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The Impact of Microfinance on Women Empowerment: Evidence from Bangladesh

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Abstract

This paper investigates the impact of microfinance on women empowerment in Bangladesh. This study will look especially at how involvement in microfinance programs affects women's ability to engage in household decision-making. This paper also explains the characteristics that encourage women to enroll in microfinance programs. The findings of this research demonstrate that microfinance benefits Bangladeshi women's empowerment, yet the extent of the effect varies depending on the metric being used. Since they started using microfinance, women's empowerment in making decisions about their children's education, visiting relatives, medical care, contraception, buying personal items and household items, managing their income, and feeling secure and strong in their families has significantly increased. It's possible that not all women can benefit from microfinance, but it does provide some empowerment for the majority of women. As a result, it has the potential to have a significant impact on the empowerment of women. All of these things contribute to their empowerment.

Key words: Microfinance, Empowerment, Poverty Alleviation, Women, Bangladesh

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1. Introduction

Microfinance, often heralded as a potent tool for poverty alleviation and socioeconomic development, has garnered significant attention from scholars, policymakers, and practitioners alike. Within the broader discourse on microfinance, a particular focus has emerged on its potential to empower women in low-income contexts, where women often face systemic barriers to financial inclusion and economic participation. Bangladesh, a country with a rich history of microfinance interventions, provides an intriguing case study for examining the nexus between microfinance and women's empowerment.

The motivation for studying the impact of microfinance on women's empowerment in Bangladesh stems from several interconnected factors. First and foremost is the recognition of the critical role that women play in driving household welfare, community development, and national economic growth. Despite their pivotal contributions, women in Bangladesh, like many other parts of the world, continue to face structural inequalities and systemic constraints that limit their access to resources, opportunities, and decision-making power.

Moreover, Bangladesh has been at the forefront of the global microfinance movement, with pioneering institutions such as Grameen Bank and BRAC transforming millions of lives through innovative financial products and social development initiatives. Against this backdrop, there is a compelling need to assess the extent to which microfinance programs in Bangladesh have succeeded in advancing women's empowerment objectives, both in theory and in practice.

By investigating the impact of microfinance on women's empowerment in Bangladesh, this research seeks to contribute to the existing literature on microfinance, gender equality, and development. Through rigorous empirical analysis and qualitative inquiry, this study aims to shed light on the mechanisms through which microfinance interventions influence women's economic autonomy, decision-making authority, social status, and overall well-being. By uncovering the opportunities and challenges associated with microfinance programs in Bangladesh, this research seeks to inform policy and practice aimed at promoting gender-inclusive and sustainable development strategies in Bangladesh and beyond.

With an unambiguous reference to its subsistence character, microfinance (MF) projects throughout the world seek to reduce poverty by fostering economic growth via the support of entrepreneurship (Khavul, 2010). It stands for the concept that lending money to microenterprises by specialized financial institutions may help to fight poverty in emerging nations. It provides collateral-free financing to those low-income consumers, mostly women, who are typically shut out of traditional financial efforts in order to meet their credit needs for entrepreneurial endeavors. The majority of the time, microfinance is provided as a supplement to other state-initiated development programs that provide subsidies and conditional cash transfers to people who wish to start microbusinesses but cannot obtain formal financing. In a perfect world, MF programs would attempt to change people's lives by guiding them toward transformational entrepreneurship, which would lead to sustainable development, as well as by assisting them in escaping the extreme poverty of subsistence consumption.

1.1. Theoretical Background

Microfinance has emerged as a powerful tool for promoting financial inclusion and socioeconomic development, particularly in low-income countries where access to formal banking services is limited. One of the key areas where microfinance has shown significant promise is in

fostering women's empowerment, both economically and socially. In Bangladesh, microfinance institutions (MFIs) have played a pivotal role in providing financial services to women, empowering them to participate more actively in economic activities, decision-making processes, and community development initiatives. This theoretical background will explore the conceptual framework and empirical evidence surrounding the impact of microfinance on women's empowerment in Bangladesh.

The conceptual framework for understanding the impact of microfinance on women's empowerment draws upon several theoretical perspectives, including:

1. **Agency Theory:** Agency theory posits that access to financial resources and decision-making authority can enhance individuals' ability to exercise agency and control over their lives. In the context of microfinance, providing women with access to credit, savings, and other financial services empowers them to make independent economic decisions, invest in income-generating activities, and improve their socioeconomic well-being.
2. **Social Capital Theory:** Social capital theory emphasizes the importance of social networks, trust, and cooperation in facilitating economic development and empowerment. Through participation in microfinance groups or self-help networks, women can access social capital resources, such as information, advice, and support, which can enhance their entrepreneurial capabilities, confidence, and social status within their communities.
3. **Empowerment Frameworks:** Various empowerment frameworks, such as the Women's Empowerment in Agriculture Index (WEAI) and the Gender Empowerment Measure (GEM), provide conceptual models for assessing the multidimensional nature of women's empowerment. These frameworks encompass dimensions such as economic participation, decision-making power, access to resources, and social autonomy, which are relevant for evaluating the impact of microfinance interventions on women's lives.

Empirical studies examining the impact of microfinance on women's empowerment in Bangladesh have yielded mixed findings, reflecting the complex and context-specific nature of empowerment processes. Some studies have documented positive effects of microfinance on women's economic empowerment, including increased income, asset accumulation, and entrepreneurial activity (Kabeer, 2005; Pitt & Khandker, 1998). For example, Kabeer (2001) found that participation in microfinance programs in Bangladesh led to improvements in women's access to credit, control over income, and decision-making authority within households.

However, other studies have highlighted limitations and challenges associated with microfinance interventions, such as limited outreach to the poorest and most marginalized women, high interest rates, and debt burdens (Ahmed, 2010; Rahman, 1999). Moreover, critiques of microfinance have raised concerns about the commodification of social relations, coercive repayment practices, and the reproduction of gender inequalities within microfinance institutions (Karim & Tarazi, 2008; Mayoux, 1998).

The impact of microfinance on women's empowerment in Bangladesh is a complex and multifaceted phenomenon that requires careful consideration of the underlying mechanisms, contextual factors, and methodological approaches. While microfinance has the potential to empower women by providing access to financial resources, social capital, and decision-making opportunities, its effectiveness depends on the design of microfinance programs, the empowerment strategies employed, and the broader socioeconomic context in which they operate. Further research is needed to better understand the nuanced pathways through which

microfinance can contribute to women's empowerment and to inform the development of more inclusive and sustainable approaches to financial inclusion and gender equality in Bangladesh and beyond.

One of the most important variables in determining the success of development in any nation is the status and position of women. Because women make up an integral component of society, society cannot advance without their contributions. The most important aspect of the microfinance program is that it prioritizes women's development. More than 90% of microfinance program participants are women. Microfinance and women's empowerment have been recommended as crucial development tools, especially in emerging nations like Bangladesh, to combat female poverty. The main goal is to empower women by giving them financial assistance, guaranteeing that they can sustain themselves financially, provide for their families, and starting their own businesses. By empowering women, we can reduce poverty, improve their involvement in the workforce and in decision-making, and greatly boost their contribution to national income and the growth of our country as a whole. Women's rights to employment, health, education, and decision-making are ensured by empowerment, which also involves eradicating harmful ideals and repressive attitudes from society.

The supply of financial services to low-income consumers through the use of microcredit, micro insurance, and mandatory savings puts millions of people who are considered to be too poor to be funded by banks and other financial organizations within reach. Microfinance frequently focuses on women and aspires to be a key tool in empowering women. Following the UN's designation of 2005 as the UN Year of Microcredit Sectors, microfinance gained international exposure. The United Nations, the World Bank, and governments see microfinance as a tool to help society grow and empower women. Microfinance may have a significant influence on women's empowerment in two different ways. First, microfinance helps impoverished women support their families financially and make an income on their own, both of which instantly increase their self-respect. Second, as women now have access to credit and may utilize the credit facilities to sign up for income-generating activities, it expands their community. Microfinance is not a new technique for reducing poverty and empowering women. Bangladesh has been a microfinance platform in recent years, as knowledge and activity in the sector has grown. However, many microfinance institutions, both government and non-government, have been operating in Bangladesh with various perspectives, such as providing financial services, promoting human capital and growing social capital, eliminating gender bias, empowering women in society, and ensuring their proper rights in their households, among others (Baten, 2009).

1.2. Problem Statement

The study attempted to examine the position of women in our nation who have possession of financial assistance via MFIs. The extensive literature implies that microfinance may empower women, but in practice, the capacity of the microfinance program to empower ignorant rural women who have never seen their existence beyond their family is extremely difficult. As a result, the study examines microfinance institutions' efforts to empower women. The report is based on interviews with microfinance borrowers who are women. As a consequence, the search for knowledge regarding the changes in the lives of women in our nation who had access to financial resources through MFIs led to this research.

1.3. Objectives of the Study

The primary goal of this research is to determine the link between microfinance and women's empowerment. This study will look especially at how involvement in microfinance programs affects women's ability to engage in household decision-making. Furthermore, the supplementary goals are as follows:

1. To explain the characteristics that encourage women to enroll in microfinance programs.
2. To observe challenges to women's empowerment at the primary level.
3. To investigate how microfinance improves women's ability to take part in making decisions for their families.
4. To notice the difficulties that women experience in getting and implementing microfinance.
5. To observe how microfinance programs, empower women borrowers.

2. Literature Review

The literature uses a variety of phrases to describe women's empowerment. A commonly employed terms are gender equality (World Bank, 2001), women's independence (Dyson & Moore, 1983; Basu & Basu, 1991; Jeejebhoy, 2000), the status of women (Tzannatos, 1999), the rights of women (Quisumbing et al., 1999), the influence of women (Mason, 1998; Beegle et al., 1998; Hoddinott & Hodda, 1995; Agarwal, 1997; Pulerwitz et al. 2000), the participation of women (Duflo, 2005), and among others. Despite the fact that the terms' definitions are closely linked, they describe empowerment in terms of choice, control, and power.

Hussain and Jullandhry (2020) use a multifaceted method in the metropolitan metropolis of Lahore to study the empowerment status of urban women in Pakistan. The results of their poll on 260 women showed that over two thirds of women lacked empowerment. Control over resources, mobility, and involvement in household decision-making are three aspects of women's empowerment (WE) that are generally poor. 49 percent of women reported having little influence over how the family's savings were spent. Additionally, their research showed that, in comparison to married women, unmarried women had less power. They made several important recommendations based on their results regarding women's property rights, enhancing their involvement in family decision-making, guaranteeing a workplace that is welcoming to women, and launching public awareness campaigns through the media and university curriculum.

Tanima et al. (2020) examine the contested assertions made by the microfinance sector that it supports women's empowerment in poor nations. They examine the operations of a microfinance NGO in Bangladesh using these divergent viewpoints, demonstrating how neoliberal language dominates the field and inhibits more supportive solutions. They analyze potential for change and its consequences for accounting and accountability systems, drawing on their critical dialogic approach. Their research demonstrates that the International Six Days Enduro (ISDE) and the beliefs of its staff and female borrowers are dominated by the neoliberal notion of sensible economic women that is operationalized through microfinance minimalism.

Saha and Sangwan (2019) use primary data gathered from a hamlet in North India to study how women's empowerment affects their ability to obtain credit, as shown by the total amount of loans they receive annually. The empowerment index, which is the main explanatory variable they utilize, was built utilizing the four elements of economic, social, interpersonal, and political. They show that women with more financial power obtained larger total loans. The 'luck' of having a boy as a first child helps a woman take advantage of possibilities for empowerment in North

India's patriarchal society, they observe. These findings on empowerment at the village level are in line with those they found throughout all of North India using a different, national dataset. They also demonstrate that, for the remainder of India, education—rather than empowerment—is a more significant factor in determining loan volumes.

Based on information from the 2011 Bangladesh Demographic and Health Survey, Murshid and Ball (2018) investigated the relationship between women's physical mobility and their involvement in microfinance, a program that aims to empower people living in poverty in Bangladesh. They measured women's ability and willingness to go alone to seek medical attention using a two-item scale to operationalize physical mobility. Their findings showed that women who reported having physical mobility were 12 percentage points more likely to participate in microfinance than a comparable group of women who reported not having physical mobility. This was determined using the Chi squared tests and propensity score matching procedures. In conclusion, their data show that social welfare programs are effective inasmuch as institutions and norms encourage them.

Alam & Rahman (2020) examine the impact of microfinance on women's empowerment in Bangladesh. They use Cross-sectional analysis using survey data from microfinance program participants. Microfinance participation positively influences women's empowerment indicators such as income generation, decision-making autonomy, and social status. Microfinance programs can be effective tools for promoting women's empowerment and socioeconomic development in Bangladesh.

Chowdhury & Chakraborty (2021) assess the relationship between microfinance and women's empowerment in Bangladesh. Panel data analysis employing econometric techniques to examine longitudinal effects. Microfinance participation is associated with improvements in women's economic independence, household decision-making power, and social mobility. Microfinance initiatives have the potential to empower women and contribute to poverty reduction and gender equality in Bangladesh.

Haque & Uddin (2021) conduct a systematic review of studies on microfinance and women's empowerment in Bangladesh. Literature review synthesizing findings from empirical studies and meta-analyses. Evidence suggests a positive association between microfinance participation and women's empowerment outcomes, although the strength of the relationship varies across contexts and methodologies. Microfinance programs should be designed and implemented with careful consideration of contextual factors to maximize their impact on women's empowerment in Bangladesh.

Islam & Hossain (2019) investigate the impact of microfinance on women's empowerment using quantitative analysis. Survey-based research employing statistical techniques to analyze the relationship between microfinance participation and empowerment indicators. Microfinance has a significant positive effect on women's empowerment, particularly in terms of income generation, access to resources, and decision-making authority. Microfinance interventions can play a crucial role in enhancing women's empowerment and contributing to sustainable development in Bangladesh.

Khan & Uddin (2020) conduct a meta-analysis of studies on the impact of microfinance on women's empowerment in Bangladesh. Meta-analysis synthesizing findings from existing research studies to assess the overall effect size and heterogeneity of results. Microfinance programs have a moderately positive effect on women's empowerment, although effect sizes vary across studies

and depend on contextual factors. Microfinance interventions should be carefully designed and tailored to address the specific needs and circumstances of women in Bangladesh to maximize their effectiveness in promoting empowerment.

Mahmud & Islam (2021) examine the impact of BRAC's microfinance program on women's empowerment in Bangladesh. Case study approach using qualitative and quantitative data to assess the program's outcomes and impacts. BRAC's microfinance program has contributed to improvements in women's economic status, decision-making authority, and social participation. Microfinance initiatives implemented by organizations like BRAC can play a crucial role in empowering women and fostering inclusive development in Bangladesh.

Rahman & Haque (2020) investigate the impact of Grameen Bank's microfinance program on women's empowerment in Bangladesh. Case study analysis using qualitative and quantitative data to assess program outcomes and impacts. Grameen Bank's microfinance program has led to increased women's economic independence, access to resources, and participation in decision-making processes. Microfinance initiatives like Grameen Bank can serve as effective mechanisms for promoting women's empowerment and poverty alleviation in Bangladesh.

Sultana & Islam (2021) evaluate the impact of microfinance on women's empowerment using empirical analysis. Cross-sectional study utilizing survey data to examine the relationship between microfinance participation and empowerment outcomes. Microfinance participation positively influences women's empowerment indicators, including economic autonomy, decision-making power, and social status. Microfinance programs can serve as important tools for enhancing women's empowerment and fostering inclusive development in Bangladesh.

Uddin & Rahman (2020) analyze the impact of NGO microfinance programs on women's empowerment in Bangladesh. Quantitative analysis using survey data to assess the relationship between microfinance participation and empowerment outcomes. NGO microfinance programs have contributed to improvements in women's economic status, access to resources, and decision-making authority. Microfinance interventions implemented by NGOs can play a significant role in empowering women and promoting gender equality in Bangladesh.

Zaman & Hossain (2021) review empirical studies on the impact of microfinance on women's empowerment in Bangladesh. Literature review synthesizing findings from existing research studies to identify trends, gaps, and implications. Empirical evidence suggests a positive association between microfinance participation and women's empowerment outcomes, although the strength of the relationship varies across studies and methodologies. Further research is needed to better understand the mechanisms through which microfinance interventions influence women's empowerment and to inform the design and implementation of effective microfinance programs in Bangladesh.

2.2. A Snapshot on Bangladesh's microfinance initiatives

Microfinance initiatives in Bangladesh have played a significant role in promoting financial inclusion, poverty reduction, and women's empowerment. Bangladesh is widely regarded as the birthplace of modern microfinance, with pioneering institutions such as Grameen Bank and BRAC (formerly known as Bangladesh Rural Advancement Committee) leading the way in expanding access to financial services for the poor. Although there are more than 700 MFIs operating in the nation, the market is extremely concentrated: ten big MFIs and GB account for more than half of the sector's entire savings and loan outstanding (see also Figure 1).¹

Here's a brief overview of microfinance initiatives in Bangladesh:

- 1. Grameen Bank:** Founded by Nobel Laureate Muhammad Yunus in 1983, Grameen Bank is one of the most well-known microfinance institutions (MFIs) in the world. It pioneered the concept of group-based lending, where small groups of borrowers, primarily women, are provided with collateral-free loans for income-generating activities. Grameen Bank operates on the principles of social business, aiming to alleviate poverty and empower women through access to credit and financial services.
- 2. BRAC:** Established in 1972, BRAC is a non-governmental organization (NGO) that has made significant contributions to microfinance and development in Bangladesh. BRAC's microfinance program, known as BRAC Microfinance, provides a range of financial services, including credit, savings, insurance, and financial literacy training, to millions of low-income individuals, particularly women, in rural and urban areas. BRAC's holistic approach to development includes interventions in health, education, and livelihoods, complementing its microfinance initiatives.
- 3. ASA:** ASA (Association for Social Advancement) is another prominent microfinance institution in Bangladesh, known for its innovative approaches to microfinance and poverty alleviation. ASA's microfinance program focuses on providing microcredit to poor and marginalized communities, including landless farmers, rural artisans, and small entrepreneurs. ASA also offers other financial products and services, such as savings accounts, insurance, and remittance services, to meet the diverse needs of its clients.
- 4. Other MFIs and NGOs:** In addition to Grameen Bank, BRAC, and ASA, Bangladesh is home to numerous other microfinance institutions and NGOs that are actively involved in providing financial services to the poor. These include organizations such as Proshika, RDRS Bangladesh, and BURO Bangladesh, among others. These MFIs and NGOs operate across the country, serving both rural and urban communities with a focus on poverty alleviation and social empowerment.

Overall, microfinance initiatives in Bangladesh have made significant strides in expanding access to financial services, improving livelihoods, and empowering marginalized communities, particularly women. While challenges such as over-indebtedness, interest rates, and sustainability remain, the microfinance sector continues to evolve and innovate, leveraging technology and partnerships to reach underserved populations and address the multifaceted needs of the poor.

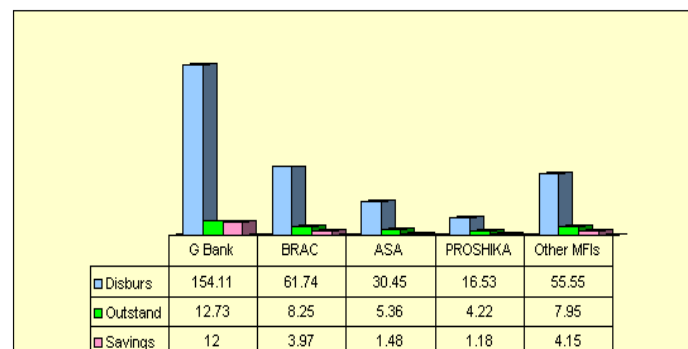


Figure 1: Leading Four MFIs according to of loan balance, savings, and disbursements in billions of takas.

Source: Bangladesh Bank

3. Data and Methodology

3.1. Study Design

The research has a purposeful design. Choosing a purposeful study design allowed the researcher to make conclusions utilizing a purposefully chosen sample at the given period by providing a snapshot of the population. Additionally, data that is both quantitative and qualitative are gathered for examination.

3.2 Sources of data

To accomplish the goals of the study, both primary and secondary data are utilized. In-person interviews and questionnaires are used to gather primary data. Questionnaires (see appendix) have been prepared to both women borrowers and micro financial institutions. The questionnaires are split into two portions for both types. The first part of questionnaires for women beneficiary consists of the demographic features, occupation, details of association with microfinance like the amount of revenue generated, the source and terms of loan repayment, and other information pertaining to socioeconomic growth and second part consists of statements of five points scale. As women beneficiaries were less literate and unknown to English language. The whole questionnaire was converted into Bengali language to bring out the responses accurately.

In the same way the first part of questionnaires for Microfinance institution consists of the details of institution like their Name, Year of establishment, total staff, repayment status, the services provided by them etc. few questions were asked regarding their operations. Second part consists of statements of five points scale where the officials were asked to rate it. Annual reports, papers, textbooks, periodicals, journals, and websites are used to gather secondary data.

3.3. Tools for data analysis

The basic data gathered has been analyzed by the researchers using a variety of statistical methods. The current study is carried out using a few statistical tools, such as percentage, chi-square test for independence, Z-test with the aid of MS Excel, etc. that have been utilized to examine the data and reach a result, in accordance with the guidelines and conditions of hypothesis testing. Women who had benefited from microloans were asked to use the five-point scale rating technique to answer to ten items in order to examine their perceptions of the role that microloans had played in their empowerment. Each positive expression received a rating beginning from "5 for strongly agree, 4 for Agree, 3 for neither agree nor disagree, 2 for Disagree and 1 for strongly disagree" was taken for few negative statements. This perception scores were analyzed using Likert scale analysis. The same above technique was used for the analysis of microfinance Institutions also.

3.4. Sample Size and Preliminary Analysis

Based on a field survey conducted in Bangladesh in 2022, the report uses information on the female population who had utilized microfinance services. Bangladesh comprises of 8 divisions. We have selected 1 district from each division. They are Noakhali, Pirojpur, Kushtia, Pabna, Jamalpur, Gazipur, Sunamganj and Dinajpur, and these were chosen for the field investigation based on the key standards that each district must have the Microfinance Institutions (MFIs) with defined eligibility requirements. Only those women have been chosen who had taken loan from microfinance institutions. Out of the total population who had taken loan, 400 women

were selected, and finally out of the selected women, 50 respondents from each district were chosen for questionnaire. The total sample size comprised to 50 respondents. The selection of sample numbers is shown in Table 1.

Purposive sampling was used to choose the top five non-governmental organizations (NGOs), which are listed in Table 2. Some homes, however, were either impossible to locate or did not have an adult, making interviews impossible. As a result, 400 households total were chosen at random from 50 villages in the eight critical districts listed above from the eight division of Bangladesh. Demographics, production activities, microfinance participation, and results of interests including income, consumption, health, education, and women's empowerment are all included in the household survey. We have compiled in-depth information on village features, such as the distance to the closest market, health facility, district council, and educational institution. The village data is collected from the village leaders via fill-in forms rather than doing in-person interviews.

Table 1

Selection of Sample

Serial No	Name of district	Name of divisions	Sample Size
1	Noakhali	Chittagong	50
2	<u>Pirojpur</u>	Barisal	50
3	Kushtia	Khulna	50
4	Pabna	Rajshahi	50
5	Jamalpur	Mymensingh	50
6	Gazipur	Dhaka	50
7	<u>Sunamganj</u>	Sylhet	50
8	Dinajpur	Rangpur	50
Total			400

Table 2

List of Microfinance Institutions

Serial No	Name of MFIs
1	BRAC
2	Grameen Bank
3	ASA
4	<u>Thengamara Mohila Sabuj Sangha (TMSS)</u>
5	<u>Proshika</u>

3.5. Empirical method

As empowerment measures are reported in binary form, we utilize logistic regression in evaluating the vicissitudes after adjusting for the impact of major variables. The merit of logistic regression approach is that it can be readily interpreted the odd ratio immediately. Selection bias is one of the most important concerns to consider when studying the effects of microfinance services. Since microfinance participants choose to acquire services, unobserved individual characteristics of the participants may have an influence on outcomes of interest like women's empowerment, poverty status, and household income. The effects of microfinance on empowerment are more likely to be overstated if selection bias is not taken into consideration. Therefore, in order to calculate the impact of microfinance on women's empowerment, we utilize the following equation:

$$r_{ij} = \alpha + \beta_1 MF_{ij} + \beta_2 H_{ij} + \beta_3 V_j + \mu_j + \epsilon_{ij}, \quad (1)$$

where r_{ij} is the dependent variable, indicating the consequence of interest for household i in village j where The dummy variable is presumptively set to 1 if changes are good (for instance, the situation becomes better after using microfinance) and 0 if there are no changes. Moreover, MF , H , and V denote the measurement microfinances' participation; characteristics of the household, characteristics of the village, respectively. Also, μ indicates the overlooked distribution of household that is supposed to be constant in a community, and finally, the random error term is symbolized by ϵ .

In order to deal with the endogeneity issue, there are two basic estimators. The first uses a fixed-effects estimator and a dummy variable for each village, using a reference village that was chosen at random. All observable and unseen influences within a village, including μ , will be captured by these village dummies. A random-effects estimator, on the other hand, implies that observable and unobserved effects are highly correlated. Furthermore, by making use of a collection of observable village features, the impacts of μ can be reduced. Although the fixed-effects estimate is more reliable, it is inefficient at the time of μ random distribution.

To choose between the two estimates, we apply the Hausman specification test. Under the null hypothesis of no endogeneity, the parameters calculated by fixed effects and random effects are equal. The fixed-effects analysis is preferable if the null hypothesis is rejected; alternatively, a random-effects estimate is preferred. Almost all signs do not refute the null hypothesis, according to the test findings. As a consequence, the results of the random effects for the empowerment indicators are shown.

4. Analysis of results

In this study, membership duration is used as the proxy for microfinance involvement. This study anticipates that the greater a household engages in a program of microfinance, perhaps, the greater women empowerment will be. This selection offers various benefits over other options (e.g., loan outstanding), which it determines the overall influence of microfinance and comparatively easy to recall for respondents. The results of random-effect estimation are presented in Table 3, which reveal the significant improvement of women empowerment since they are participating in microfinance. The most significant benefit is deciding on the education of children, where the likelihood of advancement when taking part in microfinance for 3 years is 23 times more than when involving for a single year. The most encouraging conclusion, however,

is that women are at least twice as likely to feel strong and secure when they participate in microfinance programs for at least two years.

Other factors appear to take longer to have an effect, since their parameter is only significant for people who have been engaging in microfinance for minimum 3 years: buying decision of personal stuffs (5.6), visiting relatives decision (4.97), and medical usage decision (3.32). However, there are some empowering factors, i.e., the buying decision of household, a contraceptives decision, the recreations decision events and income control are only important for one group of participants, signifying that women still have more scope to progress in these sectors. The findings revealed no considerable enhancement in access to family assets, freedom of movement, borrowing decisions, voting decisions, asset purchase decisions, or child marriage decisions. Husband decision, or at the very least joint family decision, is a major factor in Bangladeshi culture when it comes to these empowering initiatives.

Table 3

Participation in Microfinance programs and women empowerment

Indicators of empowerment	Two years in MF		Three years in MF		Four years or more in MF	
	OR	SE	OR	SE	OR	SE
Voting decision	0.51	0.30	0.70	0.55	0.88	0.59
Marriage decision of children	1.29	0.89	3.00	2.61	3.07	2.25
Education decision of child	3.61	3.65	22.99***	26.05	7.56***	6.95
Buying decision of personal stuffs	2.59	2.60	5.60*	4.97	5.97***	5.39
Buying decision of household	0.49	0.38	3.79**	2.79	1.99	1.48
Income control	2.89	2.39	3.52	2.65	4.39**	3.54
Use of family resources	1.67	1.31	1.28	0.99	1.73	1.25
Purchasing assets decision	1.09	0.80	1.00	0.85	0.89	0.67
Contraceptives decision	3.66	3.30	4.40**	3.89	3.45	3.37
Medical usage decision	1.20	0.66	3.32*	3.00	4.08*	3.04
Recreations decision	1.28	0.90	2.59	2.08	4.20*	3.30
Visiting relatives decision	1.05	0.61	4.97***	3.61	5.09**	4.41
Feeling honorable and proud	1.48	1.05	1.58	1.00	2.27	1.68
Borrowing decision	0.37	0.40	0.29	0.21	0.55	0.56
Feeling powerful and safe	2.20**	1.04	4.13***	2.10	2.59*	1.40
Freedom of movement	2.68	1.70	1.59	0.90	1.10	0.76

Notes: The control variables used in the random-effects model are the household head's age, ethnic minority status, education of both the head and spouse, occupation of the head, number of family members, type of employment, log of per capita income, dependency ratio, and village dummies. The significance level of 1%, 5% and 10% are represented by ***, **, and * respectively.

6. Conclusions

The purpose of this study is to look at the relationship between microfinance and the empowerment of women in Bangladesh. We have also focused on a comprehensive examination of earlier significant empirical studies on women's empowerment and microcredit initiatives in

Bangladesh. Finally, we have presented and examined the findings of our survey about the influence of microfinance on women's empowerment in Bangladesh.

Our research demonstrates that microfinance benefits Bangladeshi women's empowerment, yet the extent of the effect varies depending on the metric being used. Since they started using microfinance, women's empowerment in making decisions about their children's education, visiting relatives, medical care, contraception, buying personal items and household items, managing their income, and feeling secure and strong in their families has significantly increased. It's possible that not all women can benefit from microfinance, but it does provide some empowerment for the majority of women. As a result, it has the potential to have a significant impact on the empowerment of women. All of these things contribute to their empowerment.

Policy implications for microfinance and women's empowerment center around creating an enabling environment that supports the sustainable growth and impact of microfinance initiatives targeted at women. Here are some key policy recommendations. Governments should establish supportive legal and regulatory frameworks that recognize and regulate microfinance institutions (MFIs) while promoting consumer protection and financial stability. Clear guidelines on licensing, operations, interest rates, and reporting requirements can enhance transparency, accountability, and investor confidence in the microfinance sector. Policymakers should prioritize financial inclusion as a key policy objective and develop strategies to expand access to financial services, particularly for women and marginalized groups. This could involve promoting branchless banking, mobile money, and digital financial services to reach underserved populations in remote and rural areas.

Governments, MFIs, and development partners should invest in capacity building and training programs to enhance the financial literacy, entrepreneurship skills, and managerial capacity of women borrowers. Providing training on business planning, financial management, and risk mitigation can empower women to effectively manage their businesses and improve their economic outcomes. Policymakers should prioritize gender-sensitive monitoring and evaluation of microfinance programs to assess their impact on women's empowerment outcomes, including economic, social, and political indicators. Collecting sex-disaggregated data and conducting gender analyses can help identify gaps, challenges, and opportunities for enhancing the effectiveness of microfinance interventions for women. Governments and MFIs should provide targeted support services to address the specific needs and constraints faced by women borrowers, such as access to childcare, healthcare, education, and skills training. Providing integrated services can help women overcome barriers to entrepreneurship, increase their productivity, and improve their overall well-being.

Policymakers should encourage collaboration and partnerships between governments, MFIs, civil society organizations, academia, and the private sector to leverage resources, expertise, and networks for advancing women's economic empowerment. Multi-stakeholder platforms can facilitate knowledge sharing, innovation, and advocacy for gender-inclusive policies and programs. Policies and programs should adopt an empowerment and rights-based approach that recognizes women as active agents of change and promotes their rights to economic independence, decision-making, and participation in public life. Empowering women economically can contribute to broader goals of gender equality, social justice, and sustainable development.

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¹ <https://thefinancialexpress.com.bd/views/mfis-ngos-in-alleviating-poverty-amid-covid-1623434412>

