activities can aid enhanced initiatives where the intervention will change the human behaviors and practices that lead towards the achievement of desired outcomes (Hulme, 2000). Thus, the ultimate goal of microfinance consists of providing a mechanism for individuals who are economically disadvantaged to acquire financial resources for the specific purpose of making investments in microenterprises. This can potentially be accomplished via savings, borrowing, or financial instruction. The objective is to either establish or grow a small business, with the expectation that it will generate sufficient net profits to cover the cost of the loan (both the principal and the interest), as well as to boost the earnings of individuals or households to a level that would allow them to improve their quality of life. This theory assumes that the poor utilizing microfinance save with or access loans from a microfinance institution; invest these funds in viable micro-enterprises; get financial advice from the institutions; and yield major returns on investment.

The core concept of microfinance is predicated on the idea that economic progress could be achieved by gaining an advantage over microfinance services such as loans, savings, financial education, and consulting services. Such assistance may result in an increase in earnings, which in turn could improve the capacity to undertake meaningful life options and choices, either independently or collectively. This capacity to translate these choices into the activities and opportunities that are wanted may have a significant influence over the long run (Gogwe, 2019).

2.1.2 Identity Empowerment Theory

According to the aforementioned concept, which is that women who have achieved empowerment will have the ability to make substantial commitments. Furthermore, these women would become capable of engaging in actions that are both productive and focused on achieving them. The theory considers the assumption that an empowered woman can appreciate the positive and negative aspects linked to her past and present-day living while simultaneously managing relationship difficulties. At the therapeutic or manipulators stage, wherein a great deal of attention is given to large-scale initiatives that include those geared at boosting women's reading levels, and at the level of intervention, where involvement takes the shape of a token, the

theory shows two distinct levels, respectively. According to Gogwe (2019), women who have reached the second level are exposed to a program that generates money. This program may entail a significant amount of information exchange, cooperation, and consultations, all of the things that are necessary for women to successfully participate before they are empowered.

2.2 Empirical Review

2.2.1 Microcredit

Microcredit represents another term that refers to the funding of very small enterprises with financing of quite relatively small funds. Microcredit can frequently be provided by MFIs or Non-Governmental Organizations (NGOs) to members of the general population who are economically disadvantaged and do not have access to traditional banking and financial services. The microenterprises that are established with the assistance of the modest amounts of credit that are provided by the financial institutions to their customers are utilized to generate self-employment opportunities. Following the investment in microcredit, small-business owners engage in business dealings that result in income generation and acceptable returns. According to Naeem et al. (2015), the earnings that are made in this manner can be utilized for the expansion of the business's operations, and a certain amount of it can be used to meet the requirements of the family's home. This leads to an overall decrease in poverty, an increase in a better standard of living, and the promotion of community involvement along with economic empowerment of customers.

Taking this into consideration, the following hypothesis can be formulated.

H₁: There is a significant impact of microcredit on women's economic empowerment in Sri Lanka.

2.2.2 Micro Saving

Micro savings represent an additional service that is gradually becoming more and more prevalent in the realm of microfinance organizations. MFIs, as well as other established players, are transitioning to become authorized formal institutions. The MFI provides excellent services for voluntary savings, which often generate a greater number of savers than borrowers.

To encourage people or families with lower incomes to save money for subsequent use, micro saving depends on the number of very small bank accounts that are made available to them. Individuals can save small sums of money without being assessed fees for the services they receive because they are constructed in the same manner as regular savings accounts, with the exception that the minimum deposits are frequently waived or extremely low. According to Omunjal and Fondos (2014), those who save money are far more prepared to deal with any unanticipated costs that may arise.

Taking this into consideration, the following hypothesis can be formulated.

H₂: There is a significant impact of micro-saving on women's economic empowerment in Sri Lanka.

2.2.3 *Financial Training*

Training is the practice of methodically learning job-related information, abilities, and mentality to execute specified duties in an organization with quality and efficiency. Within industrial and commercial companies, the acquisition of information and capabilities for training is rarely necessary for its own sake; rather, it is considered a benefit that contributes an organization to spending financial and material resources on training (Mullins, 2007).

Taking this into consideration, the following hypothesis can be formulated.

H₃: There is a significant impact of financial training on women's economic empowerment in Sri Lanka.

2.2.4 *Advisory Service*

Advisory services comprise a wide variety of solutions that microfinance institutions strive to provide to help businesspeople and additionally boost their business effectiveness. Providing advisory services includes guiding the growth of business functions in different marketplaces. The provision of advisory assistance provides a wonderful service that MFIs strive to provide to help businesses and further promote enhanced company success. According to Mutisya et al. (2014), insurance, investing, and risk control are extremely important because they control potential future occurrences and provide protection against potential losses.

Taking this into consideration, the following hypothesis can be formulated:

H₄: There is a significant impact of Advisory services on women's economic empowerment in Sri Lanka.

2.2.5 *Microfinance*

Microfinance is defined as the provision of credit and savings facilities to people and communities engaged in various economic activities such as farming, fishing, herding, operating small businesses, providing support services, working for salaries or incentives, and renting out land, motor vehicles, living things, or equipment. These services are targeted at individuals in developing countries, either in rural or urban areas. A significant number of these families own various streams of earnings (Robinson, 2001). Microfinance refers to a variety of financial services, such as financing, money exchange, savings, insurance coverage, and retirement remittances, that are offered to low-income family units and businesses in both urban and rural areas. This includes individuals working in the public and private industries as well as independently-employed individuals (Robinson, 2001).

2.2.6 *Women's Economic Empowerment*

According to Krishna (2003), empowerment is generally defined as the process of strengthening the ability of people or communities to create appropriate choices about their growth and existence, as well as being able to translate these judgments into the acts and consequences that are wanted. One definition of women's empowerment includes the promotion of women's feeling of self-worth, their capacity to make their

personal decisions, and their inherent freedom to affect societal change for themselves and society. This definition is based on the global view. Three distinct criteria may be used to classify empowerment: economic, social interactions, and political engagement. According to academics, economic empowerment remained a significant concern. According to Irobi (2008), the term "economic empowerment" relates to the state of having an individual's financial stability.

2.2.6.1 Indicators of Women's Economic Empowerment

According to Ejiogu and Villano (2020), researchers use indicators of women's economic empowerment indicators like, increased income, Improved saving, investment, and financial management skills.

- **Growth in Income Level** - Any program that is conducted to empower women economically is judged to have been effective when the person's levels of income and revenues have increased as a direct result of the execution of that program. A rise in her earnings is a significant signal of her success. Her actions should have raised individual and family savings ought to have risen as a result of her actions. To protect her money, she has to obtain admission to secure locations (Mallikarjuna and Naik, 2014). At the public level with one, a woman possesses to being given the assurance that she would have a portion of the society's resources, and it is important to take note of the proportion of those resources that are allocated to dealing with women and female wellbeing.
- **Contribution to assets and resources** - Specifically, this relates to the possession of property or resources by a person that is sanctioned by the law or by society. Women have property freedom, including the ability to hold land, and several funds have been established to make it easier for women business owners to access financing in the industrial domain. Through the extension of access to productive assets, including both physical and financial chances to achieve economic benefits, economic empowerment refers to the process of empowering individuals economically. According to Gogwe (2019), this measure of economic empowerment encompasses the distribution of chances to generate income as well as capital.
- **Household economic decision-making** - When given the authority to make judgments, it is common for women to make the best decisions for their family. Women can utilize their resources and borrowing to engage in financial operations, which would increase their earnings and assets. Furthermore, having control over these earnings and holdings would improve women's societal and financial position, which would eventually contribute to empowerment. According to Mayoux (2001), such economic commitment has the potential to strengthen their position in the household's financial decision-making processes, which in turn leads to improved psychological well-being for women, kids, and men.
- **Financial saving and confidence** - Savings are an essential component in the process of fostering confidence among individuals; they may also serve as a replacement for insurance in situations when social security lines are seldom

available for the economically disadvantaged in emerging nations. Poor citizens are currently the most without defense to potential hazards, but they are also the poorest safeguarded from the effects of many types of hazards. These implications are magnified when there is not enough financial cushion to offset them. Economically disadvantaged people have a great willingness to save money, and the requirement for safe and straightforward preservation services is sometimes even higher among them than it is among recipients of financial services. According to Gogwe (2019), more governance is expected to promote the empowerment of women, encourage entrepreneurship, support women in their biological chores, and lessen the stress of payback for women; these are all positive outcomes.

2.2.7 Impact of Microfinance on Women Economic Empowerment

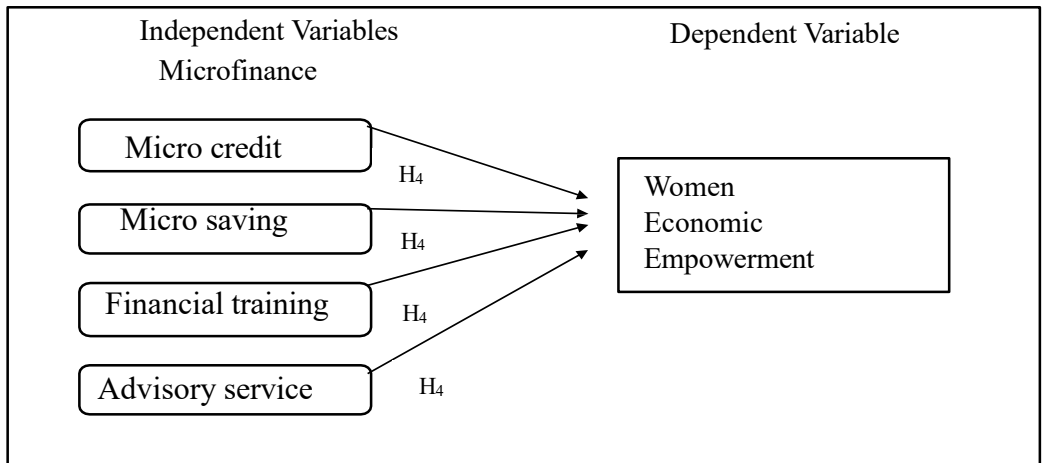
According to Mengstie (2023) microfinance has created a significant impact on women's economic empowerment by improving women's independent income, increasing asset levels, improving monthly savings amounts, and creating a positive impact on women's entrepreneurship development and business exposure as well. Further, Khalaf and Saqfalhait (2020) state that microfinance is a well-known economic development tool for women's economic empowerment. In Sri Lankan context, Herath et al. (2016) studied the impact of microfinance on poverty and vulnerability of women borrowers and found out that there was a considerable development of women empowerment indices after joining microfinance institutions.

3. METHODOLOGY

The data used for this research analysis were obtained from primary sources. Based on a simple random sampling procedure, this current study collected the required data from 380 female recipients who are engaged with microfinance services in the Kurunegala District. The researcher has developed the survey using Likert scale questions consisting of a range of one to five scores, with one indicating the lowest degree of satisfaction and five indicating the greatest degree of satisfaction. According to the framework, micro-credit, micro-saving, financial training, and advisory service were working as independent variables, and women's economic empowerment is regarded as the dependent variable of the current study. This study involved the use of a self-administered questionnaire, a web-administered questionnaire, and personal interview methods to collect the required data by using the survey research strategy. Additionally, the use of a survey strategy becomes highly feasible to obtain responses that are both scientific and methodical to the investigation questions that are being asked in this study. To analyze the surveys, descriptive statistics, correlations, and regression analysis were used.

3.1 Conceptualization of the Research Model

To combine the above-discussed study findings, the literature review chose independent and dependent variables to establish the conceptual framework.



Source: Based on previous studies

Figure 2: Conceptual framework

3.2 Operationalization Table

Table 1: Operationalization Table

Variable	Measure	Source	Question No. in questionnaire
Microcredit	Accessibility to credit has raised the level of life.	(Gogwe, 2019)	A1
	Accessibility to financing has consistently boosted the performance of the organization.		A2
	The availability of credit has had a favorable impact on financial capability.		A3
	The availability of loans has facilitated the emergence of more company opportunities.		A4
	Accessibility to finance has enhanced creditworthiness for borrowers.		A5
Micro saving	The level of savings has risen since the establishment of the microfinance bank.	(Gogwe, 2019)	B2
	Make several savings within a single month.		B4
	By engaging in saving, I have managed to enhance my standard of living.		B1

Financial training	Knowledge about banks has increased as a result of microfinance programs.		C1
	Set financial objectives and work diligently to attain them.	(Gogwe, 2019)	C5
	Greater happiness comes not from spending money but save it in the long run.		C3
Advisory services	The implementation of an advisory service has significantly enhanced the performance of the firm.		D1
	Give some advisory services	(Gogwe, 2019)	D2
	There has been a considerable influence that advisory services have had on the company.		D3
Women economic empowerment			
Increase in income	The ability to make a living has improved.		E1
	Enjoy a substantial expansion of available options	(Gogwe, 2019)	E2
	Take command of the current economic state of affairs.		E3
Contribution to assets and resources	Own some assets		F1
	Gain a more immediate connection to the available financial resources	(Gogwe, 2019)	F2
Household economic decision	Participation in the economic choices of personal households	(Gogwe, 2019)	G1, G2
Financial saving and confidence	Financial confidential	(Gogwe, 2019)	H1

Source: Based on previous studies

4. FINDINGS

The demographic analysis results show that 48.7% of the respondents aged between 41-55 engage in microfinance services, and 95.13% have secondary education. 98.05% of the respondents who use microfinance services are self-employed.

4.1 Descriptive statistics

Table 2: Summary of Descriptive Statistics

Dimension	Mean	Std. Deviation
MC	2.690	.799
MS	2.807	.819
FT	2.721	.834
AS	2.667	.858
WEE	2.773	.868

According to Table 2, micro savings has the highest mean value (M = 2.807) with a 0.819 standard deviation. The advisory service has the lowest mean value (M = 2.667) with a 0.858 standard deviation. Microcredit has a 2.690 mean value with a 0.799 standard deviation, and financial training has a 2.721 mean value with a 0.834 standard deviation.

4.2 Reliability and Validity Analysis

Reliability

It is possible to utilize Cronbach's alpha to determine the reliability of a data collection. When the value of Cronbach's alpha gets higher than 0.7, it is considered reasonable to infer that the data set that was obtained is reliable and repeatable.

Table 3: Cronbach's Alpha

Variables	Alpha Value	Comment
Microcredit	0.867	Very Good
Micro saving	0.873	Very Good
Financial training	0.881	Very Good
Advisory services	0.858	Very Good
Women economic empowerment	0.893	Very Good

Validity

Utilizing the KMO and Bartlett's assessment, an evaluation of the validity of the measurements was carried out. Table 4 provides a summary of the obtained findings from the tests.

Table 4: Validity Analysis

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.885
Approx. Chi-Square	894.446
Bartlett's Test of Sphericity df	10
Sig.	.000

The KMO figure must have a value greater than 0.5 to take into account the items that were utilized for data collection as valid measurements. The KMO value has a greater value than 0.5, as was shown before. The significant values of Bartlett's Test of Sphericity additionally fall lower than 0.05, which provides more evidence. As a result, the researcher possesses the ability to establish that the data set is valid as well as consistent.

4.3 Testing of OLS assumptions

4.3.1 Testing for Missing Value and Univariate Outliers

The total number of questionnaires that were given was 380; however, the researcher was only able to gather 308 among them. The standardized residual is an indicator of the magnitude of the disparity between the observed and anticipated values. If a data point has a standardized residual that is more than three, then some individuals consider that observation to belong to an outlier. As a result of the presence of outliers, a total of four samples were eliminated from the collection used for this investigation because of outliers.

Furthermore, Cook's distance was used to identify the univariate outliers of the variables taken to the multivariate regression model based on the general rule of thumb.

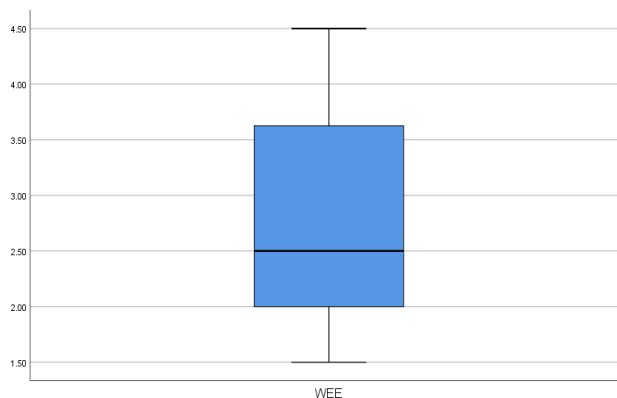


Figure 3: Univariate Outliers

4.3.2 Testing for Univariate Normality

The QQ Plot allows viewers to see to what extent the data distribution of variables deviates from a normal distribution. For this research, it has been necessary for the quantiles associated with the chosen variable, which follows a normal distribution, to align completely with what is considered "theoretical" normal quantiles. The presence of a straight line on the QQ plot indicated that the data followed a normal distribution.

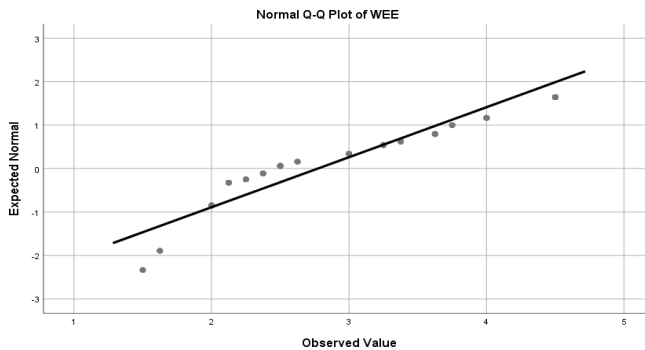


Figure 4: Normal Q-Q plot of Women's Economic Empowerment

4.3.3 Testing for Multicollinearity

Within the context of the regression analysis, multicollinearity occurs when the results indicate a significant correlation among the independent variables within the context of regression analysis. This affects the general interpretation of the findings. The coefficients' predictive ability diminishes, and the measure of statistical significance that relies on p-values to identify significant independent variables becomes less reliable as a result. As a result, researchers may be unable to investigate the individual effects of each of the independent variables on the variable that is under investigation.

A multicollinearity condition is present in an independent variable whenever the Variance Inflation Factor (VIF) of that variable is greater than its value of 5. The VIF of all of the independent variables has a value lower than 5, as shown in the table that was just presented. Consequently, there wasn't discovered to be any association between the four independent variables that were discussed previously.

4.3.4 Testing for Linearity and Homoscedasticity

The linearity assumption explains that there is a linear relationship between the dependent variable and each of the independent variables. The researcher has drawn a normal P-P Plot for each pair of independent and dependent variables and has found a linear positive relationship with Women's Economic Empowerment.

Table 5: Variance Inflation Factor

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(Constant)	0.589	0.148		3.985	0.000		
MC	0.291	0.075	0.268	3.898	0.000	0.388	2.576
MS	0.187	0.069	0.177	2.713	0.007	0.432	2.314
FT	0.144	0.064	0.139	2.252	0.025	0.483	2.072
AS	0.182	0.076	0.18	2.388	0.018	0.323	3.094

a. Dependent Variable: WEE

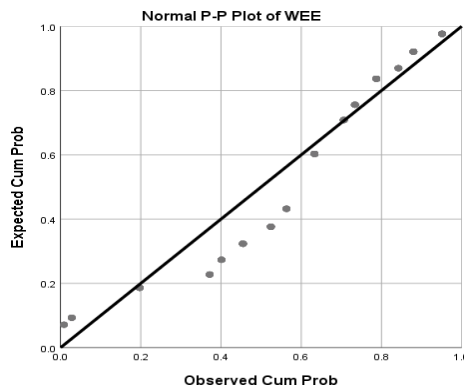


Figure 5: Normal P-P plot regression standardized residual

The term "homoscedasticity" refers to a model in which the margin of error is consistent alongside the values of the parameters that are directly reliant on the model. It is possible to verify homoscedasticity using a scatterplot that compares the residual values to the expected values. In terms of dispersion, there should not be any discernible pattern. Heteroscedasticity is demonstrated by a pattern in the data. Therefore, there is no discernible pattern. Therefore, this data set is homoscedasticity.

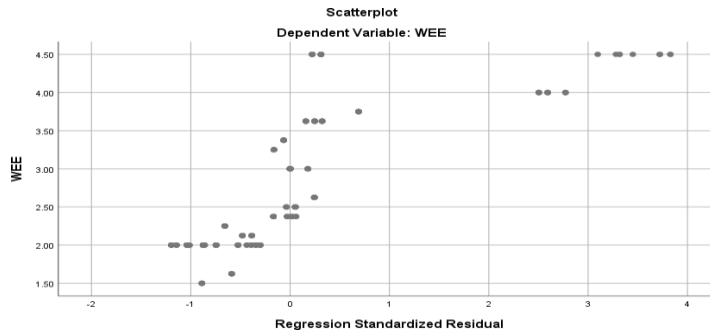


Figure 6: Scatterplot

4.4 Correlation analysis

Table 6 : Correlation Matrix

	MC	MS	FT	AS	WEE
MC	1	.672**	.619**	.750**	.607**
MS	.672**	1	.622**	.708**	.570**
FT	.619**	.622**	1	.684**	.537**
AS	.750**	.708**	.684**	1	.600**

** significant at 95% confidence level

According to the Table 6, micro-credit, micro-saving, financial training, and advisory services are positively and significantly correlated with Women's Economic Empowerment.

4.5 Regression Analysis

The researcher tested the hypothesis by using multiple regression analysis.

Table 7: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
.667 ^a	.446	.438	.65082	2.031

a. Predictors: (Constant), AS, FT, MS, MC

b. Dependent Variable: WEE

R-squared explains the relationship between the movements of a dependent variable based on an independent variable's movements in a regression model. The adjusted R-squared value of this study is 44% (Table 7). As a result, it is possible to determine that the model accounts for 56% of the deviations that cannot be explained. Consequently, the independent factors are able to provide an explanation for 44 percent of the dependent variable. So, it shows a high level of correlation.

Table 8: Coefficient Measurement

	Unstandardized Coefficients		Standardized Coefficients				
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(Constant)	0.589	0.148		3.985	0.000		
MC	0.291	0.075	0.268	3.898	0.000	0.388	2.576
MS	0.187	0.069	0.177	2.713	0.007	0.432	2.314
FT	0.144	0.064	0.139	2.252	0.025	0.483	2.072
AS	0.182	0.076	0.18	2.388	0.018	0.323	3.094

a. Dependent Variable: WEE

According to Table 8, micro-credit, micro savings, financial training, and advisory services are statistically significant determinants that affect women's economic empowerment (significant value < 0.05). On the other hand, the statistics indicate that the financial knowledge coefficient seems not statistically significant (Significant value > 0.050).

The regression equation model values of α and β in the result are as follows:

$$Y = \beta_0 + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + e \dots\dots\dots (1)$$

$$Y = 0.589 + 0.291X_1 + 0.187X_2 + 0.144X_3 - 0.182X_4 + e \dots\dots (2)$$

Where,

- Y = Women's Economic Empowerment
- X₁ = Micro Credit
- X₂ = Micro Saving
- X₃ = Financial Training
- X₄ = Advisory Service
- E = Random error term

4.6 Testing of Hypotheses

H₁: There is a significant impact of microcredit on women's economic empowerment in Sri Lanka.

The findings of the regression analysis indicated that the output P-value of 0.000 was significantly lower compared to the essential level of P-value of 0.05. This indicated that there is satisfactory proof for rejecting the null hypothesis H₀, which stated that there doesn't exist a substantial influence of microcredit upon women's economic

empowerment in Sri Lanka. Being based on a confidence level of 95%, it is possible to conclude that there is a considerable influence of microcredit on the economic empowerment of women in Sri Lanka. In addition, microcredit has had a positive impact on the economic empowerment of women in Sri Lanka ($\beta = 0.291$).

H₂: There is a significant impact of micro-saving on women's economic empowerment in Sri Lanka.

As a result of the fact that micro-savings have been shown to have a significant and positive impact on the economic empowerment of women in Sri Lanka, the null hypothesis has been rejected in favor of accepting the alternative hypothesis of the study (H₁). As a consequence of this, there was identified certainly a considerable and significant influence that micro-saving has on the enhancement of women's economic empowerment within the setting of Sri Lanka. This hypothesis was substantiated by the fact that micro-saving experiences a positive influence on the dependent variable, which is women's economic empowerment, as shown by the coefficient $\beta = 0.187$. Therefore, it was possible to conclude that micro saving is an essential component in the process of promoting economic empowerment among women in Sri Lanka.

H₃: There is a significant impact of financial training on women's economic empowerment in Sri Lanka.

There is relatively strong evidence to reject the null hypothesis (H₀) that asserts there is no significant influence of financial training on women's economic empowerment in Sri Lanka. The regression analysis suggests that with a P-value of 0.025, which is below the crucial level of 0.05, there was enough proof to reject the null hypothesis from the outset. The conclusion that can be drawn from this is that there's a strong effect of financial training on the economic empowerment of women in Sri Lanka, and this conclusion is supported by a confidence level of 95%. Furthermore, it has been shown that the accessibility of financial training has a favorable impact on the economic empowerment of women in Sri Lanka, as demonstrated by the coefficient $\beta = 0.144$. Considering this, it is possible to conclude that the availability of financial training is a significant factor in the process of strengthening women's economic empowerment in Sri Lanka.

H₄: There is a significant impact of advisory services on women's economic empowerment in Sri Lanka.

Based on the regression analysis findings, with a P-value of 0.018 being lower than the critical value of 0.05, there was substantial evidence to reject the null hypothesis (H₀) suggesting no significant impact of advisory services on women's economic empowerment in Sri Lanka. As a result, it is possible to conclude that advising services have a significant influence on the economic empowerment of women in Sri Lanka, and this conclusion can be reached with a degree of confidence of 95%. In addition, it has been shown that advising services had a positive effect on the economic empowerment of women in Sri Lanka, as evidenced by the variance coefficient (β) of -0.182. Since this is the case, it is possible to conclude that the

provision of advisory services performs an encouraging role in the enhancement of women's economic empowerment in Sri Lanka.

5. CONCLUSION

This study was done to assess the influence of microfinance services on the economic empowerment of women in Sri Lanka, specifically focusing on the Kurunegala District. The researcher employed microcredit, micro saving, financial training, and advisory services as independent variables to assess their influence on women's economic empowerment, which was considered the dependent variable.

The study used primary data collection methods, namely a self-administered questionnaire along with individual interviews, to assess the influence of microfinance on poverty reduction in the Kurunegala District. A simple random probability sampling strategy was used to collect data from a specific group of 380 recipients in Kurunegala. The association between microfinance services and increased income, contribution to assets and resources, household economic decision-making, and financial saving and confidence may be determined using descriptive statistics, Pearson's correlation, and a regression model.

According to the data analysis result, micro-credit, micro-saving, financial training, and advisory services have statistically significant associations with women's economic empowerment among micro finance women beneficiaries in Kurunegala District. As per the regression test micro credit, micro saving, financial training, and advisory services have a statistically significant positive impact on women's economic empowerment.

This study's adjusted R-squared value in regression analysis is 44%. It shows that 44% of women's economic empowerment can be explained by the four independent variables (microcredit, micro saving, financial training, and advisory services). So, it shows a high level of correlation. This study identified that microfinance services support the Kurunegala area poor women to enhance their income, contribution to assets and resource, household economic decision-making, and financial saving and confidence increasing the women's economic empowerment.

According to the findings of this study, the researcher recommends microfinance institutes increase the microcredit (amount of loans) to the poor women in the Kurunegala area as possible to enhance the living standard of poor women (enhance their income, assets, and resources, household economic decision making power and financial saving and confidence). Because they have been given less loan amount, they applied. Furthermore, the interest rate must be reduced, and the re-payback period should be increased. Because the interest rate is an additional burden on the customers. Policymakers should give more attention to poor women and conduct some programs to enhance their knowledge and develop their careers. Meanwhile, microfinance institutions should improve their management capacity and strive to reach out to women in need to enhance women's economic empowerment and improve their contribution to the workforce and economy. Therefore, promote the

welfare of the society. For further studies researchers suggest examining the impact of microfinance services on women's economic empowerment outside of the Kurunegala district. Because apart from Kurunegala district, other districts also have a large number of poor women. Therefore, future researchers should consider other highly impoverished districts. Further, future researchers can conduct longitudinal studies to assess the impacts of qualitative investigations and delve into the subjective experiences of beneficiaries.

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