

Is Microfinance a Tool for Empowering Women Entrepreneurs?

R.M.D.C. Rathnayaka^{1,*} and T.D.S.H. Dissanayake²

^{1,2}Department of Accountancy and Finance, Faculty of Management Studies, Rajarata University of Sri Lanka, Mihintale, Sri Lanka

*Corresponding author: deepikarathnayaka09@gmail.com

Abstract

Women empowerment has been highlighted as a critical element in the development of the Sri Lankan economy, particularly as a developing nation. As a result of meeting this criterion, microfinance organizations are serving as a role model for women entrepreneurs' empowerment. However, the inconclusive and dearth of evidence in previous research findings related to this theme has been reported. Therefore, this research aimed to determine the effect of microfinance on the empowerment of women entrepreneurs in the Polonnaruwa district. The researchers identified microfinance facilities using four dimensions, namely microcredit, micro-savings, training and advisory services, and micro-insurance facilities. The population of this study was women entrepreneurs in the Polonnaruwa district. By employing the stratified sampling method, 120 women entrepreneurs in the Polonnaruwa district were selected, representing 10 entrepreneurs from each divisional secretariat division of Dimbulagala, Thamankaduwa, Lankapura, Walikanda, Madirigiriya, Elahera, and Higurakgoda. Moreover, the study uses a structured questionnaire to gather primary data for the analysis, and hypotheses were tested using correlation analysis and multiple regression analysis. The overall results revealed that microfinance can be used as a tool for empowering women entrepreneurs in Sri Lanka. This is because, the results of the analyses indicated a positive impact of micro-credit, micro-savings, and training and advisory services towards the empowerment of women entrepreneurs. However, micro-insurance did not report an impact on the empowerment of women entrepreneurs for the sample. This study contributes to expanding the extant literature by highlighting the empowerment of women entrepreneurs as a vital factor to economic empowerment. Moreover, this study suggests an awareness of the interest rates of credits, more training programs, and develop the withdrawal procedure of the micro-savings as important factors to keep microfinance services for enhancing the empowerment of women entrepreneurs.

Keywords: Empowerment, microfinance, women entrepreneurs