



## ORIGINAL RESEARCH PAPER

## Management

### MICROFINANCE AND SOCIO-CULTURAL AND FAMILIAL EMPOWERMENT: A STUDY WITH SPECIAL REFERENCE TO WOMEN PARTICIPANTS OF SELF-HELP GROUPS IN DELHI AND HARYANA

**KEY WORDS:** Familial, Microfinance, Self-Help Groups, Socio-Cultural, Women Empowerment.

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#### ABSTRACT

Microfinance provides access to financial services to the underprivileged people, specifically women. The sector is currently having a total loan portfolio worth 1.785 trillion according to the SIDBI Microfinance Pulse Report 2019. With respect to women empowerment, microfinance plays a special role by providing the women easy access to credit through which they get the confidence in starting their own businesses and become independent. Women empowerment is multi-dimensional in nature and comprises of economic, socio-economic and skill empowerment. The present paper attempts to find out if microfinance program through Self-Help Groups (SHGs) is effective in empowering women in socio-cultural and familial context. The study was conducted through a questionnaire involving 500 respondents from SHGs of Delhi and Haryana. It was found that there is significant relation between the microfinance program participation duration and the socio-cultural and familial empowerment. The study found evidence that microfinance program along with providing financial assistance to the women participants aid in empowering the women in socio-cultural and familial domain.

#### INTRODUCTION:

Microfinance refers to a system of providing financial assistance to the very needy people who have limited or no access to formal financial services. Originally, microfinance schemes were developed to provide financial services to the beneficiaries, but gradually it has become one of the powerful tools to empower women. (Linda Mayoux, 2002)

In general, empowerment refers to an enhancement of "power" of an individual or a group. Microfinance leads to women's empowerment by offering them access to formal or semi-formal financial services. This is done in a variety of ways such as more opportunity to women through income generating avenues. This leads to greater economic security and more confidence to them. Also, microfinance aid in group formation and management which link microfinance clients with networks beyond their neighborhood or community. (Chhay, D. 2011).

According to World Bank 2011, "Putting resources into poor women's hands while promoting gender equality in the household and in society results in large development payoffs. Expanding women's opportunities in public works, agriculture, finance, and other sectors accelerate economic growth, helping to mitigate the effects of current and future financial crises".

According to Sen and Batliwala (2000), women empowerment leads to a growing intrinsic capability, greater self-confidence and an inner transformation of one's consciousness that enable one to overcome external barriers. [Sen G, Batliwala S (2000). Empowering Women for Reproductive Rights, In H. B. Presser and G. Sen (eds.) Women Empowerment and Demographic Processes: Moving Beyond Cario. Oxford University Press, pp. 15-36.]

Malhotra et al. (2002) developed a comprehensive list of important dimensions of empowerment, by using different frameworks developed by various authors. Economic, socio-cultural, familial/interpersonal, legal, political, and psychological are significant dimensions that are composed of various factors.

Empowerment of women generally means to let women survive and let them live a life with dignity, humanity, respect, self-esteem and self-reliance. Empowerment of women is

incomplete and biased if it measures only inequality and fails to include important non-economic dimensions of decision-making power at the household level. With this aim, the present study attempts to relate the microfinance program and socio-cultural and familial empowerment of women. Both these aspects refers to the non-economic empowerment and largely reflect the women empowerment.

#### Literature Review

There is ample of literature available on the positive impact of microfinance programs on women empowerment. Ranjula Bali Swain discusses the different definitions and uses of the concept of empowerment and, based on her research on Self Help Groups in India, illustrates that training plays a key role in empowering women.

Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status (Rehman and Khan, 2007). Hashemi et al. (1996) narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income.

The effects of the men and women participation in microfinance programs in rural Bangladesh, on women autonomy and gender relations within the household are analyzed by Pitt et al. (2003). The study concluded that women participation in micro-credit programs helps to increase women empowerment. It supports women to take a greater role in household decision-making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power compared with their husbands and having greater freedom of mobility. Female credit also tended to increase spousal communication in general about family planning and parenting concerns. On the other hand, male credit had a negative effect on several areas of women's empowerment, including physical mobility, access to savings and economic resources and power to manage some household transactions.

On the other side, there are some studies which shows that participation in microfinance program may lead to adverse impact on women empowerment. Isabelle Guérin and Jane Palier (LPED/IFP) question the automatic connection of microfinance and empowerment of women and show that this rather simplistic view is not a reality by looking at the limits of

microfinance as a development tool. This paper contributes to the empirical literature on the women empowerment effects of microfinance specifically on socio-cultural and familial aspect.

### Research Methodology

The present study is explanatory and attempts to determine whether participation in microfinance program leads to socio-cultural and familial empowerment. Participants and non-participants are defined based on membership duration of the Self Help group members. Participants are those members who are members of the group for more than a year. These members have availed the loan services and had already started receiving benefits from the microfinance program, whereas non-participants are those new members who have joined the group for less than a year and are yet to receive the benefits from the program. In this way, the study design is Quasi-Experimental design where participants are the Treatment group and non-participants are the Control group.

### Study Objective –

To analyze the impact of microfinance program on Socio-Cultural and Familial Empowerment.

Research Question – Is there any difference in the Socio-Cultural and Familial Empowerment score of the participants vs. non-participants.

The question here is addressed by comparing the Socio-Cultural and Familial Empowerment score of the participants whose SHG membership duration is “Less than 1 Year” (Considered as Non-Participant) and those with more than 1 Year (“1-3 Years” and “More than 3 Years”).

Membership duration has been taken as Independent Variable and classified into three ordinal categories as “Less than 1 Year”, “1-3 Years” and “More than 3 Year”. Socio-Cultural and Familial Empowerment has been taken as perceived by member beneficiaries and is considered as Dependent Variable.

Primary data has been collected using a structured questionnaire. Data was collected from 500 respondents from SHGs in Delhi from June 2019 to December 2019. Purposive Sampling technique was employed to collect the data.

- Independent Variable – Membership Duration with 3 categories as-
  - “Less than 1 Year”
  - “1-3 Year”
  - “More than 3 Years”
- Dependent Variable – Socio-Cultural and Familial Empowerment measured using a scale consisting of 8 items and obtained score by adding the individual score on each item.
- Statistical Tool applied is one-way ANOVA to compare the means of dependent variable for more than two categories of dependent variable.

**Null Hypothesis:** H<sub>0</sub> : There is no significant differences in the mean score of Socio-Cultural and Familial Empowerment of all the three categories of membership duration of SHG.

### Data Analysis and Interpretation

Following is the analysis of the data collected through the structured questionnaire.

**Membership Duration:** Membership duration refers to the duration for which the respondents are the member of Self-Help Group. 40% of the total respondents are members of SHGs for more than 3 years, while 26.4% of the respondents are members of the group for less than 1 year. The members

having membership duration of less than one year are treated as non-participants as these members are yet to receive the benefits of microfinance program such as loan services etc. This group is compared with the other two to analyze if there is any change in the perceived socio-cultural and familial empowerment.

**Table No. 1: Membership Duration of SHG Member**

Duration	No. of Respondents
Less than 1 Year	132 (26.4%)
1-3 Years	168 (33.6%)
More than 3 Year	200 (40%)
Total	500

Levene's Test for Homogeneity of Variance

H<sub>0</sub>: There is equal variance in the Socio-Cultural and Familial Empowerment of all three categories of microfinance program duration.

### Test of Homogeneity of Variances

SocCulFam\_Emp\_Score

Levene Statistic	df1	df2	Sig.
26.495	2	497	.000

Significant (p-value < 0.05) implying that null hypothesis is rejected and Equal variance not assumed, Hence used Welch Test.

### Result of Welch Test is:

H<sub>0</sub>: There is no significant difference between mean score of Socio-Cultural and Familial Empowerment for various categories of membership duration.

### Robust Tests of Equality of Means

SocCulFam\_Emp\_Score

	Statistic <sup>a</sup>	df1	df2	Sig.
Welch	129.165	2	252.952	.000

a. Asymptotically F distributed.

P-value < 0.05, null hypothesis rejected. Hence atleast one of the category of membership duration significantly differ from the rest in their mean score of Socio-Cultural and Familial Empowerment.

### ANOVA

SocCulFam\_Emp\_Score

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2800.803	2	1400.402	137.851	.000
Within Groups	5048.915	497	10.159		
Total	7849.718	499			

p-value < 0.05 implies that Null Hypothesis is rejected and therefore concluded that there is statistically significant difference in mean score of Socio-Cultural and Familial Empowerment of all the three categories of membership duration of SHG.

### Post-Hoc Analysis:

To further analyze which group differs among the three, post-hoc analysis was done using Games-Howell method which showed that first category i.e. “Less than 1 Year” score of Socio-Cultural and Familial Empowerment is significantly different from the other two categories, “1-3 Year” and “More than 3 Year”.

\* Games Howell Method is used because equal variance is not assumed using Levene's Test. Following is the result of Post-Hoc Analysis-

Multiple Comparisons

Dependent Variable: SocCulFam\_Emp\_Score

Games-Howell

(i) Mem_Dur	(j) Mem_Dur	Mean Difference (i-j)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Less than 1 Year	1-3 Year	-4.81981 <sup>*</sup>	.44152	.000	-5.8601	-3.7798
	More than 3 Year	-5.70409 <sup>*</sup>	.35444	.000	-6.5419	-4.8663
1-3 Year	Less than 1 Year	4.81981 <sup>*</sup>	.44152	.000	3.7798	5.8601
	More than 3 Year	-.88429 <sup>*</sup>	.32584	.019	-1.6528	-.1158
More than 3 Year	Less than 1 Year	5.70409 <sup>*</sup>	.35444	.000	4.8663	6.5419
	1-3 Year	.88429 <sup>*</sup>	.32584	.019	.1158	1.6528

<sup>\*</sup>. The mean difference is significant at the 0.05 level.

p-value of less than 1 Year is less than 0.05 against 1-3 year and more than 3 years. This shows that there is significant difference between category 1 against 2 and 3.

While for pair “1-3 Year” and “More than 3 Year”, the p-value is 0.019 which is less than 0.05 implying that null hypothesis is rejected and it is concluded that there is significant difference between Socio-Cultural and Familial Empowerment score of member beneficiary with “1-3 year” membership and “more than 3 year” membership.

CONCLUSION:

It is found from the study that participation in microfinance program through self-help groups lead to increase in the social status of women. They are able to gain confidence in various aspects of social life such as by visiting market for the raw material. They are able to raise voice against social exploitation and participate in various community development activities. Access to funds is one aspect of microfinance which leads to empowerment of women in various other aspects as well.

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