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**The Role of Microcredit on Women Empowerment in Sri Lanka: Evidence from Samurdhi Program Beneficiaries in Weligama Divisional Secretariat Division**

A. A. F. Ilma, Department of Economics and Statistics, Faculty of Social Sciences and Languages, Sabaragamuwa University of Sri Lanka, [ilmaaboobucker97@gmail.com](mailto:ilmaaboobucker97@gmail.com)

M. S. Shantha, Department of Economics and Statistics, Faculty of Social Sciences and Languages, Sabaragamuwa University of Sri Lanka, [shantha@ssl.sab.ac.lk](mailto:shantha@ssl.sab.ac.lk)

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**Abstract**

*Empowerment of women is one of the important issues in developing countries, especially in Asia and Africa. Also, one of the most important concerns of the United Nations' Sustainable Development Goals is the empowerment of women. Women have less access to resources that can generate income, finances and land. National governments and their development partners have viewed microcredit as a strategic tool for the empowerment of vulnerable groups, notably women. The main aim of microcredit is to empower women. Accordingly, the objective of this study is to identify the role of microcredit on women's empowerment in the Weligama District Secretariat Division (DSD). To address the research objectives the researcher chooses pragmatism, a mixed approach (quantitative approach and qualitative approach) where the researcher studied the sample as 140 women in the Weligama DSD. A sample was selected under a simple random sampling technique. The data were analyzed using the Pearson Correlation Coefficient and Multiple Linear Regression model with the support of SPSS. The results of the study, reflect that self-employment, income generation and living standards have a clear positive relationship with women empowerment. The finding also pointed out that self-employment highly influences women's empowerment. Finally, this study provided recommendations for Samurdhi banks and other relevant parties to further formalize Samurdhi Bank's micro-credit facilities for poor women.*

**Keywords:** *Income Generation, Living Standards, Microcredit, Self-Employment, Women Empowerment*

## **Introduction**

Women's role is very important in the world. They have a significant contribution not only to the family but also to the society. Both men and women work in the same roles in industrialized and developing countries, contributing politically, socially, and economically without gender imbalance. Gender equality in the workforce means being paid the same salary for equal work, regardless of gender) However, some countries are unable to provide equal opportunities to women in all spheres due to social, cultural, and religious rigidities. Women continue to face various barriers to education and health care, as well as economic development. Women account for over 70% of the world's poor (Noreen, 2011).

Therefore, nowadays women's empowerment is an important context in the world. The Millennium Development Goals' third goal is to promote gender equality and women's empowerment (MDG). The term "Women Empowerment" has become popular in the development field since the 1980s. Women's empowerment is widely recognized as critical for developing countries' long-term economic growth and poverty reduction (Klasen, 1999). Women's empowerment is defined as a process that improves women's capacity for self-determination to meet their practical and strategic requirements by gaining equal rights, power, authority, and resources in society and the economy as males (World Bank, 2001). Access to finance is a critical tool for women's poverty reduction and empowerment. Microfinance is the supply of loans, savings and other basic financial services to the poor. Therefore, microfinance delivery is one of the strategies for empowering rural women. According to the Central Bank report (2022), the empowerment of women is considered a major outcome of microfinance.

In theory, providing women with microcredit (as one component of microfinance) develops their financial basis and raises their economic contribution to their families and communities; it promotes welfare, lowers subordination, and boosts women's voice (Yogendraraja, 2011). Since the 1980s, specialized microcredit organizations that provide loans to underprivileged women all over the world have been popularly connected with their ability to 'empower' women. More than 65 million poor people have used microcredit programs, with nearly three-quarters of them being women (Nycander, 2008). Small loans, often known as microfinance or microcredit in its broadest sense, have become a popular tool for poverty reduction in developing and least-developed countries in the modern era (Ahmed, 2004).

In the Sri Lankan context, it still is challenging to promote economic development. In Sri Lanka, the feminization of poverty is a serious issue. It is defined as women bearing the burden of poverty in developing countries (Asim, 2008). Women in Sri Lanka especially in rural areas faced numerous challenges throughout their lives. As a developing

country, Sri Lanka has a long history of social programs and food subsidies in particular. Microfinance as a separate industry emerged in Sri Lanka in the late 1980s, when the government switched its social welfare policy methods from providing consumer subsidies to providing credit to the poor for income-generating economic activities as a primary tool for addressing poverty. The government decided to create a better national poverty alleviation program to reduce poverty as much as possible, and the main poverty alleviation program is the Janasaviya program. The Janasaviya program was later replaced by the Samurdhi development program in 1994.

The Samurdhi development program is currently the most extensive social program in Sri Lanka. The Samurdhi program receives about 1% of Sri Lanka's gross domestic product (GDP), accounting for nearly half of the government's welfare spending, excluding education and health (Jayasuriya, 2007). Samurdhi program has three main components namely consumption grant transfer, saving and credit program and rehabilitation and development of community infrastructure through welfare and social development programs. Among them, the Samurdhi credit program is a major component of poverty reduction. Samurdhi banks were established under the Samurdhi program in 1996. Self-employment, agriculture, fishery, consumption, and emergency purposes are among the five categories of loans available to poor households. The Samurdhi Banks were also established with the primary goal of supporting the underprivileged in escaping poverty by breaking the poverty cycle. For this study, Samurdhi Bank is selected among the other microcredit programs. It was started in December 1998 in Weligama.

Empowerment of women is one of the most important priorities of the nation. Women empowerment is not a sufficient condition, it is still a necessary condition for the development process. In addition to that, poverty is one of the country's most pressing issues today. Furthermore, investigations conducted in several nations indicated that women make up the majority of those living in poverty (Bernard, Lock & Khin, 2017). At present, Women make up a disproportionately higher percentage of the poor in Sri Lanka, than in other Asian countries. In modern days, Microcredit has played a significant role in poverty reduction and women's empowerment in Sri Lanka. Therefore, it is very important to identify the role of microcredit in women's empowerment. Microcredit is becoming more popular due to its favourable influence on empowerment, particularly among women borrowers. Existing literature in Sri Lanka was on women's empowerment through all microfinance institutions not only Samurdhi Bank but also Sri Lankan context there is a lack of knowledge, research, empirical evidence as well as experiences about the role of microcredit on women's empowerment. Therefore, the knowledge gap regarding the role of microcredit in women's empowerment is still existing in Sri Lanka. Women empowerment through microcredit programs of Samurdhi banks has been highlighted in a few previous research papers. As a result, the basic problem of this study is to explore the role of microcredit on women's empowerment in the Weligama DS Division.

## Literature Review

Microfinance is defined by Schreiner and Colombet (2001) as the endeavour to enhance access to small deposits and small loans for impoverished people overlooked by banks. Microcredit is recognized as a crucial component in expanding women's participation in home-based income-generating activities. The success of reaching women with microcredit, according to Goetz and Gupta (1996), was very impressive. Microcredit has not only increased women's productivity but has also given them more power (Chavan and Ramakumar, 2002). According to Cons & Paprocki (2008) found that microcredit's main goal is to help recipients (often women) improve their financial security by giving them small loans to buy productive assets. One of the key purposes of microcredit is to ensure women's empowerment (Mamun, 2014).

Microcredit has been viewed as a strategic tool for the empowerment of vulnerable populations, particularly women, by national governments and their development partners (Alhassan and Akudugu, 2012). Microcredit has been viewed as a strategic tool for the empowerment of vulnerable populations, particularly women, by national governments and their development partners (Alhassan and Akudugu, 2012). According to Gunatilaka and Salih (2017), Samurdhi's group savings and intragroup credit components, as well as the Samurdhi bank program, are major sources of emergency credit for beneficiaries. Gunawardane (2014), finds that the Samurdhi credit scheme plays a significant role in empowering women in Sri Lanka. The Samurdhi Banking Union system is the world's fourth-largest microfinancial structure, according to the Asian Development Bank (Nadeeka & Jayamini, 2014).

'Women hold up half the sky' is a Chinese proverb that succinctly sums up the idea of women's equal contribution to the world. Women frequently play a dominant role in business and professional life by starting their modest businesses (Warren, 2001). Empowerment can begin to be understood by examining the concepts of power and powerlessness. Empowerment is the development of freedom of choice and action, according to the World Bank handbook on Empowerment and Poverty Reduction. Women's empowerment is critical for achieving greater gender equality. Another goal of women's empowerment is that it will serve as a means of eradicating poverty in society (Volart, 2004 & Mayoux, 2000). Women's empowerment, according to Dejene (2007), refers to growing and improving women's social, economic, political, and legal strength to ensure equal rights for women and to give them the confidence to assert their fundamental rights. 'A process by which persons who have been denied the ability to make strategic life choices acquire such ability', Kabeer (2005) described women's empowerment.

According to Miled & Rejeb (2015), Microfinance is viewed positively by women as a source of economic growth and empowerment. As a result, the study includes a variety of crucial criteria aimed at determining the degree of women empowerment that may be attributed to microcredit (Mamun, 2014). Lakmali and Mallika (2019) defined that there

is a significant impact between microcredit and women empowerment. The issue of women having limited access to financing was highlighted at the First International Women's Conference in Mexico in 1975. Using various approaches and techniques, several scholars have sought to quantify women's empowerment using several factors and dimensions (Amin, Becker, Byes, and Abdul, 1998; Pradhan, 2003; Kishore and Gupta, 2004; Kabeer, 2005; Schuler, 2006; Klasen, 2006). Microcredit facilitates self-employment. Micro-lending creates opportunities for self-employment (Chuks, 2007). According to Mushtaq (2008), one of the main goals of microcredit schemes is to empower women at home as decision-makers and in society through active economic engagement, as well as to create self-sufficient and self-employed communities. Furthermore, adopting microcredit expands job opportunities and diversifies economic activities, resulting in additional jobs for women (Teng, Prien, Mao & Leng, 2011). Le and Raven (2015) found that microfinance aided numerous women's businesses. Over the last three decades, Sri Lanka has seen a proliferation of microfinance institutions and initiatives aimed at encouraging underprivileged people, particularly women, to engage in self-employment and small businesses (Colombage, 2004; Ahmad & Chandrabose, 2008). According to Ayadurai (2004), the women entrepreneurs in Sri Lanka's North East must be recognized as an essential unit contributing to the country's economic success.

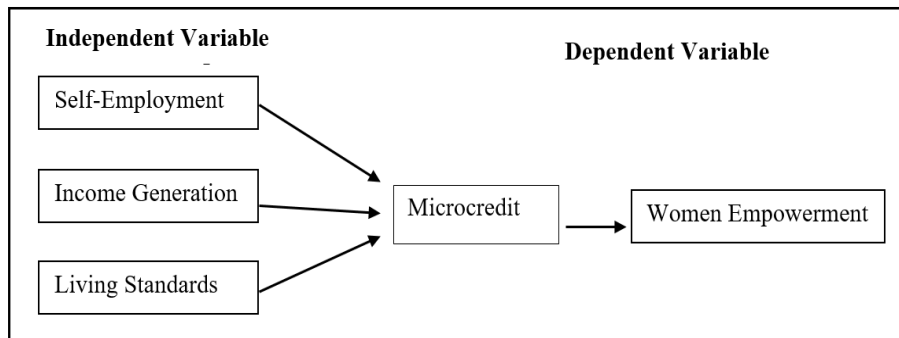
Women's skillfulness (money gained from their skill) is also a crucial component of empowerment (Rahman, Junankar, and Mallik, 2009). According to Poornima and Wasana (2013), individuals can acquire a loan through the Samurdhi program by stating on their applications that they will be invested in income-generating firms, which is in keeping with the program's primary purpose. Moyle, Dollard, and Biswas (2006) inferred that Personal and economic empowerment were supported by women who worked in income-generating activities. Banerjee & Newman (1993) and Paulson & Townsend (2004) stated that "Microcredit loans are primarily used to supplement people's income". The influence of microcredit on women's income generation capabilities in Ghana's Tamale Metropolitan Area has been explained. Beneficiary women are given more opportunities to engage in income-generating activities than males (Alhassan and Akudugu, 2012). According to Khan and Rahaman (2007), microcredit helps poor people to improve their living standards themselves.

### **Conceptual Model**

Most of the researchers studied the role of microcredit on women's empowerment using various study areas. All empirical evidence explored that self-employment, income generation and living standards positively affected women's empowerment (Noreen 2011; Kumari 2014; Haque 2014; Dohara 2011 & Gunawardane 2014). However empirical literature does not provide any empirical that the role of microcredit on women empowerment in the Weligama DS division. Therefore, this research attempts to examine women empowerment among women microcreditors in Weligama DSD. In this study, women empowerment as a dependent variable as well as self-employment, income

generation and living standards are independent variables. The conceptual model of this study is shown in Figure 1. The present study constructs the three hypotheses.

Figure 1: Conceptual Model



Source: Developed by Author, 2022

## Materials and Methods

According to the viewpoint of the objective of this study, this research is related to the descriptive type, since the study tries to explore the role of microcredit on women's empowerment. In line with the viewpoint of the mode of inquiry, this research is based on a mixed approach (quantitative and qualitative approach). When it comes to the mode of thinking, this research is categorized under the abductive mode (Mixed approach): quantification also allows us to describe fine differences between the opinions of people and helps us to make accurate and reliable measurements of the relationships between variables while qualitative approach focuses on understanding the meaning individuals attribute towards a particular social problem. This research has the potential to forecast exact relationships, which means that under the ontology concept, researchers can construct a directive type of hypothesis about research called objectivism. Based on the nature of the objective, the research philosophy developed as "The role of microcredit on women empowerment" belongs to the philosophy of pragmatism. Due to being pragmatism, under the Epistemology concept researcher has applied both quantitative and qualitative approaches to measure reality through valid tools as it is the most appropriate methodology for this study.

The study uses primary sources to collect needed data through a structural questionnaire and personal interviews to achieve the hypotheses. To collect precise quantitative information, a questionnaire was distributed physically in the Weligama DS division. This questionnaire consists of three sections: Section A (demographic characteristics), Section B (Samurdhi bank and micro-credit details), and Section C (This section included 15 questions that are related to the dependent variable and independent variables). Five-point Likert scales are commonly used to measure it, providing a range of responses to given questions and statements.

In this study, the scale for variables' dimensions ranged from (1) strongly disagree, (2) disagree, (3) neutral, (4) agree to (5) strongly agree. The three items that asked to measure self-employment are: Microcredit gives me more opportunities to start my own business, Microcredit encourages me to start my own business, and Microcredit gives strength for me to start my own business. The three items which asked to measure income generation are; I ensure that my savings have increased after getting microcredit, I can purchase whatever after getting microcredit, and I have enough money for my needs after getting microcredit. For Measure living standards asked three items; I have better housing conditions after getting microcredit, I have better access to children's education after getting microcredit and I have better access to health care after getting microcredit. For qualitative analysis, the researcher conducted interviews with selected micro-credit beneficiaries. Further, previous research studies on the same topic and other relevant topic articles, the internet, books and journals are used for this research.

The population for this study is female Samurdhi beneficiaries who have taken microcredit from Samurdhi Bank during the last 4 years (2018-2021) in Weligama. The researcher was unable to collect information from the whole population for this study. Therefore, the researcher used a probability sampling technique, while giving a chance of every consumer to be selected for the sample in Weligama DSD. According to that researcher used the Simple Random Sampling method to gather data. Through it researcher has collected responses from 10% women for the study.

In this study, descriptive statistics are explained using figures for the data presentation. Statistical package for the social sciences (SPSS) software was used to analyze the sample's obtained data. The data analysis method employed by the researcher in this study was multiple linear regression and Pearson's correlation. Before running the regression test the validity and reliability of the variables. KMO (Kaiser-Meyer-Olkin) statistic and Bartlett's Test of Spherical are used to measure the validity of the variables and Cronbach's Alpha value is used to measure the reliability of variables.

Results validity test shows all the variables' KMO value is greater than 0.5 and Bartlett's Test of Spherical test for P-values are less than 0.05. The results of Cronbach's alpha value for women empowerment were reported as 0.882 and Cronbach's alpha value for self-employment, income generation and living standards were reported as 0.902, 0.881 and 0.921 respectively. Generally, the acceptable reliability of Cronbach's Alpha should be more than 0.70. These values imply that the specific indicators are suitable for use in further analysis. For this study, a multiple linear regression model was used to determine women's empowerment. A multiple linear regression model is displayed below,

Where,

= Women Empowerment

= Intercept

, and coefficients for the selected independent variables

= Self-Employment

= Income Generation

= Living Standards

= Error term

## Results and Discussions

### Self-Employment and Women Empowerment

The literature shows that Dubreuil & Mirada (2010), through self-employment and micro enterprises, microcredit has a direct impact on women's empowerment. Female labour force participation is a key factor in women's empowerment (Ashraf and Ashraf, 1993; Kozel and Alderman, 1990; Azid, Aslam and Chaudhry, 2001). According to Oshadhi (2019), microfinance programs are intended for economically and socially uplifting women. The study's key finding is that access to microfinance has aided women's empowerment by allowing them to improve their businesses. MFIs contribute to poverty alleviation in the study region by providing micro-credit and creating self-employment opportunities for disadvantaged people (Ahmed, Siwar, Idris, and Begum, 2011). The findings of Shafique & Siddique (2020) stated that women can be involved in a variety of earning opportunities by providing them with microfinance loans that can help them become financially independent. Microcredit has also aided in the creation of job opportunities for women (Teng et al., 2011). Microfinance creates job opportunities among the poor (Chhy, 2009). Furthermore, the study found that microfinance for education and skill development for self-employment has a large impact on rural women and is the most effective instrument for empowering disadvantaged rural women (Rathirane & Semasinghe, 2015). According to Kumar, Sharma & Sharma (2008), microcredit creates self-employment opportunities for rural poor women. Idris & Agbim (2015) has explored that microcredit has a significant impact on the self-employment of women. Therefore, this study has formulated a hypothesis;

*H<sub>1</sub>: There is a positive relationship between self-employment and women empowerment through microcredit in the Weligama DS division.*



### **Income Generation and Women Empowerment**

Many Scholars have examined the relationship between income generation and women empowerment. Based on the findings of Noreen (2011), it can be concluded that enhancing rural women's income-generating activities by providing loans can greatly increase their empowerment status in Bahawalpur City. Rural women's financial empowerment results from microcredit programs (Parveen & Chaudhury, 2009). According to Alam & Zaman (2001), their study found that microcredit and loans are a basic technique in most developing countries, particularly in South Asia, to help women achieve self-confidence. The outcome of this research is uncertain, with some positive characteristics and some limits. The result of said strategies shows that the vulnerability of the poor has reduced to some extent, and asset creation and income of women have increased gradually. Teng et al., (2011) inferred that the mean of the household's income increases consequently during this loan period. The study investigated the use of microfinance to help poor people to earn more money (Chhy, 2009). Kumari (2014) studied the influence of microfinance on Sri Lankan small businesses. Her findings revealed that the Samurdhi initiative prioritizes the development of income-generating projects for women in the area. Women can create their income-generating activities with the help of microfinance services. Hashemi et al., (1996) examined the impact of microcredit on several factors of empowerment. They discovered that women's access to credit was a positive factor in the size of their stated economic contributions. After getting microcredit, 60% of respondents saw an increase in their income (Haque, 2012). As a result, microcredit improves the position of women in the home by providing them with a source of independent income (Asim, 2008). Based on the findings of Ilavbarhe & Izekeor (2015), the respondents' income after using microcredit was higher than their income before using microcredit. Thus, the study can predict that,

*H<sub>2</sub>: There is a positive relationship between income generation and women empowerment through microcredit in the Weligama DS division.*

### **Living Standards and Women Empowerment**

Researchers have identified living standards of women are important to understanding women's empowerment. According to Dobra (2011), microcredit not only allows opportunities for self-employment but also helps to improve the household's status. Many scholars agree that microfinance is an important tool for poor people in developing countries to eliminate poverty and improve their living standards. Puhazhendhi and Satya Sai (2001) discovered that microfinancing improves the living standard and quality of life for participating households. Muhammad et al., (2012) observed that microfinance resulted in an improved standard of living for women. Haq and Kamran (2009) employed the role of microcredit on women's empowerment in Pakistan. This study found that women's position within their family and community has positive changes through microcredit. Microcredit helps people improve their living

standards in areas like health, education, food, and other social issues (Ali & Alam, 2010). Based on the findings of Olusanya & Olumuyiwa (2012), there is a significant relationship between microfinance and the standard of living. The study conducted by Gunawardane (2014), It can be stated that having access to loans through the program allowed many women to increase their social status within their families, and society, and self-confidence in community development activities. Modi, Patel & Patel (2014) explored living standard of women and their families has improved through microcredit. The study found that using credit could help households enhance their living and other spending capacities, such as spending on medical treatment to make them healthier (Teng et al., 2011). According to Jayasuriya (2007), the Samurdhi credit plan assists poor individuals in maintaining their current living conditions. Therefore, this study assumes that,

*H<sub>3</sub>: There is a positive relationship between living standards and women empowerment through microcredit in the Weligama DS division.*

The results of this study indicate that the age category of respondents represents that the majority of the respondents belong to the age group of 35 years to 44 years, 41 per cent out of the total sample. Here, it noted that the majority of women creditors are between 35 and 44 years old. When considering the religion of the sample respondents, most of them are Muslim (54 per cent). According to marital status, 44 per cent of respondents out of the total sample represent married women, and 32 per cent of respondents represent widows. Out of the total sample of this study, 36 per cent of women were illiterate. 71 per cent out of the total sample respondents' family is a nuclear family, and the remaining 29 per cent of respondents' family is a joint family. 31 per cent out of the total sample respondents sewed their self-employment while the remaining portion of respondents did self-employment as a handicraft, cattle fostering, milk production, sweets making, and others. When considering the respondents' membership period in Samurdhi, a Total of 71 respondents have more than five years of membership in Samurdhi, which is equal to 51 per cent. The majority of respondents access the micro-credit from Samurdhi Bank thrice (42 per cent ). Out of the total sample of this study, 72 per cent of respondents said that the procedure of obtaining loans from Samurdhi Bank is easier than from conventional banks. Total respondents (100 per cent ) had personal lives affected by micro-credit.

“I am 30 years old, have completed G.C.E (A/L), and have three children. My husband passed away 5 years ago. I have been a member of Samurdhi since my husband's death. I had taken micro-credit twice from Samurdhi Bank. I feel it was beneficial to me to start my own business”.

“I am doing cattle fostering. Although I have been a member of the Samurdhi for 10 years. I accessed the loan 3 times. I think that the Samurdhi Bank helps women to empower themselves. My savings increase every month”.

This can be further confirmed by the above statement of some respondents.

### Pearson Correlation Analysis

Before identifying the model, it is necessary to identify whether there is a relationship between the dependent and independent variables. The correlation values ranged from -1 to 1, with -1 indicating a perfect negative correlation, 0 indicating no correlation, and 1 indicating a perfect positive correlation. Correlations were categorized as weak ( $|r| < 0.5$ ), moderate ( $0.5 \leq |r| < 0.7$ ), and strong ( $|r| \geq 0.7$ ). Statistical significance was determined at a significance level of  $p < 0.05$ . The results revealed a moderate positive correlation between X and Y.

Table 1: Pearson Correlation Test

| Variable          | Pearson Correlation |
|-------------------|---------------------|
| Self-Employment   | 0.829               |
| Income Generation | 0.860               |
| Living Standards  | 0.439               |

Source: Sample Survey, 2022

According to Table 1, there is a strong positive correlation between women's empowerment with self-employment and income generation which are reported as 0.829 and 0.860 respectively. Further, a low degree of relationship can be seen between living standards and women empowerment, which is reported as 0.439. According to the results of significant, self-employment, income generation, and living standards are statistically significant, so there was a statistically significant correlation with women empowerment.

Table 2: Collinearity

| Variables         | Tolerance | VIF   |
|-------------------|-----------|-------|
| Self-Employment   | 0.351     | 2.847 |
| Income Generation | 0.322     | 3.104 |
| Living Standards  | 0.833     | 1.201 |

Source: Sample Survey, 2022

According to the collinearity statistics (Table 2), the decision rule is that if the VIF value is less than 10 and the Tolerance value is greater than 0.1, there is no multicollinearity. Therefore, there is no multicollinearity in this model.

### Regression Analysis

Multiple linear regression is a statistical tool used to assess the linear relationship between one dependent variable and several independent variables. The objective of

multiple linear regression is to use the independent variable values to predict the value of the single dependent value. The researcher analyzed the impact of factors such as self-employment, income generation, and living standards on women's empowerment. Moreover, the researcher used Analysis of Variance (ANOVA) and R-square value and tested the hypothesis with a 95% confidence level.

According to the model summary, R-squared explains the proportion of the variation of women empowerment is explained by the independent variables, which are self-employment, income generation, and living standards, by using the estimated model.

Table 3: ANOVA

| Model      | Sum of Square | df  | Mean Square | F     | Sig. |
|------------|---------------|-----|-------------|-------|------|
| Regression | 135.133       | 3   | 45.04       | 187.3 | .000 |
| Residual   | 32.716        | 136 | 0.24        |       |      |
| Total      | 167.849       | 139 |             |       |      |

Source: Sample Survey, 2022

The results of Table 3, provide an ANOVA (Analysis of Variance) table, which provides the fitness of the model. The overall significance due to the F-value of the ANOVA table is 0.000, which is less than 0.05, as the F value is significant under the 0.05 significance level. Therefore, the estimated model is suitable.

Table 4: Coefficients of the Model

| Variable          | B      | Std. Error | t      | Sig. |
|-------------------|--------|------------|--------|------|
| Self-Employment   | 0.481  | 0.077      | 6.234  | .000 |
| Income Generation | 0.461  | 0.063      | 7.362  | .000 |
| Living Standards  | 0.142  | 0.049      | 2.885  | .005 |
| Constant          | -0.329 | 0.242      | -1.357 | .177 |

Source: Sample Survey, 2022

According to the above table, the fitted regression model is as follows;

**Women empowerment = -0.329 + 0.481 self-employment + 0.461 income generation + 0.142 living standards +  $\epsilon$**

The results of the multiple regression analysis are shown in Table 4. This fitted model explains that according to the collected data of the sample. It states that women's empowerment depends on self-employment (0.481), income generation (0.461), and living standards (0.142). Moreover, the P-values of self-employment, income generation, and living standards factors are 0.000, 0.000, and 0.005, respectively. Hence, these three variables were found to have a significant impact on women's empowerment. When keeping other variables constant, if the self-employment of women increases by 1%, then her empowerment goes up by 0.481%. Also when the income generation of women increases by 1%, women's empowerment increase by 0.461% and If the living standards of women increase by 1%, then her empowerment goes up by 0.142%

Based on the above results, it can be concluded that the formulated hypothesis,

*H<sub>1</sub>: There is a positive relationship between self-employment and women empowerment through microcredit in the Weligama DS division.*

This can be accepted with the estimated results. Considering the previous research, they have also examined similar results regarding the study. Chirkos (2014) found that there is a significant relationship between self-employment opportunities and women's empowerment through micro-credit. Similarly, Kumari (2014) looked at the influence of microfinance on Sri Lankan small businesses. Her research found that the Samurdhi program provided little job opportunities for women in rural areas. According to Paramanik & Lavoore (2014), there is a positive effect of employment creation through microcredit on women's empowerment. There is a positive relationship between the self-employment of women through microcredit found by Chowdhury (2009). Therefore, this study also examined self-employment's positive influence on women's empowerment through micro-credit in Weligama DSD.

*H<sub>2</sub>: There is a positive relationship between income generation and women empowerment through microcredit in the Weligama DS division.*

This can be accepted with the estimated results. According to the results of the study (Oshadhi, 2019), results shows that access to microfinance has positively impacted the empowerment of women through an increase in their income level. The study (Al-Shami, Majid, Mohamad & Rashid, 2017) on the impact of loans provided by Amanah Ikhtiar Malaysia (AIM) on women's household welfare and empowerment. This study suggested microcredit significantly affects borrowers' household income. Ediom-Ubong and Iboro (2010) explored micro-credit programs that have a huge potential for increasing income production. Paramanik & Lavoore (2014) explored microcredit has a significant impact on income generation on women's empowerment. Microfinance initiatives for women have a significant impact on economic growth by boosting women's income-generating activities (Hunt and Kasynathan, 2002). Similarly, micro-credit borrowers' incomes have increased more than those of non-credit borrowers in Asian countries (Remenyi and Benjamin, 2000). Niaz & Iqbal (2019) explored that by increasing

women's income levels, microfinance has a significant impact on women's empowerment, poverty alleviation, and social standing. Kapila, Singla, and Gupta (2016) stated that microcredit has a positive impact on women's economic empowerment (i.e., their ability to earn money) in rural areas. Women's income has a strong, significant effect on all dimensions of women's empowerment, as well as overall women's empowerment (Islam, Ahmed, and Alam, 2014). The study discovered that microfinance considerably impacted people's income and savings levels Gunawardane (2014). Therefore, this study also found that income generation positively impacts women's empowerment through microcredit in Weligama DSD.

*H<sub>3</sub>: There is a positive relationship between living standards and women empowerment through microcredit in the Weligama DS division.*

This can be accepted with the estimated results. Past research has also examined similar findings. According to Weerasinghe & Dedunu (2017), their study found that microfinance has a positive impact on the standard of living of poor people and their lifestyle. Kapila et al. (2016) found that there is a positive effect of microcredit on improving the living standards of women. The study conducted by Oshadhi (2019) also revealed that access to microfinance had positively impacted the empowerment of women through improvement in their living standards. The most important conclusion was that microcredit programs had a positive impact on household consumption, particularly among female borrowers (Hasan, Shetu, Chakraborty, and Khan, 2019). Furthermore, many scholars agree that microfinance is a significant instrument for reducing poverty and raising the standard of living for poor people in developing countries (AddaeKorankye, 2012; Morduch & Haley, 2002). Similarly, Imoisi, Anthony, and Opara (2014) observed a positive effect of microfinance on living standards in the Nigerian environment. There is a positive impact of improving the living standard of women through microcredit was found by Chirkos (2014). Islam, Robel, Adnan, and Ekram (2013) explored that micro-credit initiatives have a positive influence on food intake, health, household expenditures, and living standards. Therefore, this study also examined whether there is a positive relationship between living standards and women's empowerment through micro-credit in Weligama DSD.

Table 5: Summary of Hypothesis Test

| Hypothesis     | Description  | P-value | Decision |
|----------------|--|---------|----------|
| H <sub>1</sub> | positive relationship between self-employment and women's empowerment  | .000    | Accepted |
| H <sub>2</sub> | positive relationship between income generation and women empowerment  | .000    | Accepted |
| H <sub>3</sub> | positive relationship between living standards and women's empowerment | .005    | Accepted |

Source: Sample Survey, 2022

If the p-value is less than 0.05, the null hypothesis ( $H_0$ ) can be rejected for all three tests. Table 5 explains the hypothesis of this study, and the researcher can accept all three hypotheses because all p-values are less than 0.05.

### Conclusion

Empowerment is a difficult process of change that everyone goes through in their unique way. For women, credit and other financial services are needed, desired, and profitable. Empowering women begins with strengthening their financial foundation and economic commitment to their families and communities. At present, empowering women has become a very important concept. The essence of empowerment appears to be allowing children to become self-sufficient self-assured and active members of the family who can participate in decision-making and other relevant issues. To confront gender subordination at the micro level, women's empowerment necessitates a fundamental change in the development scheme, not only at the micro but also at the macro level.

The study revealed the role of microcredit on women's empowerment. The researcher chooses Weligama DSD women for this study. The researcher had set a few objectives at the inception to be achieved through the study. The key objective that the researcher intended to achieve was identifying the role of microcredit on women's empowerment in Weligama DSD. Therefore, the researcher identifies the relationship between variables and what kind of influence they have on it. With the identified problem area in the study, the researcher developed a conceptual framework by referring to previous studies for the current study to examine the impact of independent variables (self-employment, income generation, living standards) on the dependent variable of women empowerment. According to Yogendrarajah (2011), microcredit financing plays an essential role in empowering women in rural areas, and hence there is a positive relationship between micro-finance and women's empowerment.

In the Sri Lankan context, there are lack of knowledge, research as well and empirical evidence regarding the role of microcredit on women empowerment in Weligama DSD. This study examined how the Samurdhi credit program plays a significant role in

empowering women in Weligama DSD. The researcher has mainly focused on and identified how self-employment (0.481), income generation (0.461) and living standards (0.142) influence women's empowerment. Findings obtained from the data analysis reflect that all variables positively influence on dependent variable. The leading factor is self-employment which was highly influenced by women's empowerment through microcredit.

Especially, the evidence suggests that access to credit for poor woman has increased income in their families. Hence, women's capacity to manage their household activities as well as other social obligations has been enhanced through these programs. Finally, it can concluded that access to credit from the program gave many women the opportunity to improve their social status within their family, and society and build self-confidence in participating in community development activities. Moreover, this study finding explored that women participating in saving has increased after this microcredit. Most of the women reveal that their power increases through their businesses and their living standards. Overall, the evidence suggests that most of the women agree with the notion microcredit from Samurdhi Bank empowered them.

Thus, to increase the microcredit facilities for poor women through Samurdhi banks in Sri Lanka, some of the recommendations could be adopted in that sector such as, Microcredit is essential for women and makes them good self-employers and income generators for sustainable economic development for Weligama DS division. However, the majority of women are unaware of the availability of microcredit loans. The awareness programs should be held regularly, and allowances should be paid to guarantee that they attend; Samurdhi bank should increase the amount of microcredit to female Samurdhi beneficiaries and provide assistance to females in filling out their applications correctly; There is a pressing need to raise awareness among the country's citizens about the importance of women's empowerment and their role in household support; The government and other political parties should give more attention to improve the Samurdhi bank microcredit facilities; Gender discrimination should be eliminated by legislation, and women should be provided equal opportunities in the workplace and access to microcredit; Reduce the interest rates on initial deposits for microcredit and computerize the banking system.

The study used cross-sectional data that only shows the net effect of predictor variables towards particular criteria within a specific period. The researcher decided to select only women microcreditors in the Weligama DS division and this study limited the amount of sample size compared to the beneficiary population. So future researchers can focus on increasing the sample size. Furthermore, the study confirms that the Samurdhi credit Program plays a vital role in women's empowerment. Women's empowerment can be influenced by a variety of factors. However, only the use of microcredit is examined in this study. Moreover, for this survey, only the microfinance institution Samurdhi Bank was taken into account when finding out microcredit programs. This study will also help



to continue the research in other areas in Sri Lanka and give academics and practitioners who want to work in the same area new directions to add to the literature on women's empowerment.

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