



# INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 4.295

(Volume 5, Issue 1)

Available online at: [www.ijariit.com](http://www.ijariit.com)

## An evaluation of women empowerment through microfinance: Factor analysis

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### ABSTRACT

*Financial inclusion of the Government through banking institutions particularly to empower rural/tribal women in India is endowed to focus upon such households which are left out in terms of employment avenues. However, rural/tribal unemployed women who have entrepreneurial capabilities, but are unable to pursue for starting business due to shortage of financial sources, can avail financial support and succeed in the process of socio-economic development by generating employment avenues for their families. Keeping motive of microfinance for SHGs in mind, an attempt has been made to analyze to what extent; micro finance has proved an instrumental in empowering tribal women of Himachal Pradesh.*

**Keywords**— Financial Inclusion, Empowerment, Microfinance and Self Help Groups

### 1. INTRODUCTION

The Tribal society is also a patriarchal society and so the dominance of male members over the female members is obvious and it is a burning truth that no country in the world treats its women not less than its men. It is also well known fact that there cannot be any progress unless women are empowered. This is the reason that every opportunity should be given to women, as it would most surely be passed on to the next generation and without personal, social, economic and political empowerment for assuming a desired status in development would be distant goals. SHGs women empowerment is taking place and their participation in the economic activities and decision-making at the household and society level is increasing and making the process of rural development participatory, democratic, sustainable and independent of subsidy, which means that macro-financing through SHGs is contributing to the development of rural people in a meaningful manner. The concept of SHGs has also been endowed to focus upon such initiatives which result into development. However, it is a question of research to examine as to what extent; these institutions have succeeded in their role. This paper is a modest attempt to examine the factors influencing empowerment of tribal women based upon the responses of SHGs members. The role of women in the development of nation is very important at present. Their status must be improved economically and socially. The concept of SHGs is a window for the development of the rural mass as it helps women to improve their living conditions encompassing the social, economic and educational levels to improve their empowerment level. The Self-Help Groups enable women to participate in decision making on economic and financial issues like family financial needs, supplementing of family income, consumption pattern, to raise loan, sale and mortgage of assets etc. An, attempt has also been made in this study to identify the most dominating factors influencing financial inclusion and there by empowering tribal women who are being members of SHGs.

Table 1 explains the descriptive statistics for factors affecting the empowerment of tribal women. Further, the table depicts that after joining the SHG, tribal women feel improvement in family relations, as the mean score of the perception of respondents for reduction in stress (2.9833), has been found highest, followed by acting independently (2.9417) and improvement in confidence level (2.9375).

**Table 1: Statistical Description of Factors Influencing Women Empowerment**

Statements	N	Mean	$\Sigma$	Skewness	Kurtosis
Acting independently	240	2.9417	.87068	-.117	-.126
Skill enhancement	240	2.7167	1.09149	-.080	-.954
Reduction in Stress	240	2.9833	1.01027	-.040	-.110
Improvement in family relations	240	2.7667	1.00404	-.068	-.643
Improvement in confidence level	240	2.9375	.83856	-.225	.408
Literacy level has increased	240	2.8708	1.09582	.009	-.504

Freedom in mobility	240	2.6625	.96738	-.006	-.347
Improvement in health conditions	240	2.5792	.93401	.125	-.115
Improvement in business relations	240	2.6750	.91626	-.132	.059
Enhancement in interaction with different social groups	240	2.6167	.94345	-.039	-.139
Awareness about environmental issues has increased	240	2.5792	.96051	.016	-.242
Mingling with others	240	2.6042	.97112	.062	-.343
Acceptability in society has increased	240	2.5875	.91515	.020	.336
Improvement in hygienic conditions	240	2.3583	.84136	-.120	-.727
Assertiveness to fight against injustice	240	2.3750	.80337	-.343	-.727
Participation in resolving village problems	240	2.3125	.81708	-.216	-.823
Increase in purchasing power	240	2.3292	.82075	-.264	-.835
Increase in Income/Savings	240	2.3000	.77189	-.079	-.578
Dependency on money lenders has reduced	240	2.5500	.81667	-.069	-.025
Reduction in poverty	240	2.4750	.84796	.037	-.193
Transformation in life style	240	2.4833	.83824	.053	-.142
Increase in employment opportunities	240	2.5292	.85275	-.153	-.200
Increase in value of livestock	240	2.5083	.80787	.117	.008
Awareness about various Govt. schemes has increased	240	2.4750	.84301	.058	-.165
Awareness about legal rights has increased	240	2.2042	.89395	.295	-.189
Participation in political activities has increased	240	2.1667	.85651	.478	.287
Active participation in community activities has increased	240	2.2375	.89035	.232	-.217
Voting Independently	240	2.1542	.84164	.551	.508
Active Participation in Gram Sabha Meetings	240	2.1500	.84981	.533	.418
Participation in Elections	240	2.2250	.82292	.470	.521

Source: Data collected through Interview Schedule

Further, the calculated values of standard deviation reveal high variation in the responses for all designed variables. In case of skewness, most values are concentrated on the right of the mean with extreme values to the right, so it can be said that distribution is negatively skewed. In case of kurtosis, the negative values depicts that distribution is platykurtic i.e., flatter than normal distribution with a wider peak. The probability for extreme value is less than for a normal distribution and the values are wider around the mean.

Mean score of the perceptions on the factors like; family relations, reduction in stress, increase in literacy level, skill enhancement are analyzed and have been found near to moderate towards positive direction with variation from 1.00404 to 1.09582 as is indicated by the calculated values of standard deviation and skewness. Thus, it can be said that these factors have highly influenced SHGs members through the financial inclusion. Further analysis reveals that the factors like; reduction in poverty, transformation in life style, improvement in health conditions, awareness about environmental issues, awareness about legal rights, participation in political activities has increased and active participation in community activities has increased, However, participation in elections are influenced only to some extent.

**2. KAISER-MEYER-OLKIN MEASURE OF SAMPLING ADEQUACY AND BARTLETT’S TEST OF SPHERICITY**

Table 2 depicts the results of Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett’s Test of Sphericity. The Kaiser-Meyer-Olkin (KMO) measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed.

**Table 2: KMO and Bartlett’s Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.917
Bartlett’s Test of Sphericity	Approx. Chi-Square	13587.348
	Df	435
	Sig.	0.000

Further, the table 2 shows that the Kaiser-Meyer-Olkin Measure is 0.917, which implies that sample is adequate and factor analysis is appropriate for data. This test is another indication of the strength of the relationship among variables as it tests the null hypothesis that the correlation matrix is an identity matrix in which each variable correlates perfectly with itself but has no correlation with other variables. Further, a table 2 shows that Bartlett’s test of sphericity is significant as its associated probability is 0.000, which means that correlation matrix is not an identity matrix.

**3. TOTAL VARIANCE**

Table 3 shows that microfinance has most positive impact on the personal empowerment of sample SHG members as the statements pertaining to personal empowerment alone explains 18.436 percent of total variance which leads to the conclusion that microfinance has significant impact on personal empowerment of tribal women associated with SHG. Social empowerment of SHG members which explains 4.882 percent of the total variance reveals that microfinance through SHG has improved the business relations and acceptance of tribal women in the society. Economic empowerment of the SHG members has been manifested through microfinance by reduction in poverty, transformation in lifestyle and increase in the wealth of livestock. Further, political empowerment has been observed by their active participation in political activities by voting independently, participation in gram Sabha meetings, etc.

**Table 3: Total Variance Explained**

Component	Initial Eigen values			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	18.436	61.453	61.453	18.436	61.453	61.453	9.410	31.368	31.368
2	4.882	16.275	77.728	4.882	16.275	77.728	6.054	20.179	51.547
3	1.231	4.103	81.831	1.231	4.103	81.831	5.420	18.066	69.613
4	1.157	3.856	85.687	1.157	3.856	85.687	4.822	16.074	85.687
5	.796	2.654	88.340						
6	.594	1.979	90.320						
7	.488	1.628	91.947						
8	.380	1.266	93.214						
9	.306	1.021	94.234						
10	.234	.780	95.015						
11	.198	.659	95.674						
12	.182	.606	96.280						
13	.152	.508	96.788						
14	.144	.480	97.268						
15	.120	.400	97.668						
16	.116	.387	98.055						
17	.085	.284	98.339						
18	.075	.252	98.590						
19	.069	.230	98.821						
20	.066	.221	99.041						
21	.061	.202	99.244						
22	.048	.160	99.404						
23	.044	.146	99.549						
24	.037	.123	99.673						
25	.025	.083	99.756						
26	.023	.078	99.834						
27	.018	.059	99.893						
28	.013	.043	99.936						
29	.012	.041	99.978						
30	.007	.022	100.000						

**Extraction Method:** Principal Component Analysis

#### 4. COMPONENT MATRIX

Table 4 shows, the component matrix results.

**Table 4: Component Matrix<sup>a</sup>**

Component	1	2	3	4
Acting Independently	.837	-.106	.342	-.061
Skill enhancement	.928	-.029	.279	-.075
Reduction in Stress	.803	-.064	.357	.003
Improvement in family relations	.870	-.053	.229	-.064
Improvement in confidence level	.866	-.185	.068	-.194
Literacy level has increased	.853	-.059	.373	-.148
Freedom in mobility	.857	.092	.267	-.260
Improvement in health conditions	.913	.101	-.081	-.202
Improvement in business relations	.504	.039	-.111	-.254
Enhancement in interaction with different social groups	.860	-.025	-.150	-.144
Awareness about environmental issues has increased	.907	.123	-.052	-.177
Mingling with others	.897	.165	.065	-.199
Acceptability in society has increased	.748	.109	-.029	-.113
Improvement in hygienic conditions	-.079	.908	.236	.058
Assertiveness to fight against injustice	-.127	.937	.083	.125
Participation in resolving village problems	-.113	.975	.053	-.024
Increase in Income/Savings	-.091	.960	.075	.047
Dependency on money lenders has reduced	-.127	.960	-.018	.132
Reduction in poverty	.874	.194	-.227	-.080
Transformation in life style	.899	.213	-.241	-.052
Increase in employment opportunities	.867	.165	-.422	.013
Increase in value of livestock	.882	.150	-.281	.016
Increasing in Landholding	.905	.157	-.161	-.094
Awareness about various Govt. schemes has increased	.879	.181	-.307	-.036

Awareness about legal rights has increased	.828	-.087	.118	.358
Participation in political activities has increased	.879	-.080	.095	.319
Active participation in community activities has increased	.878	-.086	-.010	.254
Voting Independently	.869	-.125	-.028	.420
Active Participation in Gram Sabha Meetings	.863	-.136	.053	.440
Participation in Elections	.875	-.078	-.086	.289

**Extraction Method:** Principal Component Analysis

Table 4 reveals the loadings of the thirty variables on the four factors extracted. The higher the absolute value of loading, the more the factor contributes to the variable. Thus, it is clear from the table that factor one that is, Personal empowerment influences the most followed by second factor that is Social empowerment, third factor that is Economic empowerment and fourth factor that is Political empowerment.

## 5. ROTATED COMPONENT MATRIX

**Table 5: Rotated Component Matrix**

Component	1	2	3	4
Acting independently	.802			
Skill enhancement	.821			
Reduction in Stress	.880			
Improvement in family relations	.799			
Improvement in confidence level	.780			
Literacy level has increased	.836			
Freedom in mobility	.356			
Improvement in health conditions	.420			
Improvement in business relations		.732		
Enhancement in interaction with different social groups		.734		
Awareness about environmental issues has increased		.701		
Awareness about various Govt. schemes has increased		.661		
Acceptability in society has increased		.585		
Improvement in hygienic conditions		.793		
Assertiveness to fight against injustice		.748		
Participation in resolving village problems		.489		
Reduction in poverty			.347	
Transformation in life style			.375	
Increase in employment opportunities			.732	
Increase in value of livestock			.722	
Increasing in Landholding			.660	
Increase in income/savings			.802	
Dependency on money lenders has reduced			.820	
Better education to children			.685	
Awareness about legal rights has increased				.345
Participation in political activities has increased				.307
Active participation in community activities has increased				.431
Voting Independently				.334
Active Participation in Gram Sabha Meetings				.167
Participation in Elections				.357

**Extraction Method:** Principal Component Analysis.

**Rotation Method:** Varimax with Kaiser Normalization.

Rotation converged in 5 iterations.

## 6. CONCLUSION AND SUGGESTION

On the basis of factor influencing empowerment of women, it can be summed up that microfinance has most positive impact on the personal empowerment of sample SHG members as the statements pertaining to personal empowerment alone explains 18.436 percent of total variance which leads to the conclusion that microfinance has significant impact on personal empowerment of tribal women associated with SHG. Social empowerment of SHG members which explains 4.882 percent of the total variance reveals that microfinance through SHG has improved the business relations and acceptance of tribal women in the society. Economic empowerment of the SHG members has been manifested through microfinance by reduction in poverty, transformation in lifestyle and increase in the wealth of livestock. Further, political empowerment has been observed by their active participation in political activities by voting independently, participation in gram Sabha meetings, etc. Scree plot also reveals that only four factors are significant, as the curve begins to flatten between factors fourth and fifth. Further, rotated component matrix shows that four factors which are extracted through factor analysis are personal, social, economic and political empowerment. By adopting holistic approach that takes into account economic and political factors affecting women empowerment, MFI can ensure that members of SHGs are more deeply and consistently empowered through their programs.

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