

MICROFINANCE: ITS IMPACT ON WOMEN AND CHILDREN

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ABSTRACT

Over the time, microfinance has come up as a kind of larger movement whose aim is a place where everyone, specifically the socially marginalized and poor people tend to possess access to numerous high quality, affordable financial services and products, including insurance, fund transfers, insurance and savings. This study aimed to explore the concept of microfinance and its impact on women empowerment and children's education. The review of past studies was performed to gain sufficient knowledge regarding the topic and determine the influence of microcredit and microfinance institutions on children and women. The findings of the study helped to explore that microfinance allow women to have an access to financial capital, from their small and micro-business and achieve a considerable income. Further, it can also increase the self-esteem of women, providing them the power for decision-making. However, the results also revealed that in certain cases, microfinance cannot have a positive influence on children's education, since impoverished families do not pay much attention to children education and spend on other expenditures. In certain cases, microfinance programs have been revealed to have a positive influence on increasing social status of families, hence providing a platform for the children to attain quality education. Based on the findings, it is concluded that microfinance enables to increase women empowerment through provision of a platform for gender equality. Moreover, microloans focus on increasing spending on education. Increase in wealth eventually improves the social status of families and assist in provision of quality education to the children. It is recommended to conduct further research in order to explore both the positive and negative aspects of microfinance regarding women and children.

Keywords: Microfinance, impact of microfinance on women, impact of microfinance on children, women's empowerment and microfinance, microfinance and children's education.

INTRODUCTION

Initially, microfinance possessed a limited definition - the microloans' provision to small businesses and poor entrepreneurs lacking sufficient access to related banking services. Over the time, microfinance has come up as a kind of larger movement whose aim is "a place where everyone, specifically the socially marginalized and poor people tend to possess access to numerous high quality, affordable financial services and products, including insurance, fund transfers, insurance and savings (Armendáriz & Morduch, 2010). Various individuals who focus on promoting microfinance are of the view that this access can assist the poor to deal with poverty. Throughout the world, women workers focus on contributing towards the economic growth and maintainable livelihoods of communities and families.

Banerjee, Duflo, Glennerster & Kinnan (2015) indicated that microfinance assists in empowering females from poor families to become a part of the contribution. Microfinance (the financial services' provision to the poor in a proper manner) attempts to utilize savings,

credit and other different products, including micro-insurance to assist families avail advantage of certain activities (income-generating) and to cope with the risk. Particularly, women avail benefit from microfinance as various microfinance institutions (MFIs) focus on targeting female clients. The services of microfinance result in empowerment of women through influencing the decision-making ability of women and improving their socio-economic status. At the end of the year 2006, services of microfinance had reached around 80 million of the poorest women throughout the world. Microfinance possess the ability to make sufficient contribution to gender equality and enable promotion of enhanced working conditions for women.

Leatherman & Dunford (2010) pertinently pointed out that there seem to be around 820 million individuals who do not possess sufficient access to basic education. The core purpose of microfinance organization involves establishing financial services for the individuals. These involve saving and credit services to the poor people with a stress on assisting women and children. PLAN is a microfinance organization which assist children and women by improving their security (economic) and assisting them to achieve reduction in financial risks. PLAN focuses on adapting their services to youth by allowing them to get knowledge from a younger age regarding the importance of saving. Child sponsoring is another critical element of microfinance which can assist the children to get a brighter future. Child sponsoring involves financing a child within a developing country, until that individual becomes self-reliant. The money which is provided by the individual goes to the security, health or education of the child.

Microfinance has emerged as an essential element of development policy as a medium to provide facilitation anything from growth to gender equality. It possesses the capability to facilitate the allocation of information (health-related) among the parents, encourage the bargaining ability of women within the household, and assist in the development of infrastructure (health-related) (Sarumathi & Mohan, 2011). It is critical to consider that microfinance programs can have a positive influence on children. Women are more likely to make sufficient investment in the wellbeing of their children. This study aims to explore the impact of microfinance on women and children. Further, it focuses on evaluating the significance of microloan and microcredit.

Research Objective

- To describe the concept of microfinance
- To explore the impact of microfinance on women and children
- To evaluate the relation between women empowerment and microfinance

Research Question

- What is the impact of microfinance on children and women?

LITERATURE REVIEW

This section focuses on discussing the past research studies related to the significance of microfinance and its influence on children and women. It attempts to provide a basis for the research by discussing the relevant studies to the topic.

Microfinance and Children's Education

Hytopoulos (2011) conducted a research study which described that the human capital creation is an essential element in putting efforts for lessening poverty within the developing world. The enrollment in schools tend to be costly and returns to education are revealed to be delayed. In such circumstances, families residing within the underdeveloped countries tend to

be trapped in poverty. The impoverished and less educated tend to demand insufficient schooling for the children and hence, the children are not able to have a high standard of living. This study attempted to determine the association between the educational attainment of children and microfinance loans. The findings of the study indicated that the influence of loans (microfinance) over a long period, there seem to be no impact on the educational attainment of children. The researcher concluded that microfinance programs can have a positive impact on the educational attainment of children, if the families and specifically women should consider the education of children as a top priority. Without prioritization, there can be no effect of the microfinance programs on the children education status.

A study conducted by Viswanath (2018) focused on examining the influence of availability of microcredit on the expenditures (education) for children. The researcher observed some of the determinants for education and explored how the element of microcredit can impact the demand. The interviews were conducted by the researcher to explore microfinance in depth. The results of the study indicated that microcredit can have an influence on the demand for education (mediated by status effects and wealth effects). It highlights that microloans focus on increasing spending on education and it is critical to consider that increased wealth enhances the family' social status. The results further highlighted that the effect of microcredit on the education's demand tends to come majorly from the increased access to financial resources. Further, the researcher highlighted that microfinance programs can lead to better education for children, as the programs are mainly focused on providing sufficient access of education to children and their family.

Holvoet (2004) in his study aimed to indicate the impact of microfinance specific features on the childhood education. The researcher collected data from the household survey and explored how microfinance influences literacy and schooling, how is credit entered in the household and who generally brings it. The regression analysis was performed to determine the impact. The results revealed that if there is bank-borrower credit delivery, then there is no importance of whether credit is entered through father or mother. Whereas, there seem to be large differences if the mother is responsible for obtaining credit through specific women's groups. The analysis by the researcher showed that combined social-group and financial intermediation results in a higher educational outputs and inputs, majorly for girls. The researcher pointed out that education of children can be considered one of the potential elements for economic growth of a country and its sustained economic and human development.

Women Empowerment and Microfinance

According to Haile, Bock & Folmer (2012), microfinance programs tend to have a strong focus on poor women within the developing countries. Women empowerment is one of the significant elements that can be considered crucial in order to The programs are initiated with the hope that irrespective of reduction in poverty, women can have a greater access to microcredit, which would eventually advance their empowerment. Whereas, the researchers indicated that there is a conflicting evidence that empowerment may not be completely achieved. This research study focused on exploring why some of the programs tend to be more successful by doing comparison of 2 microfinance providers. The results highlighted that variations in information and formal rules have significance regarding how the programs (microfinance) work out. The findings further revealed that microfinance programs possess the ability to allow females to create extra income and enhance the base of asset. However, it can also lead to inequalities and can also lead to a division labor which is gender-specific.

Laha & Kuri (2014) pertinently pointed out that the prevalence of microfinance programs can be considered a medium for improving the economic opportunities for women and possess the ability to enable women empowerment. The analysis conducted by the researcher revealed that there seem to be variation in the microfinance programs across the world. In developing countries, the states which possess greater microfinance outreach level possess a higher women empowerment level. It can be predicted that microfinance system (all-inclusive) would assist in strengthening the procedure of financial inclusion within the region of developing countries. It would eventually help in promotion of women's empowerment. The outcomes of the study were revealed to be positive and indicated that increase in the microfinance programs can open door the promote women's empowerment and can also elevate the status of women in the society. It is critical to consider that women empowerment through microfinancing can help the family of the individuals. As the businesses of women tend to grow, various women gain increased level of self-confidence and become proud of their business. They gain the capability to make selection for themselves and their relatives.

Rahman, Khanam & Nghiem (2017) conducted a research study to determine the influence of microcredit on empowerment of women in the region of Bangladesh through utilization of latest data. The data was collected through the use of survey within the four districts of the country. The regression analysis was performed in order to approximate the level of women empowerment after taking part in the microfinance. The results of the study revealed positive influence of microfinance on various chosen indicators for empowerment of women. The researchers concluded that microcredit can be considered a positive element which can help women to achieve the desired goals and contribute to the economy of the country.

METHODOLOGY

This section aims to describe the methods utilized for conducting the research study. It is one of the most critical elements of the study as it helps in determining the suitable steps for reaching the conclusion.

Research Philosophy

Research philosophy refers to a belief regarding the manner in which data related to a particular phenomenon must be analyzed and utilized (Hughes & Sharrock, 2016). The chosen philosophy for the study involved positivism philosophy. For exploring the impact of microfinance on children and women, this philosophy proved significant as it focuses on following a well-organized structure during discussions and studies. Also, this philosophy helped to determine the influence of microfinance in an effective manner, which eventually led to reliable results.

Inclusion Criteria

Goodwin (2012) highlighted that the inclusion criteria helps in selecting only the relevant data for the research study. For the present study, only those studies were selected which explored the impact of microfinance on children and women. The studies which were published from the period of 2004 to 2018 were only analyzed in the study. Other irrelevant data was neglected in order to formulate the precise findings. The critical justification to consider the inclusion criteria includes that it helped in exploring the specific elements that help to determine the impact of microfinance on children and women.

Search Strategy

In a literature based study, a search study contains utmost significance. It helped in extracting only the relevant studies. Searching strategy attempts to incorporate the fundamental concepts of the research question in order to achieve reliable results (Mitton et al., 2007). For the current study, search strategy accounted for keywords, phrases and possible search terms. Different keywords were utilized in order to access only the relevant studies regarding microfinance and its influence on women and children.

The searches related to keyword particularly had a focus on searching the entire database. Databases regarding microfinance were accessed in order to gain sufficient knowledge related to the topic. The keywords including “microfinance”, “microfinance and women”, “impact of microfinance on children and women” and “microfinance and children” for retrieving the studies. One of the potential benefits of keywords involve that it assists in increasing recall through searching the record (full). The keywords offered certain advantage as they assisted in eliminating irrelevant studies and access only the relevant ones.

Grinyer (2009) indicated that ethics is considered one of the significant elements of the research study. It is an ethical practice to consider how the research can prove vital in contributing to the present literature related to microfinance. Prior to utilization of a study, it is important to inform the author. Some of the conditions that must be considered during a secondary research include:

- It is critical to assure that the used research studies are being treated in a proper manner
- Any critical question related to ethics must be addressed during review of studies
- Utilization of data from the research should not result in any kind of damage

The element of plagiarism was also considered during the research study, as it is considered a serious offense. The data was not fabricated and plagiarism was avoided throughout the study.

RESULTS

The results section is one of the most significant parts of the study. It helped in discussing the findings and conclude the study.

(n=56)

Sl.No	Variable	Number	Percentage
1	Women are economically empowered	39	69.64
2	Microfinance reduce poverty	37	66.07
3	Microfinance improve rural savings	38	67.85
4	Increased employment opportunities	34	60.71
5	Created assets in rural areas	28	50.00
6	Increase the standard of living	26	46.42

Table 1 Microfinance and women empowerment (source: Kaur & Kaur, 2017)

The findings of Kaur & Kaur (2017) clearly indicated that women have been empowered economically due to microfinance. The above table represents the increase in economic empowerment of women in the region of a developing country. The results indicate that microfinance can have a positive influence on enhancing the economic empowerment of women, reducing poverty and enhancing rural savings. The results of Rahman, Khanam & Nghiem (2017) helped in determining that the microfinance possess the ability to create a positive influence on the women empowerment. Based on the results, it was analyzed that through microcredit, women can actively contribute to the economy of the country.

The findings of Hytopoulos (2011) were found to be conflicted, as the study challenged that microfinance is not always an effective solution to combat poverty. This study was conducted in the region of Thailand and showed no significant influence on the children's educational attainment. The study rejected the idea that microfinance programs can have a positive impact on the educational attainment of children. The reason for this was given by the researcher that less educated families do not pay much attention to their children's schooling and hence do not spend much on the education. It eventually restricts the children to get educated and contribute to economy.

The results of Viswanath (2018) proved significant in determining the influence of microcredit on the children education. The findings helped to observe that microcredit seems to have a positive effect on the demand for education. Based on the findings, it was observed that microloans aim to increase spending on education. However, one of the points observed include that increased access to financial resources is one of the critical factors regarding microcredit. It was further analyzed that microfinance programs can provide better education to children, as these programs tend to be focused mainly on provision of sufficient education access to children and family.

Table 1. Description of key variables and their expected effects on children's education.

Variable	Expected Sign	Sign of Interaction with Microcredit	Theoretical Basis
Microcredit	-ve +ve		Substitution Effects Reduced Risk Aversion
Class	+ve	+ve	Breen-Goldthorpe
Wealth	+ve	+ve	Reduced risk aversion High returns to education for members of families involved in business
Gender of child (Male = 1)	+ve	-ve	Microfinance directed towards women
Number of children	-ve	-ve	Decreasing returns from educated children Decreasing Wealth Effects

Table 2 Effects of key variables on children's education (source: Viswanath, 2018)

The above table represents the variables including class, wealth and microcredit. Based on the results, it was analyzed that through greater flowing of wealth from the microcredit which might result in increased expenditure on education, supposing that education is revealed to be a normal good. The researcher indicated significant categories of variables (independent) and their possible association with the educational investment. The family wealth can be considered a critical determinant of educational investment. The results revealed that this impact can be stronger, the higher can be the access to microcredit. The social status is also a crucial determinant for the educational investment. The researcher further indicated that microcredit access can be considered positively related to the wealth impact on education as the microloans focus on increasing the family wealth and positively influence the ability of family to pay for the education.

Table 3: Women's Empowerment Indices

Activity	TCCSs		SEEDS		Both MFIs		% Difference
	Before	After	Before	After	Before	After	
Agriculture	3.75	3.98	3.99	4.01	3.87	4.00	3.36
Domestic affairs	4.21	4.35	4.60	4.62	4.40	4.49	2.04
Enterprise	3.41	3.88	3.42	4.43	3.41	4.16	2.20
Social affairs	3.12	3.22	3.56	3.60	3.34	3.41	2.10
Overall	3.62	3.86	3.90	4.17	3.76	4.02	2.60

Table 3 Women's Empowerment through MFI (source: Herath, Guneratne & Sanderatne, 2015)

The above table indicates that there is improvement in women empowerment after participating in the microfinance institutions (MFIs). It helps in supporting the argument that microfinance allows the women to enhance their empowerment by reduction in vulnerability and poverty. Similarly, the findings of Laha & Kuri (2014) explored that the prevalence of microfinance programs can be considered a medium for improving the economic opportunities for women. Growth in women businesses enable them to improve their self-confidence and eventually assist in increasing economy. Contrarily, the results of Haile, Bock & Folmer (2012) pointed out that microfinance can also lead to inequalities and can also lead to a division labor which is gender-specific.

DISCUSSION

Critical Analysis of the Findings

The results proved critical in observing that microfinance tends to have a positive influence on women empowerment and children education. The overall findings related to children and women helped in determining that microfinance seems to have a positive influence on the educational attainment of children. Conflicting results were observed in the study of Hytopoulos (2011), which indicated that microfinance cannot be considered a positive solution in all the cases for combatting poverty. However, the weakness observed in the study include that this study was conducted only in the region of Thailand and therefore cannot account for the concept of microfinance worldwide. One of the significant points observed from the study include that impoverished and less education seem to demand not much schooling for the children, and hence, the children are unable to improve standard of living. This hindering factor can be observed in undeveloped and developing nations, where lower class families do not pay much attention to the education of children and spend on other unnecessary things.

Majority of the studies showed positive influence of microfinance on children education and women empowerment. In terms of women, it is significant to note that elements including husband's income of women, self-help and family size tend to have a positive impact on the empowerment of women. Microfinance programs can also be considered an essential element that can help in empowering women. Further, certain indicators of women empowerment are family decision-making, economic security and mobility.

In case of children's education, one of the critical points which was observed include that if the women are responsible for sponsoring children education, then microfinance can create a significant difference. The findings of Viswanath (2018) clearly pointed out that microloans focus on increasing spending on education. Increase in wealth eventually improves the social status of families and assist in provision of quality education to the children. This research study further proved crucial in concluding that microloans should be availed by the impoverished borrowers for the purpose of alleviating poverty and enabling children to get education.

After the analysis of the studies, it can be recommended that there is a need to conduct further research in various regions of the world to determine the impact of microfinance accurately. In different countries, there can be different perception of people regarding microloans, microcredit and microfinance. The position of women and children is not same in all the countries of the world. Microfinance institutions should be established throughout the world for the purpose of enhancing children's education and providing a platform to increase women empowerment. One of the significant points to consider include that the discussed studies have been conducted in specific places and therefore, only showcase the perception of

microfinance regarding that place. The results cannot be considered completely reliable as there seem to be differences in perception of people. Further, government rules and regulations seem to differ from country to country. However, the studies proved significant in exploring the concept of microfinance and how it effects both the children and women.

Limitations

There were certain limitations observed in the study. One of the potential constraints include that this research was solely based on secondary literature. Review of past studies was conducted in order to formulate the findings. It is observed that primary research could have been conducted for the purpose of achieving reliable outcomes. Another constraint includes limited duration of study. A limited time was given for completing the study and to reach the conclusion. It is analyzed that there should have been more time period in order to attain more reliable and precise findings.

CONCLUSION

This research paper pertinently points out the significance of microfinance and its influence on children and women. The review of past studies helped in concluding the study and achieving the research objectives. It is concluded that microfinance enables to increase women empowerment through providing a platform for gender equality. Different microcredit and microfinance institutions are revealed to have a positive influence on women as these allow women to have an access to financial capital, from their small and micro-business and achieve a considerable income. Further, it can also increase the self-esteem of women, providing them the power for decision-making.

Considering the children's education, it is concluded that microcredit possesses the ability to provide individuals for spending sufficiently on children's education. However, it is also concluded that in some of the developing countries, there is not much focus on quality education for children and therefore needy families spend on other expenditures rather than on their children's education. Also, increased access to financial resources is one of the critical factors regarding microcredit. Reduction in poverty is another vital element associated with microloans and microcredit. It is concluded that microloans, if utilized properly, can assist in combatting poverty and enabling children to get education and enhance social status.

The analysis of the studies helped in concluding that there is a positive influence of microfinance programs and microloans on children and women's empowerment. However, it also depends on the families that how they spend the money and also on the willingness of the individual to achieve education. For impoverished borrowers, microloans can be considered a potential opportunity to turn the tables and provide their children with quality education. It is further concluded that there is a need to conduct further research in order to critically analyze both the positive and negative aspects of microfinance and microcredit.

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