

# The Impact of Microfinance on Poverty Reduction through Women's Empowerment

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## Abstract

This study investigates the impact of microfinance on women's empowerment and poverty reduction in Nepal's Kathmandu Valley. The research employs a mixed-methods approach, utilizing structured questionnaires with five-point Likert scales to collect data from 294 women participating in Self-Help Groups (SHGs), selected through purposive sampling. Descriptive and inferential statistical techniques, including Cronbach's alpha reliability testing, ANOVA, regression, and correlation analysis, were applied to assess multidimensional outcomes. The results reveal that microfinance has the strongest positive impact on socioeconomic status ( $\beta=1.048$ ,  $p<0.001$ ), explaining 69.5% of empowerment variance (Adj.  $R^2=0.695$ ), while showing a negative association with household decision-making ( $\beta=-0.265$ ,  $p<0.001$ ). A key finding highlights the divergence between perceived financial benefits (mean scores 3.93-4.00) and their statistical insignificance in regression models ( $p=0.926$ ), suggesting that economic interventions alone may be insufficient. The study demonstrates methodological rigor with high reliability ( $\alpha>0.7$ ) and robust multivariate analysis. The findings indicate that microfinance significantly influences socioeconomic empowerment but has complex effects on other dimensions of women's lives, underscoring the need for integrated approaches combining financial and social interventions.

*Keywords:* microfinance, women's empowerment, poverty reduction, Nepal, Self-Help Groups, gender equality, financial inclusion

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## 1. Introduction

Gender inequality remains a significant obstacle to women's advancement, evident in the persistent disparities between men and women across various aspects of life. These disparities are particularly pronounced in financial conditions, with global studies indicating that women are about 70% poorer than men (Solomon, 2021; Manjoor & Mander, 2009). In countries like India, where development is ongoing, traditional societal structures still place women in subordinate roles, especially within household activities. This subordination contributes to issues such as poverty, limited access to education, and a lower quality of life for women (Rehman, 2007). Microfinance (MF) has emerged as a critical tool in addressing these challenges, empowering women to break free from these societal constraints.

Microfinance institutions (MFIs) differ significantly from traditional banks, primarily in their approach to lending. Unlike conventional banks, MFIs offer loans to the poor without requiring collateral, operating instead on a group-based model where members guarantee each other's loans. This approach is particularly effective in encouraging women to engage in entrepreneurial activities, which is a key driver of women's empowerment (Cak & Degermen, 2015; Nawaz, 2010). Often described as the "bank for the poor," microfinance plays a vital role in helping women achieve financial independence and contribute to broader economic growth (Kumar & Divya, 2021). The empowerment of women through microfinance is a multifaceted goal, aimed not only at achieving financial independence but also at promoting gender equality by providing equal opportunities for men and women (Kabeer, 2003). In societies where gender inequality is prevalent, women often lack decision-making power and economic participation. Microfinance and microcredit (MC) initiatives enable women to engage in economic activities, which in turn reduces poverty, fosters self-reliance, and boosts their confidence and self-esteem (Panigraphy & Bhuyan, 2006). By empowering women, microfinance initiatives enable them to support their families and contribute to economic growth, leading to broader

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societal benefits. Over the past few decades, microfinance has become a crucial tool in the global fight against poverty, particularly in empowering women who face systemic barriers to financial access. By providing financial products like small loans and savings accounts, microfinance allows the poor, especially women, to invest in small businesses, improve their livelihoods, and escape poverty. This empowerment goes beyond economic gains, leading to social and political benefits such as improved education, healthcare, and nutrition for their families. Empowered women also experience greater autonomy and increased participation in household and community decisions, further contributing to societal progress (Kabeer, 2010; Chowdhury, 2013; Sharma & Nepal, 2021). The relationship between microfinance, women's empowerment, and poverty reduction is complex and not without challenges. While many studies highlight positive outcomes, others indicate that microfinance can sometimes worsen poverty and gender inequalities. For instance, the pressure to repay loans can lead to increased stress and debt cycles for women, particularly when multiple loans are taken to meet repayment deadlines (Rahman, 2019). Additionally, microfinance programs that fail to consider socio-cultural contexts may inadvertently reinforce traditional gender roles, limiting their transformative potential (Kabeer, 2010). The success of microfinance in empowering women and reducing poverty hinges on factors such as program design, borrower support, and the broader economic environment. Programs that include education and training, particularly in literacy and financial management, are more likely to lead to sustainable empowerment and poverty reduction (Chowdhury, 2013). The scale of the intervention also matters—larger programs are more likely to produce measurable reductions in poverty, though they also face challenges like over-indebtedness and financial instability among MFIs (Banerjee, Karlan, & Zinman, 2015). In Nepal, microfinance has significantly empowered rural women and contributed to poverty reduction, with participants reporting increased income, improved living standards, and greater decision-making participation. However, challenges such as high borrowing costs and the need for comprehensive support services remain (Sharma & Nepal, 2021).

Poverty remains a persistent issue in developing regions, with women disproportionately affected due to systemic inequalities and limited financial access (Kabeer, 2005). Microfinance is widely promoted as a solution for alleviating poverty by providing financial services to underserved populations, particularly women (Armendariz & Morduch, 2010). However, the effectiveness of microfinance in achieving substantial poverty reduction through women's empowerment is debated. While microfinance institutions (MFIs) aim to enhance women's economic opportunities through small loans, savings, and insurance (Morduch, 1999), and some studies indicate improvements in women's economic status and decision-making power (Pitt & Khandker, 1998), other research suggests that these benefits may be limited and not significantly impact poverty reduction (Morduch, 2000; Yunus, 2007). This study seeks to evaluate the impact and relationship of microfinance on poverty reduction through women's empowerment specifically in Nepal.

## 2. Literature Review

The conceptual review of microfinance and its impact on poverty reduction through women's empowerment explores key definitions and principles. Microfinance provides financial services such as small loans and savings accounts to individuals excluded from traditional banking systems, with the goal of helping low-income people, especially women, start or expand small businesses and improve their economic conditions (Armendariz & Morduch, 2010; Morduch & Haley, 2002). Women's empowerment in this context involves increasing women's control over resources and decision-making within their households and communities, encompassing economic, social, and political dimensions (Kabeer, 1999; Sen, 1999). Microfinance aims to enhance women's financial independence and bargaining power, contributing to poverty reduction (Mayoux, 2001). Empirical studies confirm this, showing that women often repay loans more reliably and benefit significantly from microfinance programs (Knowles & Luke, 2018). Programs that integrate financial literacy training have further supported women in managing finances and boosting business performance (Nawaz, 2015; Akinsemolu & Olukoya, 2020). Despite challenges such as male control over loans and limited access in rural areas (Goetz & Gupta, 1996; Vallabh & Chatrath, 2006), recent developments indicate improved control and decision-making power among women (Leach & Sitaram, 2002). Microfinance has also been linked to reduced domestic violence and increased educational opportunities (Khan & Bibi, 2011; Muhammad et al., 2012). Although criticisms exist regarding loan sizes and training adequacy (Barua, 2012; Mahmood, 2011), evidence supports microfinance's positive impact on women's empowerment across various domains (Shankar, 2013). This study aims to fill the research gap in Nepal by examining microfinance's impact on women's empowerment and poverty reduction.

### 2.1. Theoretical Review

The impact of microfinance on women's empowerment can be understood through various theoretical frameworks, including Sen's Capability Approach (1999), which views microfinance as a tool to enhance women's capabilities by

providing financial resources and opportunities for economic activities. Additionally, Social Capital Theory (Putnam, 2000) emphasizes the role of social networks created through microfinance, which foster cooperation and collective empowerment. Kabeer's Empowerment Theory (1999) further highlights how microfinance enhances women's agency, enabling them to make strategic life choices and gain greater control over resources, thereby challenging traditional gender roles and increasing their influence within households and communities.

Feminist Economics Theory critiques traditional economic models that often overlook the role of gender in economic outcomes (Benería, 2003; Ferber & Nelson, 2003). This theory emphasizes the importance of addressing gender disparities and the value of unpaid labor, which is often carried out by women (Elson, 1999). In the context of microfinance, Feminist Economics Theory argues that empowering women economically can have a ripple effect on the household and community level, as women are more likely to invest in their families' welfare, including education, health, and nutrition (Kabeer, 2001). Microfinance, by targeting women, addresses the gendered dimensions of poverty and economic inequality (Mayoux, 2001). By providing women with access to credit and financial services, microfinance programs can help bridge the gap in economic opportunities between men and women, leading to more equitable development outcomes (Armendáriz & Roome, 2008). This approach underscores the importance of integrating gender considerations into poverty reduction strategies and highlights the transformative potential of women's economic empowerment through microfinance (Duflo, 2012).

## 2.2. Empirical Review

Empirical research on microfinance presents mixed evidence regarding its impact on poverty reduction and women's empowerment. Early studies, such as those by Pitt & Khandker (1998) and Ledgerwood (1999), highlighted positive outcomes, showing that microfinance programs in Bangladesh and Bolivia led to significant improvements in household income, economic conditions, and women's empowerment through increased financial management skills and participation in decision-making. However, other studies, like those by Karlan & Zinman (2011) and Duvendack et al. (2011), raised concerns about the limited and context-specific effects of microfinance on poverty reduction, suggesting that the success of such programs depends on factors like program design, local economic conditions, and support for borrowers.

### 2.2.1. Women empowerment (We) through MF

Women empowerment through microfinance (MF) has been extensively studied, with numerous researchers highlighting its transformative impact. Microfinance provides women with access to financial resources, enabling them to start or expand businesses, which fosters economic independence and self-confidence (Kabeer, 2005; Pitt & Khandker, 1998). Additionally, microfinance enhances women's decision-making power within households and communities, contributing to greater social status and gender equality (Mayoux, 2000; Swain & Wallentin, 2009). Studies have also shown that women's participation in microfinance programs leads to improved education and health outcomes for their families, creating a cycle of empowerment and socio-economic development (Hashemi, Schuler, & Riley, 1996; Banerjee et al., 2015). Despite these positive outcomes, some critiques suggest that the benefits of microfinance may vary depending on contextual factors such as cultural norms and the design of microfinance programs (Bateman & Chang, 2012; Duvendack et al., 2011). Overall, the literature underscores the potential of microfinance as a tool for promoting women's empowerment, while also calling for careful program implementation to maximize its benefits.

### 2.2.2. Financial benefits (Fb) after joining SHGs

The participation in Self-Help Groups (SHGs) has been widely documented to enhance financial benefits (Fb) for women, particularly in rural and underserved communities. Studies have shown that SHGs contribute to improved access to credit, enabling members to invest in income-generating activities and small enterprises, which leads to increased household income (Kabeer, 2005; Swain & Wallentin, 2009). Furthermore, SHGs promote savings habits and financial literacy among women, which significantly improves their ability to manage financial resources and plan for future expenses (Goetz & Gupta, 1996). Additionally, the collective nature of SHGs empowers women by providing social support and networking opportunities, which further enhances their financial stability and resilience against economic shocks (Pitt, Khandker, & Cartwright, 2006). These financial benefits underscore the critical role of SHGs in fostering women's economic empowerment and overall socio-economic development (NABARD, 2008). Based on the comprehensive literature review, the following research hypotheses have been formulated.

H1: There is significant positive relationship between microfinance participation and women's economic self-

dependence, as measured by increased family income and asset ownership.

2.2.3. *Women’s position (Wp) in the family*

The position of women within the family has been a subject of extensive research, highlighting the evolving dynamics influenced by socio-economic factors. Traditionally, women's roles have been confined to domestic spheres, often limiting their decision-making power and economic contributions (Kabeer, 1999). However, recent studies indicate that access to microfinance has played a pivotal role in enhancing women's position in the family. It empowers them economically, allowing for greater participation in household decisions and improved status within the family structure (Pitt et al., 2006). Additionally, microfinance initiatives contribute to increased self-confidence and social recognition, as women are able to contribute financially and support family needs (Swain & Wallentin, 2009). This shift not only alters traditional gender roles but also fosters a more equitable family dynamic, promoting gender equality and empowerment (Mayoux, 2000). Thus, the intersection of financial independence and familial roles illustrates the transformative impact of economic empowerment on women's position in the family. Based on the comprehensive literature review, the following research hypotheses have been formulated.

H2: There is significant improvement in women's social status and community participation resulting from their involvement in microfinance programs.

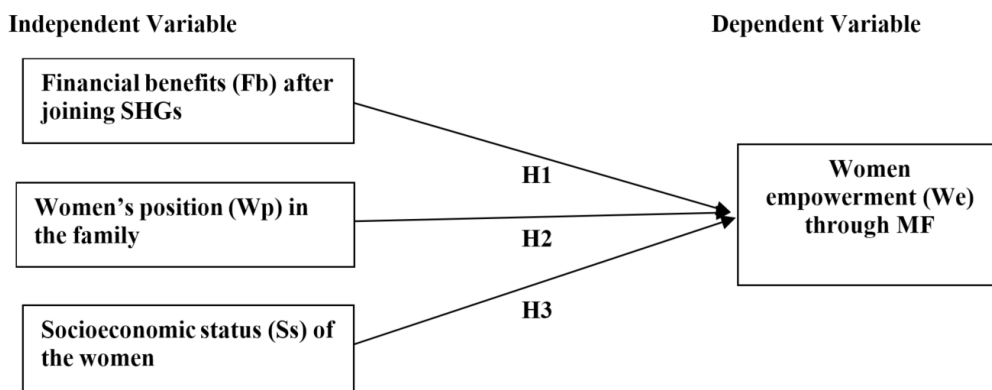
2.2.4. *Socioeconomic status (Ss) of the women*

The socioeconomic status (SES) of women is a multidimensional concept encompassing income, education, occupation, and overall quality of life, which plays a crucial role in their empowerment and societal position. Numerous studies have highlighted the impact of SES on women's access to resources and opportunities. For instance, Kabeer (1999) asserts that higher SES enables women to access better healthcare, education, and economic opportunities, which are essential for their empowerment. Similarly, Sen (1997) emphasizes that education, a key component of SES, significantly enhances women's ability to participate in decision-making processes within households and communities. Research by Duflo (2012) further corroborates that improving women's SES leads to better outcomes not only for themselves but also for their families and communities, fostering overall economic growth and development. Additionally, Blumberg (2005) argues that economic independence, derived from enhanced SES, strengthens women's bargaining power, reducing gender inequalities and promoting gender equity. These studies collectively underscore the critical influence of socioeconomic status on the well-being and empowerment of women. Based on the comprehensive review, the following hypotheses were developed.

H3: There is a significant enhancement in women's household decision-making power attributable to their participation in microfinance initiatives.

2.2.5. *Conceptual Framework*

This conceptual framework examines the role of microfinance (MF) in empowering women across four key dimensions: Financial Benefits (Fb), Women’s Position (Wp) in the Family, Socioeconomic Status (Ss), and Women Empowerment (We).



**Figure 1.** Conceptual Framework

### 3. Research Methodology

The study was conducted in the Kathmandu district, where the Self-Help Group (SHG) movement has seen substantial growth in recent years. Respondents were selected from various parts of the district, with a focus on various area of Kathmandu valley. SHGs in this region typically consist of 8-10 members who benefit from these groups' economic and social support. Government workers from the local area, like the Municipality and Metropolitan city, who are not SHG members but are involved in overseeing SHG operations, also contributed to the study. The main objective was to evaluate whether SHGs have effectively reduced poverty and empowered women. Due to time constraints, primary data was gathered through questionnaires, though some were incomplete. The sampling method used was purposive sampling. Data collected covered SHG member profiles and the economic, financial, and social benefits derived from SHG participation.

The research is descriptive and analytical, focusing on categorizing, analyzing, and summarizing data, complemented by inferential statistics such as Reliability test, ANOVA, regression, and correlation. The study area covers the city area of Kathmandu District. The population size, estimated from government records, is approximately 1200 plus SHG members. Using Cochran's Formula, the sample size was calculated to be 385, but adjusted to 400 for the population size. Ultimately, data from 294 respondents were collected.

Purposive sampling was employed to select participants, and data collection involved preparing 320 questionnaires. Due to various constraints, 294 responses were completed. A structured questionnaire, adapted from Jamaluddeen and Alam (2022), using five-point Likert scale items, was employed to assess the benefits of Self-Help Group (SHG) membership. Statistical analyses included descriptive statistics, reliability testing (Cronbach's alpha), correlation analysis (Pearson's  $r$ ), and multiple regression analysis.

### 4. Result and Discussions

#### 4.1. Descriptive Statistics

The demographic characteristics of the 294 respondents reveal several key patterns. The majority of participants (50%) fall within the 26-30 age group, followed by those aged 36-40 (21.4%), while other age categories are represented equally at 7.1% each. Regarding marital status, 71.4% are married compared to 28.6% single. Education levels show that most respondents (64.3%) hold graduate degrees or higher, followed by higher secondary (28.6%) and secondary education (7.1%). Occupationally, private jobs and small businesses each constitute 28.6% of respondents, while agriculture and government jobs account for 21.4% each. Income distribution indicates that 71.4% earn above NPR 20,000 monthly, with 21.4% in the NPR 10,001-20,000 range and 7.1% earning NPR 5,001-10,000. Geographically, Bagmati Province dominates (35.7%), followed by Gandaki (21.4%), Madhesh (14.3%), and other provinces at 7.1% each (Karnali, Koshi, Lumbini, Sudurpaschim). This profile suggests a relatively young, educated, and economically active sample with uneven provincial representation.

**Table 1.** Descriptive Statistics

Statements	N	Mean	Std. Deviation	Kurtosis	Std. Error
Did MF help you to become economically self-dependent.	294	3.93	1.440	-.310	.283
Did MF reduce your financial crisis?	294	3.93	1.165	-1.038	.283
Did MF reduce your poverty.	294	3.93	1.337	-.483	.283
Did MF increase your family income.	294	3.93	1.282	-.353	.283
Did MF help you to have ownership of an asset.	294	4.00	1.312	-.064	.283
Did MF increase your importance/role in your family.	294	4.21	.862	-1.521	.283
Did MF help you to become part of the decision taker in the family.	294	4.00	1.002	-1.142	.283
Did MF help you to build up your status in your society.	294	4.00	1.136	.925	.283
Did MF help you to participate in social activities.	294	4.07	1.225	.673	.283
Did MF help you in the upliftment of society.”	294	3.93	1.225	-.219	.283
Do you think MF has played a vital role in empowering you as a woman.	294	4.21	1.083	-.193	.283
Did MF help you to build confidence.	294	4.43	.981	.461	.283

Table 1 shows that microfinance (MF) significantly empowered women across financial, social, and personal dimensions. Respondents strongly agreed that MF boosted their confidence (mean=4.43) and family role (mean=4.21). Financial benefits like income growth (mean=3.93-4.00) and social impacts like community participation (mean=4.07) were also notable. Low standard deviations (0.862-1.440) indicate consistent positive responses. Overall, MF effectively enhanced women's economic stability, social status, and self-assurance.

**Table 2.** Correlation Between Different Variables

	Financial Benefits	Women’s Position (Wp)	Socioeconomic Status (Ss)	Women Empowerment (We)
Financial Benefits Pearson Correlation	1			
Women’s Position (Wp) Pearson Correlation	.833**	1		
Socioeconomic Status (Ss) Pearson Correlation	.946**	.878**	1	
Women Empowerment (We) Pearson Correlation	.780**	.663**	.824**	1

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

The correlation analysis (i.e, Table 2) reveals strong, statistically significant relationships between all examined dimensions of microfinance impact. Financial Benefits shows a very strong positive correlation with Socioeconomic Status ( $r=.946$ ,  $p<0.01$ ), indicating that improved economic conditions closely align with enhanced social standing. Women's Position in the family also demonstrates strong associations with both Financial Benefits ( $r=.833$ ) and Socioeconomic Status ( $r=.878$ ). Women's Empowerment maintains moderately strong correlations with all other factors (ranging from  $r=.663$  to  $r=.824$ ), suggesting that economic, familial, and social improvements collectively contribute to women's overall empowerment. All correlations are significant at the 0.01 level, confirming the robust interconnectedness of these empowerment dimensions through microfinance interventions.

4.2. Regression Analysis

**Table 3.** Coefficient Model

Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
1	(Constant)	1.719	.162			10.63	.000		
	Financial Benefits	.007	.080	.009	.094	.094	.926	.105	9.54
	Women’s Position (Wp)	-.302	.077	-.265	-3.90	-3.90	.000	.229	4.37
	Socioeconomic Status (Ss)	.954	.105	1.048	9.044	9.044	.000	.078	12.77

Adjusted R Square = 0.695, F-Value = 220.492, Sig. = 0.000

The regression analysis (i.e Table 3) reveals that Socioeconomic Status (Ss) is the strongest predictor of Women Empowerment (We), with a highly significant positive coefficient ( $\beta=1.048$ ,  $p<0.001$ ), indicating that a one-unit increase in Ss leads to a 0.954-unit increase in We when other factors are held constant. Women's Position (Wp) shows a significant negative relationship ( $\beta=-0.265$ ,  $p<0.001$ ), suggesting an inverse association with empowerment after accounting for other variables. Surprisingly, Financial Benefits (Fb) demonstrates no significant predictive power ( $\beta=0.009$ ,  $p=0.926$ ). The model explains 69.5% of the variance in Women Empowerment (Adjusted  $R^2=0.695$ ), with strong overall significance ( $F=220.492$ ,  $p<0.001$ ). High VIF values ( $>4$ ) for all predictors indicate potential multicollinearity issues, particularly between Financial Benefits and Socioeconomic Status (VIF=9.54 and 12.77 respectively), suggesting these constructs may overlap substantially in their measurement. These results highlight Socioeconomic Status as the primary driver of empowerment, while raising questions about the independent role of financial factors when social status is accounted for.

4.3. Hypotheses Result

Based on the regression result shown in Table 3, the hypothesis testing result is summarized in Table 4.

**Table 4.** Hypothesis Testing Result: Taking Women Empowerment as the Criterion Variable

Predictor Variables	Reported Relationship	Sig. at	Decision
Financial Benefits (H1)	Positive	0.926	Rejected
Socioeconomic Status (H2)	Positive	0.000	Accepted
Women's Position (H3)	Negative	0.000	Rejected

#### 4.4. Discussion

The study reveals that microfinance (MF) significantly enhances women's empowerment, particularly through socioeconomic status ( $\beta=1.048$ ,  $p<0.001$ ), which emerged as the strongest predictor. While financial benefits showed high mean scores (3.93–4.00) in descriptive analysis, their independent impact became insignificant in regression ( $p=0.926$ ), likely due to overlap with socioeconomic gains ( $VIF=9.54$ ). Surprisingly, women's position in the family exhibited a negative relationship with empowerment ( $\beta=-0.265$ ,  $p<0.001$ ), suggesting complex intra-household dynamics. The model explained 69.5% of empowerment variance, underscoring MF's transformative role, primarily by elevating social standing rather than purely economic factors. These findings highlight the need for holistic MF programs that address both financial and social barriers to empowerment.

The strong predictive power of socioeconomic status ( $\beta = 1.048$ ,  $p < 0.001$ ) aligns with Kabeer's (2005) foundational work on empowerment as a multidimensional construct, where social recognition and community standing often prove more transformative than economic factors alone. This supports the argument by Garikipati et al. (2017) that microfinance interventions must address both economic and social dimensions to achieve meaningful empowerment.

The divergence between high mean scores for financial benefits (3.93-4.00) and their statistical insignificance in regression analysis ( $p = 0.926$ ) echoes findings by Duvendack et al. (2011) in their systematic review of microfinance impact studies. Their meta-analysis revealed that while participants frequently report perceived financial benefits, these rarely translate into measurable empowerment outcomes without complementary interventions. The high multicollinearity ( $VIF = 9.54$ ) between financial and socioeconomic factors further substantiates Bateman's (2010) critique of the microfinance model, suggesting that purported economic benefits may be largely contingent on social mobility.

The counterintuitive negative relationship between women's position in the family and empowerment ( $\beta = -0.265$ ,  $p < 0.001$ ) finds support in Goetz and Gupta's (1996) seminal work on intra-household dynamics. Their research documented how microfinance-induced economic contributions can sometimes exacerbate domestic tensions rather than alleviate them, particularly in patriarchal contexts. This challenges the linear empowerment narrative advanced by early microfinance proponents (Pitt & Khandker, 1998) and underscores the importance of context-specific analysis, as advocated by Johnson (2005).

The model's substantial explanatory power ( $Adj. R^2 = 0.695$ ) lends empirical weight to Mayoux's (2001) “virtuous spiral” theory of empowerment, while simultaneously qualifying it by demonstrating the primacy of social over purely economic factors. This finding resonates with more recent work by Brody et al. (2017) on gender-transformative approaches in development programming, which emphasize the need to address structural barriers alongside financial inclusion.

These results have important implications for the evolving microfinance paradigm. They support the shift toward integrated models advocated by the United Nations (2018) in its Principles for Responsible Microfinance, which call for combining financial services with gender training and social empowerment components. The findings also align with the growing emphasis on “graduation” approaches (Banerjee et al., 2015) that combine microfinance with comprehensive support services.

## 5. Conclusions

This study provides valuable insights into the impact of microfinance (MF) on women's empowerment and poverty reduction in Nepal. The findings demonstrate that MF significantly enhances women's socioeconomic status ( $\beta = 1.048$ ,

$p < 0.001$ ), reinforcing its role as a key driver of empowerment. While financial benefits such as increased income and asset ownership were positively perceived (mean scores 3.93–4.00), their standalone impact on empowerment was statistically insignificant ( $p = 0.926$ ), suggesting that economic gains alone may not suffice without complementary social interventions.

The unexpected negative relationship between women's position in the family and empowerment ( $\beta = -0.265$ ,  $p < 0.001$ ) highlights the complex intra-household dynamics that may arise from MF participation, challenging traditional assumptions about linear empowerment outcomes. This aligns with existing literature emphasizing the need for culturally sensitive program designs that address patriarchal barriers alongside financial inclusion.

With the model explaining 69.5% of the variance in empowerment (Adj.  $R^2 = 0.695$ ), the study underscores MF's transformative potential, particularly when it elevates women's social standing and community participation. However, the high multicollinearity ( $VIF > 9$ ) between financial and socioeconomic factors calls for integrated approaches that combine credit access with gender training and social mobilization.

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