Microfinance involvement and enabling of Women Entrepreneur in Kilinochchi District and comparison study with Jaffna District

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Abstract
In recent times, empowering women entrepreneurship through microfinance is one of the main issues in Sri Lanka. Entrepreneurship of women in Northern Province contributes to the socio-economic development of their families as well as country. However, most readings focused on outreach and sustainability of microfinance institutions, and only little focus found on the effect of microfinance involvement and enabling on women entrepreneurs’ performance in Northern Province of Sri Lanka. The prime objective of this study is to examine the women empowerment through involvement and enabling of micro finance institution of Sanasa Development Bank PLC (SDB PLC) in Kilinochchi. Data were derived from a questionnaire survey of sample 85 widow women in Kandawalai and Karaichchi area of Kilinochchi district who has utilize the SDB PLC. The data have been collected 80 out of 85 regarding the micro credit, savings and training. The correlation and ANOVA test have been used to analyse the data to find out the relationship and significant differences using SPSS software package. The study recognizes that there is a significant relationship between savings and training except micro credit with empowerment of women. However most of the widow women of Kilinochchi district could not utilize the micro credit finance to initiate the business activities to achieve the financial empowerment in their life due to burden of day to day expenses compare with Jaffna district.

Keywords — Micro credit, saving, training and empowerment of women.

I. INTRODUCTION
Microfinance increases financial inclusion by extending financial services to small businesses and new entrepreneurs, especially in rural and poor areas. The objective of microfinance is to create an environment where low-income earners can easily access good quality financial services to smooth their consumption, purchase assets and fund their daily activities. Women mostly suffer from poverty in many developing countries. Sri Lanka, being one of the developing countries, the case is a burning issue in the country.

The objective of microfinance is to create an environment where low-income earners can easily access good quality financial services to smooth their consumption, purchase assets and fund their daily activities. Women mostly suffer from poverty in many developing countries. Sri Lanka, being one of the developing countries, the case is a burning issue in the country.

As stated by Harper, (1996) women everywhere, particularly in poor countries are seriously disadvantaged due to various reasons. While women handle a large part of the world’s work, they receive a very small part of the reward of the work, in terms of money which they can control and social position. According to the World Bank (2001), gender inequalities in developing societies slow down economic growth and national development. According to Harper (1996), women empowerment differs from one country to another and between different income groups within each country. However, women’s micro credit availability, micro savings and training are generally worse in poor countries as compared to the rich. Women empowerment is giving the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one’s ability to secure desired changes and the right to control one’s life. (Narayan, 2002:10).

This research seeks to bridge the gap by establishing the effect of microfinance interventions on empowerment of women entrepreneurs in Kilinochchi District in Sri Lanka.

SIGNIFICANT OF THE STUDY
Through this continuous study, researchers want to enhance to the body of knowledge on the social contributions of SDB PLC on enablement of women in rural community in Kilinochchi District as reflected by any change in their living standards at individual, household or enterprise level. The findings, which have got from previous study of Ramajeyam at el (2016) will lead to improvement of microfinance institution’s positive impact on the lives of their clientele who are mostly women. The results
are also invaluable to the government for determination and establishment of a regulatory legal framework for the microfinance institutions’ in Sri Lanka, which will ensure the realization of the institutions’ main objective of poverty eradication and best ways to address the gender specific issues. Besides, the research creates the awareness among the districts regarding the microfinance procedure and functions as well as indicate the crushed situation to the finance institution of SDB PLC.

On 2012 after the war and displaced, there was 112,875 population in the district. From this population 72,953 were female i.e. nearly 65%. In this situation with the absence of males in the household, female and parentless are forced to bear the burden of the family. Having to play the role of survivor and caregivers of their families, many of these women and Youngers are imposed with the responsibility of the head of the household.

In the ground situation, the Kilinochchi district’s women entrepreneurs specially widows are wanted to have the involvement and enabling of Microfinance providing by SDB PLC because it will increases financial inclusion by extending financial services to small businesses and new entrepreneurs, especially in rural and poor areas.

Objective of the study
The objective of this study is to examine the effect of credit, savings and training on women entrepreneurs’ performance in Kilinochchi District. This research wanted to found the effect of involvement and enabling provided by SDB PLC for empowerment of women entrepreneurs of Kilinochchi District population by examining changes in financial growth, social status of the women and empowerment effects such as increase in profits, income, increased asset ownership, food security, savings and consumption.

The main objective of this study is to identify the impact of micro finance involvement on women enabling by giving opportunity for self-employment by SDB PLC.

Based on the above the study sought to achieve the following specific objectives:

Main objective

- To determine the effect of microfinance involvements on enabling of women’s.

Sub objectives

- To observe the effect of Micro credit on enabling of women.
- To detect the effect of Micro savings on enabling of women.
- To perceive the effect of training on enabling of women.

Literature Review
The basic theory is that microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities.

Access to micro credit has a positive economic impact. The impact becomes larger for those closer to the poverty line and it also increases with the duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch and Haley, 2001). Micro credit delivery in various points of the world has improved the economic position of households, enhancing the asset base and diversification in to higher return occupations among members. However, there are also a number of issues within the women’s empowerment framework that impede the poverty reduction capacity of micro credit (Skarlatos, 2004).

The design of the micro credit product is appropriate and it has empowered women entrepreneurs who are micro finance clients. This is because majority of the women find the loan eligibility requirement easy to meet. They also find loan application procedure as easy. The loan product design is also appropriate to them. This is in agreement with (Charitoneko et al., 1998) who note that loans enable women to invest in and expand their business, and in consequence they are able to employ and that loans engage entrepreneurs in making major decisions, such as loan approvals and in improving the products and services produced.

Based on the conclusion of the research of Ramajeayam et al (2016) micro credit only positively correlated and impact on women empowerment, the researchers indicate the importance of establishing the training program and saving manner in Jaffna district.

According to Arora, (2011) microfinance has been effectively contributing to women enabling significantly to their family development for getting credit for housing repairs, education and marriage of their children and also for consumption purpose. Suzy and Cheston (2002) argue that there is gender based poverty especially among women and this is particularly due to lack of access to credit and other forms of formal financial services. Khandker (2003) provides evidence that lending to women yields greater social and economic impacts compared to men. Because of that, the Grameen Bank (GB) has helped to uplift the social position of women through micro financing socially. Micro finance helps poor, rural women to become involved in an income-generating program to overcome their poverty, with the assumption that economic determination reduces abuse and violence to women and reduces the unequal relationship between men and women in the family” Rouf (2012; p. 288).

Credit and savings had positive impact on performance in Nigeria (Ojo, 2009). Credit and training had positive impact on women
entrepreneur’s performance in Tanzania (Kuzilwa, 2005). Savings acts as insurance for credit since women entrepreneurs lack physical collaterals (Akanji, 2006; Mkpado & Arene, 2007; Versluysen, 1999). Savings has been found to have positive effect on enterprise productivity in Nigeria (Ojo, 2009).

Credit, savings and training were found to have positive impact on women entrepreneurs’ income and wellbeing in Haiti, Kenya, Malawi and Nigeria (UNCDF/UNDP, 2003). As such, training had positive impact on women entrepreneurship performance in Nigeria, Ghana, USA, Tanzania and Canada respectively (Ibru, 2009; Cheston & Kuhn, 2002; Jill et al., 2007; Kuzilwa, 2005; Reavley & Lituchy, 2006). Women entrepreneurs, especially in developing countries, lacked social connections that are a source of credit and market information (Olomola, 2002), whereas social capital has been found to have positive impact on the performance of women entrepreneurs (Brata, 2004; Lawal et al., 2009; Mkpado & Arene, 2007; Olomola, 2002).

In this study, the following hypotheses are formulated.

H1. There is positive significant effect of micro credit on enabling of women entrepreneurs on Kilinochchi district.

H2 There is a positive significant effect of micro savings on enabling of women entrepreneurs on Kilinochchi district.

H3 There is a positive significant effect of micro finance training on enabling of women entrepreneurs on Kilinochchi district.

H4. There is a significant effect of micro finance involvement and enabling of women entrepreneurs in comparison among Kilinochchi and Jaffna districts. Here researchers will do the research on Kilinochchi district first, then do the comparative analysis with Jaffna district findings of Ramajeyam at el (2016) to get the valuable idea to process the micro finance function in Kilinochchi in a valuable manner. Here the Comparative research methods have long been used in cross-cultural studies to identify, analyse and explain similarities and differences across societies. In Kilinochchi the women-headed households as a major post-conflict challenge. It would then be necessary to create new policies for this community aimed at solving credit issues of the same community (e.g. microfinance). Finally, through their research researchers want to indicate the SDB PLC whether they can apply the same micro finance policy among two districts.

From the above, to fill the gap of new sample area which is mostly discussed the issues, research problem is to identify impact of the micro finance involvement on enabling of women entrepreneurs in Kilinochchi district.

Methodology

Previously Rathirani conducted the research on this Kilinochchi district with sample of 94 people DS wise with different variables. In this research researchers select the sample from Grama Niladari (GN) division of Kilinochchi district Kandawalai area by using stratified sampling method. 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. From the thousand two hundred beneficiaries of SDB PLC researchers select the female beneficiaries of 800 and among them 200 females are widows. From them by using random sampling method 80 beneficiaries were selected for this study.

In this research, researchers Analysis and Presentation of the data was collected and analyzed by using Statistical Package for Social Sciences (SPSS). The analysis sought to test the hypothesis of the study and explain the associations and dependencies between the variables.

The model will be specified as follows:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

Where: \( Y \) = Enabling of women entrepreneurs; \( X_1 \) = Micro credit; \( X_2 \) = Micro savings; \( X_3 \) = Microfinance Training; \( \beta_0 \) = Intercept term Enabling of women entrepreneurs; \( \beta_1 \) = coefficient of Micro credit; \( \beta_2 \) = coefficient of micro savings; \( \beta_3 \) = coefficient of microfinance training.

Data presentation and analysis

Table 1: Age of respondents

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20</td>
<td>09</td>
<td>11</td>
</tr>
<tr>
<td>20 – 29</td>
<td>39</td>
<td>49</td>
</tr>
<tr>
<td>30 – 39</td>
<td>23</td>
<td>29</td>
</tr>
<tr>
<td>40 – 49</td>
<td>06</td>
<td>8</td>
</tr>
<tr>
<td>50 +</td>
<td>03</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Researcher’s Fieldwork

From the above observation 49% of samples are within the age limit of 20-29. It shows that under the war situation most of the young women are affected than other age and needed more help from the micro finance institutions. With the comparison of Jaffna district, it was high.

Table 2: Descriptive findings of Micro credit scheme interventions and empowerment of women entrepreneurs.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro credit</td>
<td>80</td>
<td>1</td>
<td>5</td>
<td>2.132</td>
<td>.0213</td>
</tr>
<tr>
<td>X1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.42341</td>
</tr>
<tr>
<td>Micro savings</td>
<td>80</td>
<td>3</td>
<td>5</td>
<td>3.985</td>
<td>.0216</td>
</tr>
<tr>
<td>X2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.42872</td>
</tr>
</tbody>
</table>
The above table 2 shows the descriptive analysis of the variables. The average value is higher than the Jaffna district due to the urgent needs of micro finance services in the area.

### Table 3 correlations between the Micro credit scheme intervention and empowerment of women entrepreneurs.

<table>
<thead>
<tr>
<th>Pearson correlation</th>
<th>Micro credit</th>
<th>Micro saving</th>
<th>Training</th>
<th>Women Empowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro credit Sig. (2 tailed)</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro savings Sig. (2 tailed)</td>
<td>.679*</td>
<td>.000</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Training Sig. (2 tailed)</td>
<td>.715*</td>
<td>.000</td>
<td>.646**</td>
<td>.009</td>
</tr>
<tr>
<td>Women empowerment Sig. (2 tailed)</td>
<td>.323</td>
<td>.240</td>
<td>.744**</td>
<td>.001</td>
</tr>
</tbody>
</table>

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

*Correlation is significant at 0.05 level (2-tailed).

There was no correlation between the Micro-credit and women empowerment. This shows that when women access the credit, they liable to repay the loan and fulfill their family needs than start the business due to the situation of their area. There is the positive correlation not significant. But in Jaffna district it significantly impacts on them. It shows that Kilinochchi district women face the day to day challenges than initiate the business. In the meantime, micro saving and training significantly correlated with women empowerment specially widows at the level of 0.01. It reflects that most of the beneficiaries wanted to have the training and saving to develop their empowerment. In Jaffna district saving and trainings are not correlated significantly with empowerment due to their level skill and available resources.

Then, regression analysis was performed to find out the impact of micro finance on women empowerment.

### Table 4: Regression analysis of micro finance and women empowerment.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.830*</td>
<td>.689</td>
<td>.604</td>
<td>28420</td>
</tr>
</tbody>
</table>

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

Table 4 shows $R^2=0.830$, it means 83% of variation of women empowerment can be explained the changes by micro finance. Besides this, adjusted $R^2$ is very closure to $R^2$.

### Table 5: Coefficients of Micro finance and women empowerment.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.175</td>
<td>1.042</td>
</tr>
<tr>
<td></td>
<td>Micro credit</td>
<td>.259</td>
<td>.165</td>
</tr>
<tr>
<td></td>
<td>Micro savings</td>
<td>.333</td>
<td>.176</td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>.415</td>
<td>.202</td>
</tr>
</tbody>
</table>

From the results of the regression analysis (Table 4 & 5), the following regression model is fitted.

**$Y= 2.175 +.259X1+.333X2+.415X3+0.2842$**

The model implies that all factors held constant, women entrepreneurial empowerment is 2.175. Similarly, the change in women empowerment is 25.9% for each unit change in micro-credit. At the same time micro savings and trainings are 33.3% and 41.5%. Providing the group training programme and need of training knowledge and saving ability made the positive significant impact on women empowerment. At the same time in Jaffna district micro savings and trainings are negatively made the change on women empowerment due to the lack of micro saving and training knowledge and availability.

### Conclusion

After 30 years war situation the people who are from Northern part of the Sri Lanka expect facilities in order to uplift their living standard. Microfinance 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. Up to 2009 Kilinochchi district faced sever war crises and another administration procedure. Because of that the
sample population didn’t have the experience regarding microfinance procedure and functions. But microcredit plays a critical role in empowering women; helps deliver newfound respect, independence, and participation for women in their communities and in their households (Juan Somavia, ILO Director-General).

When we analysed the purpose of targeting women by microcredit, we have got that the Seventy percent of the women are poor. Yet traditionally women have been disadvantaged in access to credit and other financial services.

In Sri Lanka Kilinochchi and Jaffna districts are considered as more prosperous districts in comparison with other districts. 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 but all the area and population of Kilinochchi not like that. Hence Kilinochchi district micro credit beneficiaries need to have more priority regarding training and micro credit usage for their development of empowerment.

REFERENCES


