



## EXPLORING THE POST-COVID PATHWAY OF MICROFINANCE ON WOMEN'S EMPOWERMENT

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SLJBF 06.02.04: pp. 55-70

ISSN 2345-9271 (Print)

ISSN 2961-5348 (Online)

DOI: <http://doi.org/10.4038/sljbf.v6i2.47>

### Abstract

Having access to microfinance institutions in Sri Lanka, Poor women in the country have opened up to diverse microfinance services and supported them in growing economically while enhancing gender equality, health, level of education, etc. Microfinance institutions provide both financial and non-financial services and it has a significant effect in eradicating poverty and empowering women. With the effect of the COVID-19 crisis, almost all the sectors were severely affected in every aspect and the poor women of the country was one of the key parties. Thus, the primary aim of this study is to explore the post-COVID pathway of Microfinance on Women's Empowerment. Concerning the study, Sri Lankan microfinance services can be classified into five categories: micro-credit, micro-savings, micro-insurance, business support, and skills development. This study focused on determining the effect of micro-credit, micro-savings, micro-insurance, and training on women's empowerment after the COVID-19 pandemic. The study adopts a quantitative research methodology to explore the impact of microfinance on women's empowerment. An empirical investigation was carried out among a sample of 100 women selected in the Kurunegala District of Sri Lanka who were receiving microfinance services and training programs. A self-administered questionnaire was the key data collection method, which had been built on a five-point Likert scale. The data were analyzed with the aid of the SPSS Statistical Package. Correlation and Multiple Regression analysis were the key statistical techniques used to test the hypothesis. The findings have confirmed that micro-credit, micro-savings, and training have a significant positive impact on women's empowerment after the COVID-19 crisis where micro-insurance was not statistically significant. Based on the results, training offered by microfinance institutions for these poor women to sharpen up their income-generating mechanisms from obtaining microfinance services has the highest impact in empowering them. Thus, the study contributes key microfinance factors to empower women economically, socially, and politically which would in turn create a social implication of eradicating poverty and economic development after the COVID-19 crisis.

*Keywords: Micro-Credit, Micro-Insurance, Micro-Savings, Post-COVID, Training*

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## 1. INTRODUCTION

Social exclusion, poverty, and gender inequities are the pressing issues experienced globally (Lee & Huruta, 2022). Microfinance is positioned prominently as a key enabler in overcoming many of them. Especially in developing countries like Sri Lanka, Microfinance has gained increasing popularity as a mechanism for the eradication of poverty and the empowerment of women (Mukendi & Manda., 2022). Limited access to formal financial services by vulnerable units like entrepreneurs, small businesses, and poor households within the traditional banking services was a key problem that restricted the growth of these units in many aspects. Microfinance therefore serves as an alternative path to financial inclusion for those who are too poor to be served by regular banks and allows the population with a lack of financial resources to access credit, savings, and other crucial financial services. Microfinance is anticipated to enhance and strengthen the income-generating activities and capacities of low-income individuals. Therefore, it is anticipated that microfinance will lead to an improvement in low-income people's living situations while also enabling them to actively participate in the nation's economic growth.

The role of women is crucial if society and the economy of a region are to reach their full potential. It is virtually difficult for a region to see economic growth without the involvement of women in its economic operations (Doepke., 2019; Singh., 2021). According to most statistics, women make up half of the population in the world (World Population Prospects, 2019). Regardless of the above facts, women's unemployment rate is higher than men's in practically the world (International Labor Organization report, 2017). Like many other nations, Sri Lanka offers microfinance services with an emphasis on women. Turning into the Sri Lankan context concerning women and their contribution to the nation's economy, the Household, Income, and Expenditure Survey, 2019 conducted by the Department of Census and Statistics reveals that 25% of the population lives in homes headed by women in Sri Lanka. According to the Sri Lanka labour force survey annual bulletin 2021 has emphasized that female employment status is 33.3% and among that own account worker rate of 25.3% and the contributing family worker rate is 75.9%. However, the female employment rate has been shown to be 92.1% of women. In a context where the world economy is headed by women, The United Nations has identified women's empowerment as one of its top priorities for the coming years. (Hasan, 2022), But on the contrary, the COVID-19 pandemic has had a detrimental impact on entrepreneurship in the last decade. According to O'Donnell et al. (2021), women-owned businesses have been more likely to get close since the spread of COVID-19.

The economic shutdown under the global pandemic, COVID-19 has severely impacted every human activity where the micro, small, and medium enterprises, and poor households were affected badly the most (Bartik, 2020). The effects of a crisis have never been gender-neutral (Liu et al., 2021). O'Donnell et al. (2021) report that women were the most affected gender by the pandemic, which resulted in a disproportionate effect on women's employment, working hours, and wages compared to males. According to Singh (2021), the COVID-19 pandemic caused an increase in the poverty level among women. The report issued by Cherie Blair Foundation for Women (2020), based on a sample gathered from women in 32 low

and middle-income earning countries, reveals that the COVID-19 pandemic has forced 38.5% of women-owned firms shut down and 83.8% of women have paused a negative impact on their business amid the inequitable access to finance. COVID-19 made women-led businesses for longer closure periods when compared to men-led firms. The disproportionate gendered implications in economies were higher in developing economies. (Liu et al., 2021). Thus lower levels of performance in business activities caused lower access to bank loans for the businesses led by women, and further to employment layoffs. This circles back to women, as layoffs are especially focused on women employees. In addition to the above the continuous lockdowns burdened the women with higher household responsibilities, which hinder their level of productivity despite the industry. (Liu et al., 2021; Power, 2020). The nature of employment, the amount of savings, and the industry in which they operate are some factors that can be held accountable for this disparity (Global Innovation Index., 2020).

Nevertheless, microfinance facilities have become the aid to overcome the drawbacks faced by small and medium entrepreneurs during the pandemic, especially for women-led businesses. This is proven in two studies that focus on how gender differences influence the accessibility to credit. The study by Hewa-Wellalage et al (2022), stated that there is no evidence on the gender gap in access to finance during the pandemic by taking bank credit and microfinance into account as funding sources. The contrary was reported in the study by Liu et al. (2021) where only bank credit was the funding facility considered. Microcredit has also aided poor women to engage in diversified livelihood activities, which has enabled them to create a stable flow of income thus strengthening coping strategies based on livelihoods (Naz & Doney., 2022). Going beyond the financial perspective, microfinance facilities enable women to engage in business, hence increasing the bargaining power within the family. (Mwale et al., 2021). The empirical literature in Sri Lanka contains several empirical studies on the relationship between microfinance and women's empowerment, and the majority of these studies supported the assumption that microfinance had a good impact on women's empowerment (Perera., 2020; Chandradhasa., 2019). Thus without much argument, it can be accepted that microfinance truly plays a significant role in women's empowerment. The special relationship between women and microcredit has been in the discussion for a long time. (Alshammari., 2021; Bernard. 2016; Mohammad., 2021).

However, the consequences of COVID-19 on women and the role of microfinance in overcoming such consequences still need in-depth investigations. Even though there are empirical studies carried out after COVID-19 in the global context (Karim, 2021; Mustafa, 2021) there is a significant research gap within the Sri Lankan context. With the effect of the COVID-19 pandemic followed by the worst economic crisis in the country, have understood the importance of microfinance services in empowering the living of disadvantaged units like poor women in Sri Lanka. Thus, the current study focused on microfinance factors that significantly affected Women's Empowerment after the COVID-19 pandemic and aimed to investigate the relative impact of micro-credit, micro-savings, micro-insurance, and training on Women's Empowerment. Furthermore, this study will eventually be useful to not only local institutions but

other international micro-financial institutions to understand and compare the factors affecting women's empowerment in different contexts after the COVID-19 pandemic. The study was only conducted on conveniently chosen women from each category of women who had the highest rates of microfinance and female empowerment. Micro-credit, micro-savings, micro-insurance, and training were the four independent factors that drove the research. Only one dependent variable specifically, women's empowerment was included.

## **2. LITERATURE REVIEW**

### **2.1 Empirical literature**

#### **2.1.1 Women empowerment**

Women's empowerment is viewed as a multifaceted process that enhances a person's ability and abilities to make decisions and translate those decisions into desired actions and outcomes (Hashemi & Schuler, 1996). The majority of the time, microfinance institutions' primary target market is women (Okesina, 2022). Micro-credit is designed to empower women and provide them with the chance to start their own companies, boosting the economies of both their households and their communities. The process of improving women's economic, social, and political status in society is known as "empowerment. The empowerment and autonomy to improve health, social, political, and economic status are viewed as a force that enabled women to earn income through non-traditional sources along with the achievement of self-resilience, equal access to the labor market, and social security networks. (Mukendi & Manda, 2022; UNFPA, 1994).

#### **2.1.2 Micro-credit**

Micro-credit is a well-known contributor to the empowerment of women. Micro-credit is a crucial instrument for empowering women since it encourages the development of entrepreneurial abilities in women with low income. Additionally, (Yogendrarajah, 2012) described micro-credit as raising people's quality of life by giving them a little loan for a brief time. He also articulated micro-credit dimensions through the research journal, such as the credit amount, loan disbursement, and repayment duration.

Hashemi, (1996) Study on the effects of micro-credit and microfinance programmes on the lives of women, identified micro-credit as a key element in the empowerment of women. Evaluated women's empowerment using a range of variables, including their political awareness, mobility, and purchasing power. According to the report, women's empowerment and access to microcredit are positively correlated. Rathirane, (2017) argued that microcredit is a base for women's empowerment by improving economic activities and self-employment, helping women meet their practical needs, increase their efficacy in their traditional roles, and gain respect and achieve more in their socially defined roles. This may then lead to increased esteem and self-confidence, which may contribute significantly to a woman's ability and willingness to confront social injustice (Aytekin, 2019).

### **2.1.3 Micro - Savings**

Recently, the mobilization of savings has been acknowledged as a significant driver in microfinance. According to Perera (2020), microfinance savings and women's empowerment are positively correlated. An investigation by Ramajeyam (2016) looked into how microfinance interventions affected the empowerment of women business owners in Jaffna. The findings demonstrate that micro-savings have a considerable and positive impact on women entrepreneurs' empowerment. The effect of microfinance services on clients' entrepreneurial success was examined by Bernard (2017). According to the study, micro-savings are associated positively with women's business success.

### **2.1.4 Micro-Insurance**

Micro-insurance serves as an aid to poverty reduction and social protection. It provides a financial shield to the poor by serving as an additional source of recovery and reducing the vulnerability among the poor to unexpected losses. (Arun et al. 2012). Through methodical risk management among the rural poor, micro-insurance could result in a win-win situation that combines commercial profit with the social benefits of eradicating poverty (Amudha, Selva Bhaskar, & Motha, 2014). Micro-insurance offers different types of insurance coverage such as life, crop, weather, and health (Arun et al., 2012) for low-income persons in return for recurrent premium payments according to the likelihood and expense of the risk involved. The source of financial services for low-income self-employed individuals is micro-insurance (Gaurav, 2007). According to Chandrarathna (2021), they have proved that micro-insurance has a significant positive impact on the entrepreneurial success of women in the Colombo District.

### **2.1.5 Training**

A sizable number of clients who had their firms launched with the help of MFIs remarked how the training they had received had improved their operations. According to their study, the majority of the clients did not comment, but roughly 45% of them said they were happy with the business development services offered by their company. The fact that the training facilities had been made available to them was the key factor in their satisfaction. The empowerment of women is found to be positively correlated with education level (Sridevi, 2005; Khan, 2011; Sheikh, 2015). As a result, training programs offered by microfinance organizations likely have a positive impact on the empowerment of women. As a result, training is advantageous to microfinance clients and has a positive impact on business growth (Cheston, 2002). (Hameed, 2017). Furthermore, it is suggested by (Haider S. A., 2017) that the training or skill development programs offered by microfinance institutions have an impact on the economic and social empowerment of women.

## **2.2 Theoretical literature**

### **2.2.1 Vicious Cycle of Poverty Theory**

Nurkse introduced this theory (1971). This theory explains how micro-credit can be used as a tool for women's empowerment by focusing on how a credit investment

framework is built. According to the hypothesis, the supply-side advocates believe that there is a limited capacity to save because of the low level of real income.

### **2.2.2 Human Capital Theory**

According to Becker's (1993) human capital theory, education and experience help people gain the skills necessary to be productive. Knowledge obtained via education and training is a resource that is unevenly distributed among people and is therefore essential to comprehending variations in opportunity recognition and exploitation. Despite being surrounded by a variety of business options, some women nevertheless live in poverty and are unemployed due to a lack of training and understanding in entrepreneurship. According to the idea presented above, education, experience, and skills aid in the identification of market-created business possibilities and foster empowerment. Through training, female entrepreneurs can increase their knowledge. Therefore, support their creative and inventive ideas that can grow small business companies by producing new information, goods, services, and production methods at a lower cost, which can give them a sense of empowerment.

### **2.2.3 Microfinance and Women's Empowerment**

Microfinance organizations have continually fought against poverty throughout history. Nevertheless, they have had to adjust to the new environment in light of the COVID-19 pandemic. Increasing women's access to financial resources, income-generating assets or activities, saving, financial decision-making power, and economic independence are all outcomes of microfinance (Mayoux, 2008). "Microfinance has demonstrated its efficacy as a tool against poverty and hunger in numerous countries" (John Nijirani, 2015). To reduce poverty, microfinance initiatives have dominated (Beisland et al., 2020). The goal of the expansion of microfinance is to encourage the impoverished to become entrepreneurs by providing them with sufficient financing to raise their level of living (Tang et al., 2020; Mustafa et al., 2018).

According to scholars, there are various reasons why women should be the focus of microfinance programs that aim to reduce poverty and empower women. Based on the Human Development Report (2014), more than 1.3 billion people worldwide, 70% of women live on less than \$1 a day and lack access to banks and other financial institutions in developing nations, especially in rural areas. In their study on promoting empowerment through microfinance in Sri Lanka, Tilakaratna, Galappattige, and Perera (2005) found that microfinance plays a significant role in the lives of the poor who are motivated to start their businesses. Savings, microcredit, and training are just a few of the essential services offered by microfinance companies. Microfinance institutions are a crucial tool for economic development aimed at assisting women and those with lower incomes (Duflo, 2012).

Arora and Meenu (2011) emphasize that microfinance significantly contributes to women's empowerment. Their access to loans for home improvements, children's education, and marriage has become beneficial to their families as well. Also it has helped women develop better-saving habits. Nader (2008) asserts that microfinance is crucial to women's empowerment, particularly given their propensity for family

well-being and child education. Access to microfinance for women is viewed as a requirement for eradicating poverty and empowering women (Mayoux, 2006)

The beneficial effects of microcredit, microfinance savings, and training can be found in many recent studies done recently focusing on women empowerment (Ali and Hatta, 2012; Perera 2020; Haider, Asad, and Fatima, 2017). Therefore, it is likely that the services provided by microfinance institutions, such as microcredit, savings, and training programs, have an impact on the empowerment of women since they are closely related to both financial capital (microcredit & savings) and human capital (training programs of microfinance institutions).

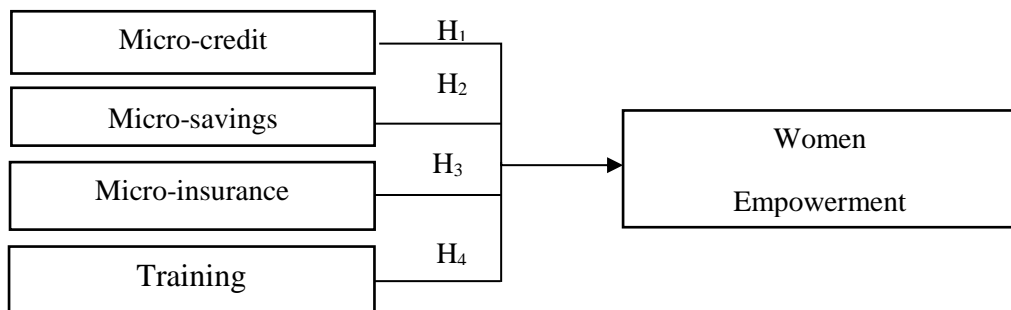
### **3. METHODOLOGY**

The quantitative data analytical methods were applied to analysis the quantitative data of the study. This study has used primary data to achieve its research objectives. Sri Lanka has approximately 250,000 women who engage in micro enterprise which represent only 25% of SMEs in the country. Due to high informalization among the micro enterprises, statistics in Provincial Level, District Level or any other level on women led businesses were not available. Thus, to identify the study population an approximation was made using published poverty data in 2017 by Census and Statistics Department and selected the women who engage in micro enterprises in the Kurunagala District since it records the highest income disparity with the highest Gini coefficient for real per capita expenditure (Department of Census and Statistics, 2017). Consequently, a sample of 100 women who engage in micro businesses in Kurunegala District were drawn using a convenient sampling technique. The researcher used structured questionnaires to collect the data and questions were designed representing the main variables under the study. Since the key objective of the research is to identify the impact of microfinance on women's empowerment, correlation and multiple regression analyses were conducted. A descriptive analysis was conducted to identify the demographic characteristics of the sample.

To test the relationship indicated in the conceptual framework, the concepts of microfinance and women empowerment were operationalized using variables to represent each concept which was followed by indicators and questions covering each variable. The questions were designed covering the different indicators of the variables. The responses to the questions were scaled using a five-point Likert scale. Four (04) variables were chosen to represent micro finance. First variable Microcredit was measured using questions which indicate eligibility, Loan size, application procedures and repayment schedule (Banerjee, 2010; Adhiambo, 2015; Yogendrarajah, 2012; Pitt, 2003). Secondly micro savings was measured using indicators of interest rates, level of initial deposit, confidentiality, accessibility of providers (Sultana, 2010; Laha, 2015; Ranasinghe, 2020). Next variable, micro-insurance was measured using indicators of the risk, claim system and coverage (Thilakasiri, 2019; Banerjee 2010; Adhiambo, 2015). Finally, the factor training on business was measured using eligibility to be trained, accessibility and quality of the training (Mogashoa, 2014; Raven & Quan, 2015; Ali, 2012).

### 3.1 Conceptual Framework

This study sought to find out the microfinance products that significantly affected women's empowerment after the COVID-19 pandemic and also the sub-questions to check whether micro-credit, micro-savings, Micro-insurance, and Training facilities have affected Women's Empowerment. Women's empowerment is seen as the dependent variable, with microfinance as the independent variable.



**Figure 1: Conceptual Framework**

### 3.2 Hypotheses

H1: There is a significant positive impact of Micro-credit on Women's Empowerment after the COVID-19 pandemic.

H2: There is a significant positive impact of Micro-savings on Women's Empowerment after the COVID-19 pandemic.

H3: There is a significant positive impact of Micro-insurance on Women after the COVID-19 pandemic.

H4: There is a significant positive impact of Training on Women's Empowerment after the COVID-19 pandemic.

To test the relationship indicated in the conceptual framework the concepts of microfinance and women empowerment were operationalized as given in Table 2.1 below.

## 4. RESULTS AND DISCUSSION

### 4.1 Demographic Factor Analysis

According to the Demographic factor analysis, the age group of 18 to 25 represented the largest percentage of respondents (46%), while the age group of 26 to 35 represented the second-largest percentage (38%). In comparison to the minimal percentage of 40-year-olds, where 2% of business-women fall, 14% of respondents were in the 36-45 age range. 52% of business women who responded to the survey were employed, which is the highest percentage of employees. 47% of the sample identified as self-employed. The majority of the women included in the sample were conducting their businesses related to the production of cosmetics, beauty culture,



cakes, and other fast-food items, producing sweets; agriculture-based products, clay and plastic products, clothing, textiles, jewelry-related businesses, and retail shops.

#### 4.1.1 Reliability analysis

According to the results of Cronbach's alpha value of 0.864, it could be proved that 32 questions under 05 variables were in the accepted range having a value of more than 0.7. It indicates that the internal reliability of the scale is very high.

**Table 1: Overall Cronbach's Alpha**

Cronbach's Alpha value	N
0.864	5

#### 4.1.2 Correlation Analysis of Independent and Dependent Variables

Table 2 represents the correlation diagnostic table as follows.

**Table 2: Correlation Diagnostics**

		Women Emp:	Micro- credit	Micro- insurance	Micro- savings	Training
Women Empow:	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	100				
Micro Credit	Pearson Correlation	.676**	1			
	Sig. (2-tailed)	.000				
	N	100	100			
Micro Insurance	Pearson Correlation	.396**	.502**	1		
	Sig. (2-tailed)	.000	.000			
	N	100	100	100		
Micro Savings	Pearson Correlation	.697**	.625**	.392**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	100	100	100	100	
Training	Pearson Correlation	.701**	.621**	.432**	.589**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

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

According to the correlation analysis women empowerment has a positive and statistically significant correlation with micro-credit, micro-savings, and training. The correlation coefficients are 0.676, 0.697, and 0.701 respectively. Although micro-insurance has a statistically significant and positive correlation with women's empowerment, the correlation coefficient is weaker than the other independent variables. The highest correlation can be observed between training and women empowerment.

Since the correlation coefficients obtained for the correlation among the intended variables are not very high multicollinearity does not exist. Correlation analysis revealed the direction of the relationship among the variables is positive and statistically significant.

**Table 3: ANOVA Table**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	41.885	4	10.471	43.518	.000b
Residual	22.859	95	.241		
Total	64.744	99			

Predictors: (Constant), Training, Micro-insurance, Micro-savings, Micro-credit

The findings indicated in Table 7 show that the impact on microfinance and women's empowerment after the impact of the COVID-19 pandemic was positive and statistically significant ( $F=43.518$ ;  $P<0.05$ ). Therefore, the micro-credit, micro-insurance, micro-savings, and training investigated were relevant to women's empowerment in Sri Lanka after the COVID-19 pandemic period.

#### 4.2 Overall Model

The model summary for the regression analysis revealed that the model has a higher ability to explain the variations in the dependent variable. According to the adjusted R square model made up of micro-credit, micro-insurance, micro-savings, and training can explain 64.7% of the variation in women's empowerment after the COVID-19 pandemic. The Durbin Watson value of 2.0 indicates that there is no autocorrelation found in the regression model.

**Table 4: Regression Model Summary**

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson Value
.804a	.647	.632	.491	2.026

The model summary for the regression analysis revealed that the model has a higher ability to explain the variations in the dependent variable. According to the adjusted R square model made up of micro-credit, micro-insurance, micro-savings, and training can explain 64.7% of the variation in women's empowerment after the COVID-19 pandemic. The Durbin Watson value of 2.0 indicates that there is no autocorrelation found in the regression model.

**Table 5: Regression Coefficients Analysis of Overall Model**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-.180	.220		-.821	.414
Micro-credit	.237	.082	.256	2.884	.005
Micro-insurance	-.019	.088	-.015	-.216	.830
Micro-savings	.360	.089	.336	4.056	.000
Training	.471	.112	.350	4.205	.000

Dependent Variable: Women Empowerment

The constant obtained for the model is -0.180. This value reveals the impact women's empowerment has from variables other than the variables considered tested model. According to the regression analysis, microcredit has a statistically significant positive impact of 0.237, and micro-savings have a 0.360 positive coefficient whereas training has a positive coefficient of 0.471, which was statistically significant at a 5% level of significance. This reveals that micro-credit, micro-saving, and training have statistically significant positive impact on empowering women after the COVID-19 pandemic period. Consequently, the null hypothesis H1, H2, and H4 can be accepted and conclude that all these three variables which represent the microfinance service in Sri Lanka positively contribute towards women's empowerment during the pandemic.

According to multiple regression results the researcher can conclude that micro-credit, micro-savings, and training created a positive and statistically significant impact on women's empowerment after the COVID-19 pandemic period whereas the impact of micro-insurance proved to be not statistically significant on women's empowerment during the selected sample of the study. So the regression model has been formulated as follows.

$$Y = - 0.180+ 0.237X1- 0.019X2+ 0.360X3 + 0.471X4$$

The analysis revealed that concepts that represented microfinance imposed a positive impact on women's empowerment after the COVID-19 pandemic period. Microcredit proved to have a positive impact on women's empowerment. This finding is in line with the previous studies by Ali (2012); Hashemi (1996); Awan (2015); Idris (2015); Alnaa (2015). The positive impact can be attributed to the enhancement of quality of life as stated by Yogendrarajah (2012). Also in another angle micro credit has acted as a force to reduce poverty (Idris, 2015), this study further proved that the role of microcredit has remained unchanged by acting as a positive force to empower women-led enterprises to survive after the pandemic.

Micro savings which was used as the second measure of the concept of microfinance reported a positive impact on women's empowerment. This finding complies with the previous studies conducted by Perera (2020); Ramajeyam (2016); Bernard (2017). Micro-savings improve the success of the micro-enterprise (Bernard, 2017) which in turn acts as a source of empowerment to the women entrepreneurs through the success of the business. The current study also agrees with this pattern of relationship between micro-savings and thus proves that micro-savings have remained a contributor to boosting women's empowerment after the pandemic.

Micro-insurance is a type of financial arrangement used to protect low-income clients against specific risks in exchange for reoccurring premium payments corresponding to the likelihood and cost of the risk involved. Although the current study revealed a positive impact of micro-insurance on women's empowerment, it lacks statistical evidence to support the said relationship. Nevertheless, previous studies such as Amudha et al (2014) stated that micro-insurance could produce a win-win situation to reduce poverty through methodical risk management (Chandrarathna (2021) has produced a similar result which again proved that micro-insurance created a positive

impact on women entrepreneurs. Some research such as Bernard (2017) has stated that there is no connection between micro-insurance and the empowerment of women, which supports the findings of the current study.

The analysis revealed that the training facilities provided by the microfinance institutions act as positive and a statistically significant force to empower women-led micro-enterprises. This is in line with Sridevi (2005); Khan (2011); Sheikh (2015); Cheston (2002). According to Thilakeratne (2005), the training helps the micro-enterprise owners to uplift information and skills necessary for business hence making them satisfied. Training encourages and makes space for business expansion and all these positive forces drive the empowerment of micro-enterprises (Sridevi, 2005) and probably women-led businesses as well. The current study provides ample evidence to prove the above even during the pandemic.

Despite the statistically insignificant relationship revealed between micro-insurance and women's empowerment, all other variables of microfinance proved to be promoters of women's empowerment as already proved by previous studies based on a variety of contexts. However, the present study provides statistically significant evidence to prove that microfinance has remained a positive contributor to empowering women-led micro-enterprises even within the negative context created by the pandemic.

## 5. CONCLUSION

Microfinance Service is tied up with multiple facilities to serve the underserved and disadvantaged categories such as poor and low-income earners, micro, small and medium enterprises, etc. It has been empirically found that more than half of the women in the world are excluded from the formal financial system and operate in informal financial services to overcome their burning financial issues and this has trapped them back in the poverty cycle (Findex Data, 2017). The condition has further worsened with the impact of the COVID-19 pandemic followed by the economic crisis in Sri Lanka (The World Bank Group, 2023). This study was conducted to measure the impact different microfinance products have on women's empowerment after the suffering of the COVID-19 pandemic in Sri Lanka. Starting from the late 1980s the World Bank and donor agencies have recognized microfinance as a strategy for poverty reduction and women empowerment (Tanima et al., 2020). The United Nations Office for Coordinating Humanitarian Affairs has identified women empowerment as a key theme and has a set of policies for the 2021-2025 period (Unochr, 2022). Despite all efforts made towards the target women's empowerment, the COVID-19 pandemic imposed a huge threat to the progress achieved on women's empowerment. (Hewa-Wellalage et al., 2022). Through the investigation of past literature and policies of the leading organizations formed by considering microfinance as a key strategy to poverty reduction and women empowerment, a gap existed in knowledge regarding the role played by microfinance after the bad impact made by the COVID-19 pandemic on women's lives. COVID-19 poses a huge threat to all small and medium-scale entrepreneurs, especially when considering women-led businesses (Liu et al., 2021). This study also sought to fill the gap that existed

concerning the lack of studies based on the Sri Lankan scenario on microfinance and its impact on women's empowerment.

Since it was intended to measure the impact of microfinance on women's empowerment, researchers used correlation to identify the relationship among the variables and regression to estimate the impact the independent variables impose on dependent variables. Through the statistical analysis, it was revealed that micro-credit, micro-savings, and training have a statistically significant and positive relationship with women empowerment, whereas micro-insurance reported a relatively weaker but statistically insignificant relationship. These findings confirm the findings of Mwale et al., (2021), who found that micro-credit leads toward women's empowerment by allowing women to engage in business activities which in turn reduces domestic violence and findings are compatible with the Bangladesh context as well revealed by Naz & Doney (2022).

All businesswomen who are ready to launch their enterprises can use the current study findings as a resource, and it will aid in the efficient operation and growth of those enterprises. Microfinance institutions can be used to establish new facilities for the growth of women's entrepreneurship and to sustain those facilities so that such firms can survive and grow (Sharma, Mishra & Rai, 2021). It will be a good investment to get additional clients to the microfinance organizations. As Policy Recommendations Microfinance institutions should create a policy that will regulate the rate of interest charged. The most recent technology should be adopted by microfinance organizations to facilitate electronic fund transfers (Murshid & Murshid, 2022; Tripalupi, Yulianti, & Naafisah, 2023). To enable more business women to get training and gain empowerment microfinance institutions should lower the cost of training sessions or offer it as a complimentary free service for the first step to all of their clients. Further Micro-savings should be redesigned to better suit the demands of the client, making withdrawal procedures simple and should shortening the time required for follow-up withdrawals in the event of any unforeseen circumstances (Akula & Singh 2023). To encourage prudent public spending as well as the development fund, it is also vital to examine the interactions between various programs and microfinance institutions, such as those between micro-insurance and alternative risk management frameworks. Microfinance organizations should develop a product targeted primarily at enhancing the lives and businesses of female entrepreneurs (Akula & Singh 2023).

As the Recommendations for future research studies, this research study will help upcoming scholars to do research associated with a specific business area. The online approach was used during the COVID-19 pandemic (Murshid & Murshid, 2022; Tripalupi, Yulianti, & Naafisah, 2023). The online approach supported doing their business in the new approach. Therefore, study on the technological development of microfinance and women's empowerment can be done in the future (Murshid & Murshid, 2022; Tripalupi, Yulianti, & Naafisah, 2023). This research study can be conducted with the comparison between before the pandemic and after the pandemic impact of microfinance on women's empowerment. In this study, training and microfinance services were used to gauge the empowerment of women. However,

other external variables, such as infrastructure, knowledge, and education will also have an indirect impact on the empowerment of women. That can also be added in future research studies. However, it was difficult to conduct this survey with wider coverage due to the time and the cost factors associated after the COVID-19 pandemic followed by the worst economic crisis in Sri Lanka. Thus, only micro-scale female businesswomen in Sri Lanka were included in the study. Additionally, the generalization only holds true for women running small businesses. Due to the lack of business-women researcher has suggested collecting data within the country.

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