

Women Empowerment Through Micro-credit —A Special Reference to Jaffna District

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The prime objective of this study is to identify the association between micro-credit and women empowerment by giving opportunity for self-employment and the impact of micro-credit on women empowerment as well. This study focuses on women empowerment through micro-credit under post-war development in Jaffna District selecting five rural areas which are Chankanai, Sandilipay, Vaddukoddai, Uduvil, and Kondavil in Jaffna District. The information has been gathered by primary data from the rural women in the above selected areas and 66 responded out of 77. From the results, it is concluded that the micro-credit has significant relationship and positively correlated (0.752) with empowerment at 0.01 significant levels and its impact is crucial as well. It is suggested that the micro-credit facilities are essential in empowering women and developing the women entrepreneurs under post-war development.

Keywords: micro-credit, post-war development, women empowerment

Background of the Study

In the early 1980s, the United Nations reported that globally women performed two thirds of the world's work, earned one tenth of the world's income, and owned one hundredth of the world's economic resources (Lavoice, 2000; as cited by UNESCAP, 2007). Women still face numerous challenges in accessing education and health services, as well as economic development. The women empowerment is a critical element in the world and special attention is given to the women in the nations. Women empowerment in the economic and social fields constitutes one of the fundamental objectives of all development efforts in the rural areas and it has emerged as an important issue in recent times. Micro-finance is described as a powerful tool to improve economic development in a post-conflict context and to support post-conflict rehabilitation assistance. It is Sri Lanka's experience that attaining high levels of human development is a necessary precondition for creating greater opportunities for rural women (Palitha & Kohona, 2012).

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Jaffna is considered as one of the more prosperous districts in comparison with other districts in the North. However, poverty raised by inequalities in income, employment, infrastructure, health, and educational facilities is trickled within the post-war situation. Prior to the explosion of the civil conflict, Jaffna enjoyed a healthy economy. The foreign aids are used to develop the local economy in Sri Lanka most probably in the war-affected areas specifically in Jaffna because most of the displaced people who are female other than male staying here. This study deals with empowerment of rural women by providing micro-credit facilities under post-war development in selected rural areas in Jaffna District. Empowering women particularly rural women is a challenge. Micro-enterprises in rural areas can help to meet these challenges. Micro-enterprises not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women.

After 30 years war situation, the people from Northern part of the Sri Lanka expect facilities in order to uplift their life. Micro-finance institutions assist the poor people in several ways and the micro-credit is one of the major instruments in empowering the poor women in the rural areas. However, a little research has been undertaken to look beyond micro-finance's economic benefits, at social mobilization, empowerment, stabilization, peace building and harmony, through social capital enhancement most of the authors investigated the developments and situation of the regions in their reports and articles which were conducted by the aid of the non-government organizations (NGOs) and other world nations. However most of the researches have been done regarding the women empowerment and micro-credit programmes in worldwide, it is very little bit in Sri Lanka especially in Jaffna District.

Mahinda Chinthanaya, a 10-year plan from 2006 to 2016 developed and published by Ministry of Planning in Sri Lanka provides high importance for micro-finance as a development tool and it suggests many strategies to develop the sector (Atapattu, 2009). In post-conflict era, the rehabilitation works have been done by the government in Jaffna District. In this situation it is questioned that the rural people could be benefited from the developments. It is widely accepted that micro-finance functions under similar principles in both stable and conflict-affected contexts. According to Doyle (1998; as cited in Marino, 2005), micro-finance in a post-conflict context can be a multi-use tool. The following research question has been arisen for this study:

“Does the micro-credit programme assist empowering women through the development of entrepreneurs in the rural areas?”.

It is said that the micro-finance can restart and boost the local economic development by providing access to financial services, and it can be a component of the immediate post-conflict rehabilitation assistance. The main aim of this study is to investigate the relationship between the micro-credit and women empowerment by providing self-employment opportunities. In addition to this the following objectives also have been established to meet the above research question:

- (1) To establish the linkage between micro-credit and women empowerment;
- (2) To identify the impact of micro-credit on women empowerment;
- (3) To suggest some possible solutions for improving the women empowerment and entrepreneurship development to help future researchers who contribute the country development as well.

Theory and Hypothesis

Violent conflicts mostly affect the poor, as they are physically vulnerable, living in dangerous conditions, without strong social security grids. Conflicts result in a constant feeling of insecurity that corrodes the social

capital of the poor, fades their organizations, restrains social and physical mobility, and lengthens poverty's violent circle. Self-help groups intermediated by micro-credit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman, 2001).

Hence, the most-noted studies on the impact of micro-credit on households are based on a survey. Contradictions among them have produced lasting controversy and confusion. Pitt and Khandker (1996) applied a quasi-experimental design to 1991-1992 data. They concluded that micro-credit raised household consumption, especially when lent to women. Khandker (2005) applied panel methods using a 1999 resurvey. He concluded that micro-credit helped the extremely poor even more than the moderately poor. But using simpler estimators than Pitt and Khandker, Morduch (1998) found no impact on the level of consumption in the 1991-1992 data, even as he questioned Pitt and Khandker's identifying assumptions. He found evidence that micro-credit reduced consumption volatility.

Chowdhury (2009) found in his studies in Bangladesh that micro-credit schemes have had substantial, through the enhancement of women's position in decision-making on household expenditures and family planning. It has been found, among others, that women's mobility has improved dramatically, e.g., visits to health centres and NGO offices. After having worked for almost seven years in Bangladesh and having visited many women and women's groups in villages throughout the country, he said that it has no doubt that: confident in their actions and in raising their voices; mobile and less confined to their homesteads; concerned about their children's (and girls') school enrolment; and likely to prevent their daughters from getting married before 18.

According to Paul (2000), so far 13 million micro-entrepreneurs worldwide have benefited from micro-credit, using their loans to increase their income and lift their families out of poverty. But there remain 200 million families who work hard, but cannot access affordable credit. It is often argued that the formal financial sector and informal financial sector in developing countries have failed to serve the poorer section of the community (Chowdhury et al., 2004; as cited in Brau & Woller, 2004).

Collateral, credit rationing, preference for high income clients and large loans, and bureaucratic and lengthy procedures of providing loan in the formal sector keep poor people outside the boundary of the formal sector financial institutions in developing countries. An impressive literature exists on the effectiveness of micro-credit or micro-financing programs on improving the economic situation of women (Fernando, 1997; Ahmed et al., 2001; as cited by Maheswaranathan & Kennedy, 2010). However, Pitt et al. (2003; as cited in Maheswaranathan & Kennedy, 2010) found that women's participation in micro-credit programs increased their standard of living.

Armed conflicts have devastating consequences on development, not only in reducing economic and organisational capital, but also in decreasing social capital through loss of trust, weakened interaction and increased tensions between ethnic groups, and in declining human capital through death and displacement, loss of self-esteem, and trauma. In this situation the micro-credit is essential to eliminate the above obstacles. Yunus (1999) said that "the micro-credit views each person as a potential entrepreneur, and turns on the tiny economic engines of a rejected portion of a society". In this study, the following assumptions have been made as hypotheses to prove it positively or negatively by concluding the research results.

H₁: Micro-credit positively correlated with entrepreneurship development and economic, interpersonal and social empowerment.

H₂: The micro-credit has a strong impact on women empowerment in the rural areas in Sri Lanka.

Method

Sample

Four-stage random sampling technique has been applied in selecting households. In the first stage, five Divisional Secretariat Divisions were randomly selected in Jaffna. In the second stage of random sampling, three micro-finance institutions (MFIs) which are Bank of Ceylon (BOC), People's Bank and Samurthi Bank were selected randomly for data collection purpose. In the third stage, the women households who lived in Chankanai, Chandilipay, Uduvil, Kondavil, and Vaddukoddai were selected. In the fourth and final stage, the study randomly selected 15 members from each of the areas. In total, the study has collected information from 66 respondents out of 77 households. The study was made only for women headed families who have been considered for the survey. Although, several MFIs are functioning in Jaffna District, the clients from Bank of Ceylon and People's Bank have been randomly selected for the study. The people who live in the area more than two years and customers from the Bank more than one year were selected for the study.

Data Collection

Besides information on micro-credit and empowerment, the survey collected detailed information on a variety of factors. For example, demographic information (age, sex, marital status, etc.) and socio-economic information (education, employment, food consumption, expenditure on health, etc.) were collected for all household members. Information related to size of loan, recovery of loan, date of joining and other membership characteristics are also collected from the respondents.

Primary and secondary data were used for the study. Primary data were collected from the questionnaire developed by the researcher and direct interview with the branch managers and field officers of BOC and People's Bank and secondary data were collected from the books, journal and other reports.

The Pearson correlation and regression analysis statistical tools have been used to find out the linkage between micro-credit, entrepreneurship and women empowerment and micro-credit's impact on women empowerment respectively by using Statistical Package for Social Sciences (SPSS).

Regression analysis was carried out to test the impact of micro-credit on women empowerment. In this study micro-credit is the independent variable and women empowerment is the dependent variable.

Results

From the data collected and analyzed with the help of SPSS, it revealed the relationship between the micro-credit and women entrepreneurship and women empowerment in the Jaffna region is as follows.

Correlation test was made to examine the relationship between dependent and independent variables and results are tabulated. Table 1 shows that there is a positive relationship between micro-credit and entrepreneurship and empowerment at 0.01 significant levels. From this result, the hypothesis (H₁) has been accepted and it is proved that there is strong relationship between micro-credit and interpersonal and social empowerment than economic empowerment. The weak positive relationship has been highlighted between micro-credit and entrepreneurship development and economic empowerment.

From the regression analysis, it can be observed that the empowerment is influenced by micro-credit by

56.5% and remaining 43.5% is determined by other factors such as training and development, advising, monitoring, and other non-financial services. Further, it could be observed that the entrepreneurship development is influenced by micro-credit by 19.4%, and remaining 80.6% is determined by other factors such as modern technology developments and other skill training programmes. From these findings, the hypothesis (H₂) has been proved that there is a strong impact of micro-credit on women empowerment.

Table 1

Correlation Between Micro-credit and Entrepreneurship Development and Empowerment

	Entrepreneurship development	Economic empowerment	Interpersonal empowerment	Social empowerment	Total empowerment
Micro-credit	0.441**	0.468**	0.724**	0.689**	0.752**
Entrepreneurship development		0.149	0.407**	0.539**	0.440**
Economic empowerment			0.362**	0.452**	0.714**
Interpersonal empowerment				0.831**	0.880**
Social empowerment					0.914**

Note. ** Correlation is significant at the 0.01 level (2-tailed).

Conclusions and Suggestions

From the above discussion, it can be concluded that there is a positive relationship between micro-credit and women empowerment. However, other factors such as training facilities, social awareness, advising regarding the usage of micro-credit and other non-financial services, also have impacts on women empowerment. The micro-credit loan facilities for self-employment are not enough in empowering poor women in rural areas because the other factors have strong impacts on that.

Finally, it is concluded that there is a need to complement credit-delivery with social awareness raising, building confidence and skill training among women. Women need advice about how to utilize public, private, natural and other resources and services as the micro-credit has no strong relationship or impact on entrepreneurship development from the above results. Micro-credit, thus, is not sufficient in empowering the women, but it is the very important ingredients with the noncredit aspects in that process. It is suggested that the micro-credit facilities are essential in empowering women and developing the women entrepreneurs under post-war development because most of the women headed families are in the rural areas, and for keeping enhancement in an effective way it should be concentrated with providing other micro-finance services such as education, health nutrition, training and skill development by using modern technology other than loan facilities.

Women entrepreneurship is both about women's position in society and about the role of entrepreneurship in the same society. To overcome the barriers expected by the women within the society or other employment opportunities the following suggestions have been recommended by the researchers. Women entrepreneurs faced many obstacles in marketing their products, because of the family responsibilities. These barriers have to be overcome in order to access the same opportunities as men. Increased participation of women in the labour force is a prerequisite for improving the position of women in society and self-employed women. Particularly the entry of rural women in micro-enterprises should be encouraged. The rural women are having basic indigenous knowledge, skill, potential and resources to establish and manage enterprise. The awareness and

education programmes should be introduced to enhance the knowledge regarding accessibility to loans, various funding agencies procedure regarding certification, awareness on government welfare programmes, motivation, technical skill and support from family, government and other organizations.

Moreover the formation and strengthening of rural women entrepreneurs' networks must be encouraged. Women entrepreneurs' networks are major sources of knowledge about women entrepreneurship. This network helps to give lectures, printed material communicating the technical knowledge in production, processing, procurement, management and marketing among the other women. This will motivate other rural women to engage in micro-entrepreneurship with the right support and they can reinforce their capacities further adding to the family income and national productivity.

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