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The Contribution of Non-conventional Microfinancing on Economic, Social and Household Empowerment of Women Borrowers in Malaysia*

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Abstract

This study investigated the effect of the Amanah Ikhtiar Malaysia (AIM) microfinancing on the economic, social, and household empowerment of women borrowers in Malaysia. The study used a quantitative approach based on primary data. For this study, the participants comprised 384 AIM borrowers from Terengganu, Kelantan, and Pahang in the east coast region of Malaysia. Purposive stratified random sampling was used as well as the Krejcie and Morgan method to count the number of samples. Descriptive statistics and the Women Empowerment Index (WEI) were used in the analysis. The study findings reveal that AIM microfinancing affects the economic, social, and household empowerment of women borrowers in Malaysia. However, in comparing the three categories, women enjoyed more freedom in social and household decision-making than in economic decision-making. The present study recommends policies for the successful and effective operation of microfinance programs by providing the necessary guidelines for the control of AIM loan for women borrowers; increasing income-generating activities, sufficient access of credit, and proper education for the borrowers; and giving economic freedom of choice with necessary skill training policymaking options for the government and NGOs with the aim to improve the total household income and empowerment of the microcredit borrowers in Malaysia.

Keywords: Amanah Ikhtiar Malaysia (AIM), Microfinance, Women Empowerment, Malaysia

JEL Classification Code: G02, G20, G21, G24

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1. Introduction

Microcredit programs have been launched as one of the prime strategies in the overall movement to ensure women empowerment and to elevate them out of poverty. Many countries have established microcredit programs to reduce poverty by providing a small amount of credit to the poor for them to generate self-employment through income-earning activities (Haque, Siwar, Ghazali, & Bhuiyan, 2018a; Mago, 2014; Mia, 2016). The idea began when Bangladeshi economist Dr. Mohammad Yunus introduced microcredit programs to end poverty in rural areas as an action project in the Jobra Village in the district of Chittagong, Bangladesh. One of the major problems facing the poor and the lower-income group is access to credit. Their lack of assets for collateral and financial records, and limited credit history make obtaining credit from formal financial institutions almost impossible. The poor are tied to low productivity and usual self-employed economic activities because of the lack of capital. Thus, providing the poor with credit generally helps them solve poverty. Lack of capital and savings make it very difficult and, sometimes, impossible to obtain basic

opportunities for poor families (Abul Bashar Bhuiyan, Chamhuri, Ismail, & Basri, 2013). These poor people need to survive by working in farm and non-farm sectors, by being self-employed, and by undertaking productive income-generating activities. The major problem of the poor and the lower income group is access to credit. Microcredit is one of the many ways to help the poor improve their income, acquire assets, and ensure productive self-employment opportunities (Bashar, Chamhuri, & Ghafar, 2013; Abul Bashar Bhuiyan et al., 2013; Abul Bashar Bhuiyan, Siwar, & Talib, 2012; Hye, Wizarat, & Lau, 2016; RATNAWATI, 2020).

Malaysia has successfully eradicated poverty since its independence. However, reducing the inter-ethnic income disparity and economic imbalance, especially hard-core poverty, and ensuring women empowerment, prevents the country from being a completely developed country by 2030. The Amanah Ikhtiar Malaysia (AIM) has been the largest microfinance institution (MFIs) in Malaysia that has adopted the Grameen Bank microcredit approach for providing credit to poor women who can use it for IGAs that can help them move out of the poverty group. However, the success story of AIM does not reflect the remarkable positions for empowering the hard-core poor women and the reduction of poverty in the economic growth in Malaysia (A. B. Bhuiyan, Siwar, C., Ismail, A. G., & Talib, 2011; Haque et al., 2018a).

Meanwhile, some studies have investigated the effect of microfinance program on the participating poor and on the non-participating poor (NPP). The AIM credit positively affects the livelihood of borrowers. However, few studies have measured women empowerment through AIM credit (Adaikalam & Mazumder, 2012; F. Ahmed, Siwar, & Idris, 2011b; Al Mamun, Adaikalam, & Wahab, 2012; Ismail, 2001; Nawai & Bashir, 2009). Most studies were based on the descriptive presentation of microcredit programs. The existing literature also reveals that very few studies focus on the assessment of the performance of AIM microcredit and the success stories of women empowerment in Malaysia. The current study conducts an extensive study into the contribution of AIM to the empowerment of poor women borrowers in Malaysia. Thus, this study investigated the effect of the Amanah Ikhtiar Malaysia (AIM) microfinancing on the economic, social, and household empowerment of women borrowers in Malaysia.

2. Literature Review

Poor women are ignored and marginalized and have no opportunities for self-sufficiency, and thus, become dependent on charity or welfare. Hence, poor women lose their self-confidence because they cannot be fully self-supporting. Denied opportunities deprive poor women of the pride of accomplishment. This situation, in turn, leads to psychological, social, and mental health problems.

Empowerment is a means to achieve basic opportunities for poor women. Empowerment includes encouraging and developing the skills for self-sufficiency, with a focus on eliminating the future need for charity or welfare. In spite of remarkable economic growth, reducing the inter-ethnic income disparity and the economic imbalance, especially hard-core poverty and women empowerment, is the prime threat to Malaysia to become a completely developed country by 2030. Existing literature reveals limited studies on the assessment of AIM microcredit performance concerning the success stories of women empowerment in Malaysia. Amanah Ikhtiar Malaysia (AIM) has been the major and largest microfinance institution (MFIs) in Malaysia that has adopted the Grameen Bank microcredit approach for providing credit to poor women who can use it for IGAs that can help them move out of the poverty group. However, the success story of AIM does not reflect the remarkable positions for empowering the hard-core poor women and the reduction of poverty in the economic growth in Malaysia (Bashar et al., 2013; Haque, Siwar, Bhuiyan, & Joarder, 2019; Haque et al., 2018a; Haque, Siwar, Ghazali, & Bhuiyan, 2018b).

Abdullah-Al-Mamun et al. 2011 examined how the participation in the microcredit program of AIM affected the employment rate of hard-core poor households and community in Peninsular Malaysia. The participation in the microcredit program of AIM increased employment, which generated opportunities at the household and community levels. The policy may be reviewed and re-organized to increase the employment rate and income-generating opportunities by providing appropriate training and diversified, flexible loan offers (Mamun, Wahab, Hossain, & Malarvizhi, 2011). Moreover, another study explained how AIM achieved its social performance in terms of the outreach to the poor and excluded its adaptation of services and products to client needs, and the improvement of the social and political capital of the poor and its social responsibility. Their study showed that AIM has an advantage in its capital channel system that encourages the poor to apply for microloans. The dependence of AIM on the government for funds exposes it to political intervention, which limits its capability to be involved in community-investment activities (Siti-Nabiha & Siti-Nazariah, 2011).

Esnard-Flavius and Aziz (2011) examined the relationship between microcredit, microenterprises, and the social welfare of the rural poor in North-eastern Trinidad. Guided by the main propositions of social capital theory, the researchers conducted 45 semi-structured interviews with active participants or clients within a case study framework. The fragmented social relations within the network, conflict, distrust, and the loose structure of the program limited the effects of access to microcredit on social welfare and the financial potential of the lending organization (Esnard-Flavius & Aziz, 2011). Ahmed and Siwar 2011 described that

women, who constituted almost half of the total population of Bangladesh, are victims of socio-economic inequality and gender disparity (F. Ahmed, Siwar, & Idris, 2011a). Women were also economically dependent, vulnerable, and socially discriminated. Their study focused on the status of women in Bangladesh. However, the government has taken many initiatives to ensure the political rights and to increase the awareness, empowerment, and participation of vulnerable and disadvantaged women (F. Ahmed, Siwar, & Idris, 2011c). In addition, Ahmed and Siwar stated that rural women in Bangladesh are the most deprived in the society, and most rural women are extremely poor. The study examined the extent of changes in the livelihood status of rural women through their involvement in microcredit programs in Bangladesh. The study revealed that after joining the microcredit program, the rural women engaged themselves in IGAs and, consequently, improved their livelihood status significantly (F. Ahmed, Siwar, Idris, & Begum, 2011; I. Ahmed, Ibrahim, Bhuiyan, & Mohd, 2018; Ali, FerdousurRahman, Bhuiyan, & Sina, 2014; Bashar et al., 2013; Abul Bashar Bhuiyan & Hassan, 2013; A. B. Bhuiyan, Siwar, C., Ismail, A. G., & Aminul, 2012; Saad, Hasniza, & Abul Bashar, 2018).

Moreover, the monthly average income of the respondents with credit is US\$27.6, which is three times higher than that of the respondents without credit, which was US\$7.9. The increased income of the women borrowers contributed significantly in improving the income level of their households, and, thus, helps them reduce vulnerability more effectively than the women who did not borrow (F. Ahmed, Siwar, Idris, & Mia, 2011). Moreover, Bhuiyan and Siwar (2011) reported empirical evidence on the common findings from the existing literature on the performance of the Islamic Bank in microcredit and the poverty alleviation in Bangladesh. Their study examined the effect of the microcredit program of an Islamic Bank on the progress of poverty alleviation and socioeconomic development of its members. The study revealed that the borrowers reduced their vulnerability and poverty and improved their socioeconomic status after access to credit (Abul, Chamhuri, Abdul, & Islam, 2012; Abul, Chamhuri, Abdul, & Tareq, 2013; A. B. Bhuiyan, Siwar, Ismail, & Talib, 2011). By contrast, microfinance programs increasingly targeted poor women in developing countries with the expectation that access to microcredit advanced their empowerment while reducing poverty. Variations in the socio-cultural, economic, and microfinance organizational contexts explained why some programs were more successful than others by comparing the results of two microfinance providers in Ethiopia (I. Ahmed, 2018; I. Ahmed, Bhuiyan, Ibrahim, Said, & Salleh, 2016; I. Ahmed et al., 2018; Haile, Bock, & Folmer, 2012; Haque et al., 2018a; Hussain, Bhuiyan, Said, & Halim, 2017). Overall, the current study notes that the poor women are ignored in

most parts of the society. Poor women are marginalized, lack chances for self-sufficiency, and depend on charity or welfare. Without means to support themselves, poor women lose their self-confidence, and this disposition can lead to psychological, social, and mental problems. Women can be empowered through encouraging and developing skills for self-sufficiency, which could result in eliminating the future needs for charity or welfare among individuals of the group (Abul et al., 2013; I. Ahmed, Bhuiyan, Ibrahim, & Said, 2016; Ali et al., 2014; Bashar et al., 2013; Haque et al., 2018b; Md Ferdousur, Islam, Abul Bashar, & AM MOKARROM Hossain, 2015).

3. Methodology

The study used a quantitative approach based on primary data from the field. For this study, the participants comprised 384 AIM borrowers from Terengganu, Kelantan, and Pahang in east coast region of Malaysia. The data were collected through the field survey in the selected areas. Purposive stratified random sampling was used to select respondents. The method of Krejcie and Morgan was used to count the total number of samples, which was fixed based on the total number of AIM members in the selected areas (Krejcie & Morgan, 1970). AIM has 262,000 members in Malaysia especially 49,264 borrowers in Kelantan, 30,813 and 23114 in Terengganu and Pahang respectively. Based on the total number of population, the study obtained 384 samples of AIM borrowers whereas 117 respondents from Terengganu, 191 respondents from Kelantan, and 76 respondents from Pahang (see Table 3.1, 3.2 and 3.3). Most borrowers were females, but a few male borrowers were also found in the sample areas. Purposive stratified random sampling was used to select the samples. The study used descriptive statistical and Women Empowerment Index (WEI).

This study used some inferential descriptive statistical tests for demographic issues and the WEI was employed to measure the level of development of the status of women in terms of Economic, Social and Household empowerment of AIM borrowers, Malaysia. Therefore, the study employed the WEI, which was constructed by Thresiamma Varghese in 2011 (Varghese, 2011). Women empowerment in the domestic sphere was measured by creating the WEI based on the dimensions developed by Mason and Smith in 2003. The particular aspects or dimensions of empowerment are the economic decision-making power of women (economic empowerment (EE)), their household decision-making power (household empowerment (HE)), and their physical freedom of movement (social empowerment (SE)) (Mason & Smith, 2003; Varghese, 2011).

The index of each dimension was constructed by choosing the minimum and maximum values for each underlying indicator. The performance in each indicator is

expressed as the minimum and maximum value between 0 and 1 according to the construction method of the Human Development Index (UNDP, 2005). The WEI is then computed as the simple average of these three indexes according to the following formula:

$$IV_{ij} = (X_{ij}) - \text{Min}(X_{ij}) / (X_{ij}) - \text{Max}(X_{ij}) \quad (1)$$

where:

IV_{ij} = index value

X_{ij} = actual value

$\text{Min}(X_{ij})$ = minimum value

$\text{Max}(X_{ij})$ = maximum value

In the Human Development Index of UNDP, a value of 0 is deprived of a development value of 1, which shows full development, a value between 0 to 0.5 means a minimum level of development, 0.6 to 0.7 refers to the medium level of development, and 0.8 and higher means high development (UNDP, HDI, 2005). We took the same method of differentiating the human trait empowerment according to the index. The study framed the household, social, and economic empowerment and used these factors to obtain the total empowerment index. The study used the following indicators to measure the level of women empowerment.

Household Empowerment (HE):	Social Empowerment (SE):	Economic Empowerment (EE):
Decision on your health care	Decision on visit to family and relatives.	Decision on how to spend money
Decision on child health care	Decision on visit outside the village/town/city alone.	Decision on large household purchases, like furniture and other items
Decision on food to be cooked each day	Go to health centre or hospital alone	Decision on buying gifts for social functions
Decision on employing servants in home		

4. Results and Discussion

The study aims to investigate the effect of AIM microcredit on the empowerment of women borrowers in the east coast region of Malaysia. The empirical analysis revealed that AIM microcredit influenced the level of empowerment of the borrowers after they joined AIM.

4.1. Decision to Obtain of Loan from AIM

Table 1 shows the distribution of the decision of the respondents to obtain a loan from AIM. Most households made the decision after discussing with the husbands.

The respondents who decided to borrow from AIM after discussing with their husbands comprised 9.9% of the respondents. The decision by the borrower alone comprised 35.2% of all respondents. Furthermore, 0.3%, 1.0%, and 1.3% of the decisions of the respondents were made with their children, parents, and others, respectively.

4.2. Decision on Family Matters

Table 2 shows the distribution of the contribution of the respondents in decisions on family matters. Most household decisions in family issues were taken by the respondents and their husbands. Only 12.8% of the respondents decided on family matters alone. Furthermore, 6.0% of the respondents were influenced by all members of the household when deciding on family matters.

4.3. Control of Money Flow in the Family

Table 3 presents the distribution of the control of money flow in the family. Most decisions on the control of money were taken by the borrowers and their husbands. Only 40.9% of the respondents made the decision on the control of money alone. Furthermore, only 1.0% of the respondents decided on money flow after discussing with all members of the household.

Table 1: Household Decision to Obtain AIM loan

Who Decides to Obtain AIM Loan		
Persons	Frequency	Percentage (%)
Husband	38	9.9
You	135	35.2
You and spouse	201	52.3
Your children	1	0.3
Your parents	4	1.0
Others	5	1.3
Total	384	100.0

Table 2: Contribution of Family on Decisions

Contribution of Family on Decisions		
Persons	Frequency	Percentage (%)
Personal decision	49	12.8
Discussed by husband and wife	312	81.3
Discussed by all members of the household	23	6.0
Total	384	100.0

Source: Primary Data from Survey

Table 3: Control of Money in the Family

Control of Money in the Family		
Item	Frequency	Percentage (%)
Husband	23	6.0
You	157	40.9
You and spouse	200	52.1
Your children	2	0.5
Your parents	2	0.5
Total	384	100.0

Table 4: Control of Capital from AIM in the Self-business Project

Control of Capital from AIM in the Self-business Project		
	Frequency	Percentage (%)
Husband	42	10.9
You	178	46.4
You and spouse	161	41.9
Your parents	1	0.3
Others	2	0.5
Total	384	100.0

4.4. Control of Capital from AIM in the Self-business Project

Table 4 shows the distribution of the control of capital from AIM in the self-business project. The study found that most household decisions concerning the control of money were taken by the borrowers and their husbands. Only 46.4% of the respondents decided on the capital alone. Furthermore, 0.08% of the respondents consulted with all members of the household.

4.5. Health Status after Joining AIM

Table 5 shows the health status of the family of the respondents after joining AIM. Most respondents (83.6%) indicated their family was in good health after they joined AIM. Moreover, 10.9% of the respondents stated that the health of their family was in very good condition. However, 5.5% of the respondents said their family was unhealthy because of the lack of opportunities for health improvement.

Table 5: Health Status of Family after Joining AIM

Health Status of Family		
Indicators	Frequency	Percentage (%)
Very good	42	10.9
Good	321	83.6
Less well	21	5.5
Total	384	100.0

4.6. Food Supplements for the Family

Table 6 shows the distribution of enough food supplements for the family before and after joining AIM. Most households indicated they did not have enough food supplements. Only 28.1% of the respondents said they had enough food supplements for the family before they joined AIM. However, this rate increased to 59.4% after the respondents joined AIM.

4.7. Respondent Status on Household Empowerment

Table 7 shows the status of household empowerment of AIM borrowers after their involvement in credit schemes. The survey data were categorized based on the Observation Scale (Strongly disagree = 1, Disagree = 2, No change = 3, Agree = 4, and Strongly agree = 5). In terms of decisions about their health care, 73.70% of the respondents said their rights on the decisions about their own health increased after the involvement in credit, whereas, 4.43% said it decreased. Moreover, the average comment of respondent status recorded from the survey data was 3.84. Furthermore, 71.88% of the respondents said their share on the decision about the health care of their children increased after their involvement with credit, whereas 11.98% said it decreased. Moreover, the average comment of respondent status from the survey data was 3.65.

Moreover, 82.03% of the respondents said their share on the decision with regard to the food to be cooked each day increased, but 4.43% said it decreased. However, the average value of respondent status recorded from the survey data was 3.81. Meanwhile, 75.52% of the respondents said their share on the decision on employing servants at home increased after joining AIM, whereas 9.64 % said that it had decreased. Moreover, the average comment of respondent status recorded from the survey data was 3.74.

Table 6: Food Supplements for the Family

Food Supplements for the Family				
Items	Before		After	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Yes	108	28.1	228	59.4
No	276	71.9	156	40.6
Total	384	100.0	384	100.0

Table 7: Respondent Status on Household Women Empowerment

Household Women Empowerment Indicators									
Issues	Observation Scale					Average Value of Scale	SD	Proportion of High 4 and 5 (%)	Proportion of Low 1 and 2 (%)
	1	2	3	4	5*				
Decision about your health care	6	11	84	221	62	3.84	0.78	73.70	4.43
Decision about health care of child	8	110	194	62	10	3.65	0.83	71.88	11.98
Decision about food to be cooked each day	10	103	195	68	8	3.81	0.65	82.03	4.43
Decision about employing servants at home	14	97	181	84	8	3.74	0.81	75.52	9.64

Table 8: Social Empowerment of the Respondents

Social Empowerment Indicators									
Issues	Observation Scale					Average Value of Scale	SD	Proportion of High 4 and 5 (%)	Proportion of Low 1 and 2 (%)
	1	2	3	4	5*				
Decision on visiting to family and relatives	4	26	52	215	87	3.92	0.85	78.65	7.81
Decision on visiting outside village/town/city alone	11	26	52	215	80	3.85	0.92	76.82	9.64
Decision to go to health center or hospital alone	8	24	148	145	59	3.58	0.90	68.13	8.33

4.8. Respondent Status on Social Empowerment

Table 8 shows the status of social empowerment of the respondents after they joined AIM. The survey data were categorized based on the Observation Scales (Strongly disagree = 1, Disagree = 2, No change = 3, Agree = 4, and Strongly agree = 5.) Most respondents (78.65%) said their status in terms of making decisions to visit family

and relatives increased, whereas 7.81% said the opposite. The average comment of respondent status recorded from the survey data was 3.92. In terms of their decision to visit outside the village, 76.82% of the respondents said their status increased, whereas 9.64% said it decreased. The average comment of respondent status recorded from the survey data was 3.85.

With regard to the decision to go to a health center or hospital alone, 68.13% of the respondents said their status increased after joining AIM, but 8.33% said it decreased. The average value of respondent status recorded from the survey data was 3.58.

4.9. Respondent Status on Economic Empowerment

Table 9 shows the status on the economic empowerment of the respondents after joining AIM. The survey data were categorized based on the Observation Scales (Strongly disagree = 1, Disagree = 2, No change = 3, Agree = 4, and Strongly Agree = 5). With regard to decisions on how to spend money, 68.92% of the respondents said their rights increased after joining AIM, whereas 8.85% said it decreased. The average comment of respondent status based on the survey data is 3.42. For decisions about purchasing large household items, such as furniture, 65.78% of the respondents said their rights increased after joining AIM, and 14.06% of the respondents said it decreased. The average comment of respondent status from the survey data is 3.55.

In terms of decisions on buying gifts for social functions, 78.13% of the respondents said their rights increased after joining AIM. By contrast, 4.95% of the respondents said it

decreased. The average value of respondent status from the survey data was 3.94.

4.10. Measurement of Women Empowerment by Using Women Empowerment Index (WEI)

The present study computed household, social, and economic empowerment and measured the overall values of WEI by adding these three indices. The present study defined the empowerment value of index 0% as deprived of development and the value 100% as full development. A value between 0% and 50% is minimum level of development, 60% to 70% is medium level of development, and 80% or higher is high development of empowerment.

4.11. Household Empowerment Level

Table 10 and Figure 1 show the level of household empowerment (HE) of AIM borrowers. The decision of women borrowers on their child health care was recorded at 73.05%. Their decision on their health care is about 70.96%, which means their positions are in the above to medium level of development based on the index values. Moreover, decisions on employing servants at homes recorded the lowest values at about 67.25%, which denoted that their position was within the medium level of development based on the index values.

Table 9: Respondent Status on Economic Empowerment

Economic Empowerment Indicators									
Issues	Observation Scale					Average Value of Scale	SD.	Proportion of High 4 and 5 (%)	Proportion of Low 1 and 2 (%)
	1	2	3	4	5*				
Decision on how to spend money	6	28	166	166	18	3.42	0.76	68.92	8.85
Decision on purchasing large household items, like furniture	4	50	135	120	75	3.55	0.98	65.78	14.06
Decision on buying gifts for social functions	5	14	65	266	34	3.94	0.52	78.13	4.95

Table 10: Household Empowerment of the Respondents

Particulars	Household Empowerment				
	Decision on Your Health Care	Decision on Health Care of Children	Decision on Food to be Cooked Each Day	Decision on Employing Servants at Home	Overall HE Index Values (%)
Total Index Score	272.50	280.50	270.50	258.25	270.44
Average Index Value	0.71	0.73	0.70	0.67	0.70
Average Index Value %	70.96	73.05	70.44	67.25	70.43

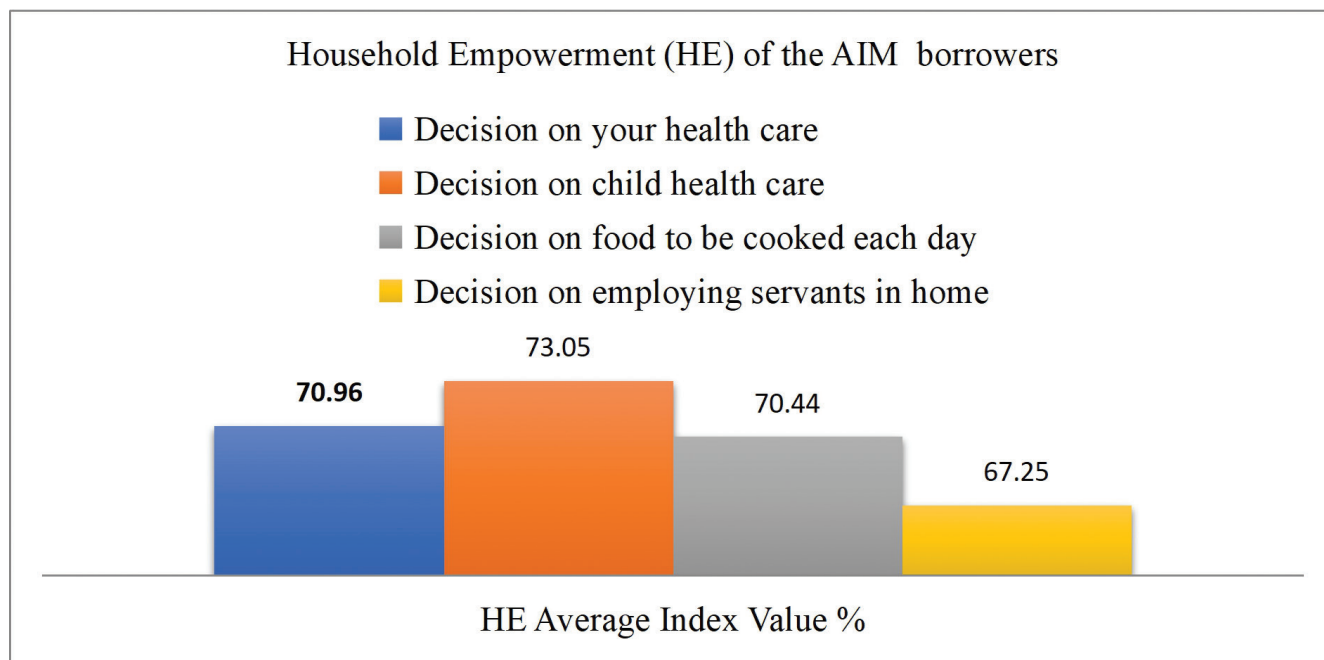


Figure 1: Household Empowerment of AIM Borrowers

Table 11: Social Empowerment of Respondents

Particulars	Social Empowerment			
	Decision to Visit Family and Relatives	Decision to Visit Outside the Village, Town, or City Alone	Decision to Go to a Health Center or Hospital Alone	Overall Social Empowerment Index Values %
Total Index Value	280.75	273.75	247.75	267.42
Average Index Value	0.73	0.71	0.64	0.69
Average Index Value (%)	73.11	71.29	64.52	69.64

Overall HE index values showed about 70.43% improvement among AIM borrowers. Hence, AIM borrowers have done well to improve their rights in the family decision issues through access of credit over time. In the same way, another study noted that household empowerment index was 0.794 in Oman (Varghese, 2011).

4.12. Social Empowerment Level

Table 11 and Figure 2 present the social empowerment of AIM borrowers. The decision of women borrowers on visiting their family and relatives was at 73.11%, while their decision to visit outside their village, town, or city alone was at 71.29%. These findings indicate their

social participations are in the above to medium level of development based on the index values. Moreover, decision to go to health centers or hospitals alone recorded the lowest values at 64.52%, which denoted that their position is within the medium level of development based on the index values.

The overall social empowerment index values showed about 69.64% improvement among AIM borrowers. Based on the overall social empowerment index values, AIM borrowers improved their rights in social participation through access to credit. Moreover, Varghese in 2011 found impact on social Empowerment index values about 0.628, which is medium in accordance with the Human Development Report (Varghese, 2011).

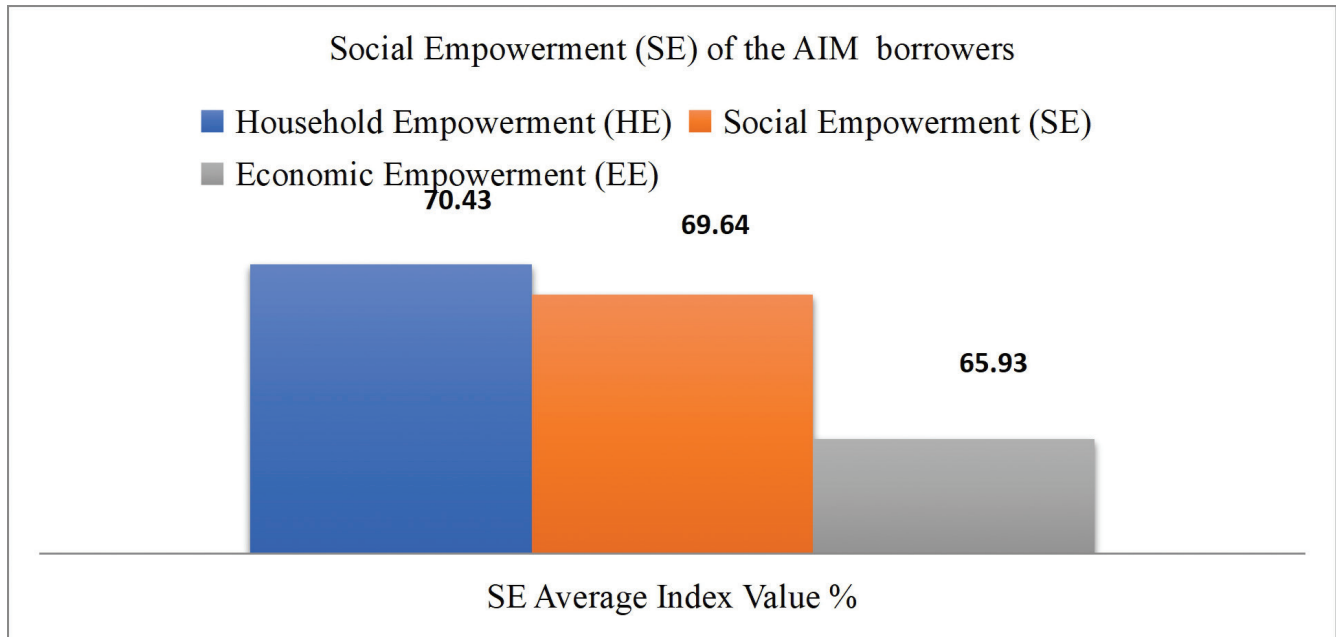


Figure 2: Social Empowerment of AIM Borrowers

Table 12: Economic Empowerment of Respondents

Particulars	Economic Empowerment			
	Decision on How to Spend Money	Decision on Purchasing Large Household Items (e.g., furniture)	Decision on Buying Gifts for Social Functions	Overall EE Index Value
Total Index value	232.5	245	282	253.17
Average Index Value	0.605	0.638	0.734	0.659
Average Index Value (%)	60.55	63.8	73.44	65.93

4.13. Economic Empowerment Level

Table 12 and Figure 3 show the level of economic empowerment of the AIM borrowers. Their decision-making power in buying gifts for social functions is at 73.44%, which indicated above medium level of development based on the index values. Moreover, their decision-making power in purchasing large household items, such as furniture, is 63.8%. With regard to decisions on how to spend money, the lowest value at 60.55% denoted a medium level of development based on the index values.

The overall economic empowerment index values showed 65.93% improvement. Based on the overall economic empowerment index values, AIM borrowers improved their decision-making power regarding economic participation with access to credit, but this improvement is not considered

as remarkable progress. However, another study by Varghese in 2011 found impact on Economic Empowerment index values about 0.753 in Oman, which is medium in accordance with the Human Development Report (Varghese, 2011).

4.14. Overall Women Empowerment Level of AIM Borrowers

Table 12 and Figure 4 show the distribution of overall Women Empowerment (WEI) level of AIM borrowers. WEI of the AIM borrowers is recorded at 68.67%. WEI is the average score of HE (70.43%), SE (69.64%), and EE (65.93%). Furthermore, another study by Varghese in 2011 found impact on Overall Empowerment index values about 0.725 in Oman, which is strongly accepted by the Human Development Report (Varghese, 2011).

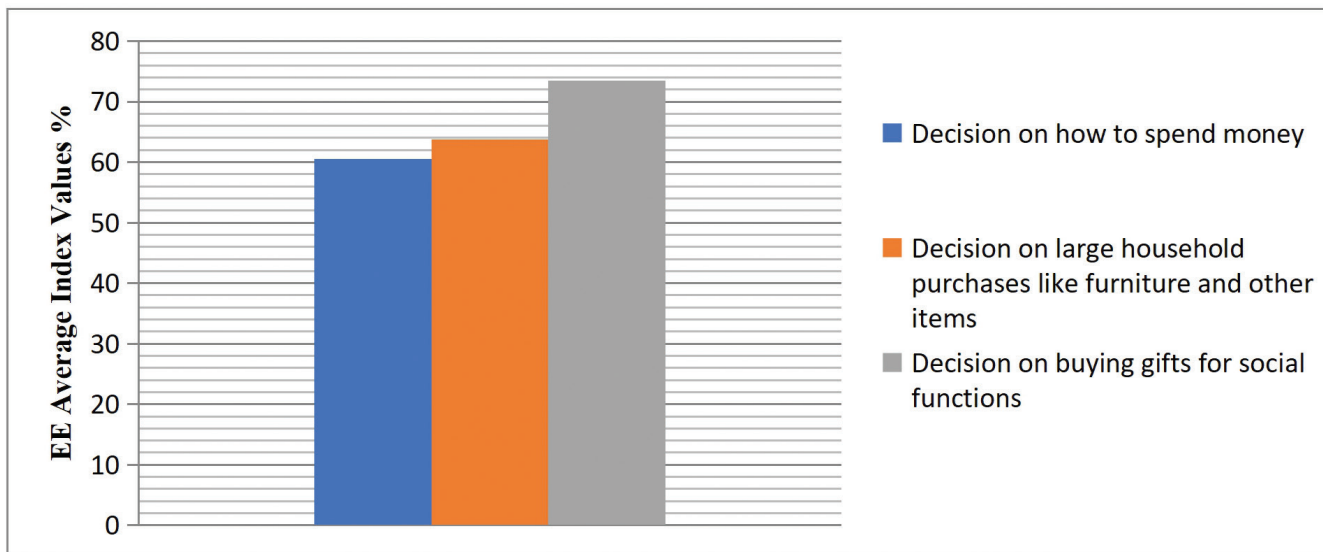


Figure 3: Economic Empowerment of AIM Borrowers

Table 12: Overall Women Empowerment Level of Respondents

Overall Empowerment of Respondents				
Item	HE	SE	EE	Overall Empowerment
Total Index Value	270.44	267.42	253.17	263.67
Average Index Value	0.704	0.696	0.659	0.687
Average Index Value (%)	70.43	69.64	65.93	68.67

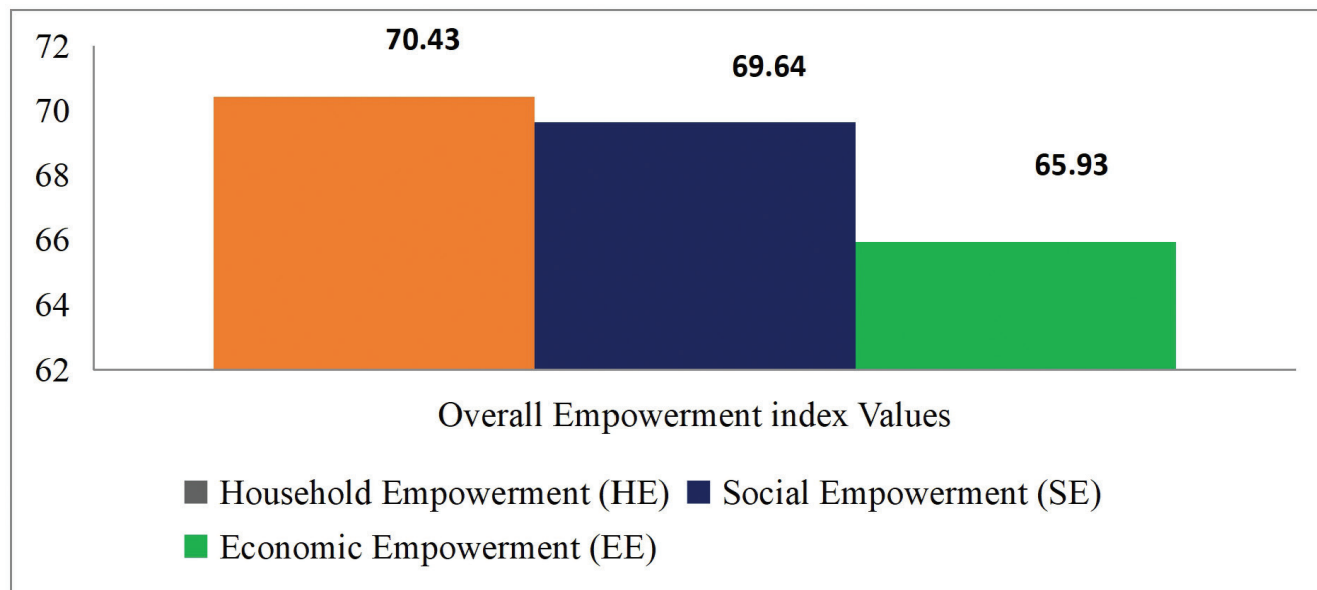


Figure 4: Overall Women Empowerment of AIM Borrowers

The access to credit by AIM borrowers has improved the level of empowerment in significant stages. The level of women empowerment based on the household, social, and economic empowerment of AIM borrowers resulted in remarkable progress in decision-making regarding household issues and social participations. Although, borrowers have improved their decision-making power regarding economic issues with the access to credit, this result is not remarkable.

5. Summary of Findings

The empirical analysis revealed that AIM microcredit influenced the level of empowerment of borrowers after joining AIM. Before joining AIM, only 73.7% of borrowers had their own house. This rate increased to 75% after the respondents joined the credit scheme. Only 62% of the respondents had a separate kitchen before joining AIM, and this rate rose to 65.9% after the respondents joined AIM. The rate of respondents who had access to metered water supply, 78.6%, did not change before and after joining AIM. Around 96.4% of the AIM borrowers had metered electric supply, which was higher than the 95.3% who had access to electricity prior to joining AIM. However, 4.9% of the respondents still did not have electric supply at the time of the study. The average total household assets of AIM borrowers before becoming members was RM6473.20, which increased to RM24714.16 after joining engaging in membership with AIM. The increase in the average total household assets was about RM18240.96.

Most respondents decided with their husbands on matters concerning obtaining a loan from AIM, family issues, and control of money. In addition, most respondents (83.6%) stated that their families were in good health, while 10.9% of claimed healthier families were in very good health condition. The score of WEI for HE, SE, and EE of AIM borrowers after joining AIM credit were determined. The overall HE index values showed that AIM borrowers have done well in asserting their power in making decisions regarding family issues through access to credit. The improvement was at 70.43%. The overall SE index values showed 69.64% of improvement in the social participation of AIM borrowers. The overall EE index values showed 65.93% of improvement. The AIM borrowers improved their rights in economic participations through credit access, but this result did not indicate remarkable progress. Finally, the overall WEI was at 68.67%, which is the average of the HE (70.43%), SE (69.64%), and EE (65.93%) values of the AIM borrowers. Access to credit of AIM borrowers improved their level of empowerment in significant stages. Based on HE, SE, and EE, the AIM borrowers have done remarkable progress on their power in decision making for household issues and social participations. In economic issues, the AIM borrowers improved their rights through access to credit, but the improvement is not remarkable.

6. Conclusions

Being the first empirical research about measuring the effects of microcredit on the empowerment of women borrowers based on the collected literature is one of the main contributions of the study. The present study bridges the research gaps in the assessment of the effect of microcredit on the household income and the empowerment of women borrowers of microfinance schemes in Malaysia. This study used the prominent WEI based on economic decision-making power (EE), household decision-making power (HE), and physical freedom of movement (SE) of the borrowers. This study used the cross-sectional multiple ordinary least square regression technique to measure the significant relationship between the total income and microcredit loan of the borrowers based on the survey data.

Furthermore, the multiple regression analysis determined that microcredit significantly influenced and increased the total monthly household income of the borrowers. The present study also contributed by revealing that the AIM borrowers have progressed in decision-making regarding household issues and social participation. Although, AIM borrowers have improved their rights in decision-making regarding economic issues, this result is not remarkable. Finally, this study provided some suggestions and recommendations for policy considerations to improve the successful and effective operations of microfinance programs. The proposed guidelines focus on the control of money borrowed from AIM by women members, increase in IGAs, sufficient access to credit, proper education for the borrowers, and giving of economic freedom of choice with the necessary skill training. The recommendations are useful to the policy and decision-makers of the government and NGOs with the aim to improve the total household income and empowerment of the microcredit borrowers in Malaysia.

Finally, the AIM borrowers improved their rights to decide on economic issues through access to credit, but this finding does not indicate remarkable progress. Only 65.93% of the borrowers have shown development in EE. According to the index standard score, this score is not remarkable. Therefore, AIM should provide ways to improve the power of women borrowers to decide on how to spend money, such as purchasing large household items and buying gifts for social functions.

The present study faced various types of challenges before achieving its objectives. For instance, ensuring the accuracy of the data given by respondents before and after situations regarding income, expenses, and assets was challenging. Memory recall is the only way to obtain information without the benchmark of data. Program interventions may change due to the application of the holistic approach in getting the respondents to give accurate data based on what they recalled. Thus, inaccuracy is possible in the process of

obtaining data. In the same way, this study was not able to compare the results of the respondents with that of a control group. Hence, concluding on specific points is difficult without a comparison between the microcredit respondents and non-participant groups.

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