

Article

# Empowerment of rural women through microfinance in Bangladesh: Empirical evidence from the Grameen Bank of Bangladesh

Khanam Bitan<sup>1</sup>, Sung-Kyu Lee<sup>2,\*</sup><sup>1</sup> Department of Public Administration, Bangabandhu Sheikh Mujibur Rahman Science and Technology University, Gopalganj 8100, Bangladesh<sup>2</sup> Department of International Trade, Andong National University, Andong-city 36729, Korea\* **Corresponding author:** Sung-Kyu Lee, [skl62@hanmail.net](mailto:skl62@hanmail.net)

## CITATION

Bitan K, Lee SK. (2024). Empowerment of rural women through microfinance in Bangladesh: Empirical evidence from the Grameen Bank of Bangladesh. *Journal of Infrastructure, Policy and Development*. 8(15): 9155. <https://doi.org/10.24294/jipd9155>

## ARTICLE INFO

Received: 16 September 2024  
Accepted: 21 October 2024  
Available online: 12 December 2024

## COPYRIGHT



Copyright © 2024 by author(s). *Journal of Infrastructure, Policy and Development* is published by EnPress Publisher, LLC. This work is licensed under the Creative Commons Attribution (CC BY) license. <https://creativecommons.org/licenses/by/4.0/>

**Abstract:** The study's goal is to evaluate how microfinance initiatives affect women's empowerment in Bangladesh. For this study, we analyzed data on a variety of women's empowerment-related issues, including both beneficial and detrimental elements that stand in the way of women's empowerment. Therefore, in order to accomplish the specified goal, we choose a suitable and intentional methodology. We employ diverse data gathering approaches to examine the gathered data and achieve the primary goal of the research project. It presents the positive effects of microfinance on women, such as (1) the enhancement of women's authority in financial affairs; and (2) the augmentation of their ability to make decisions in household; and (3) community matters following their participation in the microfinance program. This also provides an analysis of the data pertaining to the adverse effects of microfinance on women. It examines how women encounter various challenges and engage in unethical behaviors after obtaining a loan, leading to heightened levels of stress following their participation in the microfinance program. This study looks into the advantages and disadvantages of Grameen Bank's microcredit program for women. A questionnaire gathered primary data for this study from women participating in the microfinance program in Gopalganj. To collect information and comprehend respondent behavior, I used case study, analytical and descriptive study design. Regression analysis, correlation, and percentage are used to examine the data. The findings indicate that women's decision-making skills have improved due to their financial stability, but they have also experienced increased life challenges and high levels of stress.

**Keywords:** microfinance; women empowerment; Grameen Bank; rural area; positive effects; detrimental effects

## 1. Introduction

“Microfinance” refers to the provision of financial services to marginalized populations. These individuals are unable to access financial services provided by other financial institutions. Microfinance institutions offer a range of services to those that are economically disadvantaged, including but not limited to savings, microcredit, insurance, and remittance. Microfinance, a form of financial services, provides financial assistance to individuals or groups who are unemployed or have low incomes, thereby granting them access to such services that would otherwise be inaccessible. It serves as a financial service provider for entrepreneurs and small enterprises that do not have access to traditional banking services. This service specifically benefits low-income individuals, including women, who are excluded from economic opportunities.

Furthermore, it provides advantages to individuals in society who do not have access to financial assistance from traditional banks, as these banks provide significant loans to both affluent and economically disadvantaged regions, including those seeking mortgages. Low-income individuals lack sufficient collateral to secure loans from commercial banks, making it difficult for them to obtain mortgages. It has proven to be an effective means of combating poverty and promoting development in numerous nations. Microfinance institutions cater to impoverished individuals and women, typically residing in rural regions with limited availability of essential services such as education, water, power, banking, healthcare, and market facilities.

There is a lack of access to appropriate financial services for women. However, microfinance plays a vital role in addressing this issue by offering financial services to underprivileged and low-income populations, with a special focus on women. This helps in their growth and improves their quality of life. The program offers an appropriate credit size, promotes the development of entrepreneurship, and supports the creation of a small business in a direct and flexible way, leading to financial savings. Occasionally, it gives training and advising services to individuals who utilize microfinance services, in order to ensure the effective usage of these services in their life.

Despite encountering several social-cultural barriers, limited education, and financial challenges, women play a crucial role in the national income of the country and ensure a sustainable existence for their families and communities. Traditionally, Bangladeshi women's lives have been predominantly influenced by men, social norms, and Islamic regulations, particularly the practice of *Purdah*. Women rarely attain financial independence and often find themselves in a more vulnerable position within their families and society. Typically, they are primarily restricted to their homes where they are expected to perform domestic duties and care for children. In Bangladesh, girls are compelled to marry at a young age, which hinders their educational and cognitive growth, leading to poverty, limited empowerment of women, and a lack of autonomy in decision-making.

Consequently, in Bangladesh, microfinance frequently focuses on women. Microfinance plays a pivotal role in empowering women hailing from economically disadvantaged backgrounds. Women can derive significant advantages from the microfinance program, as Grameen Bank specifically focuses on empowering women from the very beginning of their operation.

## **2. Literature review**

In the global context, it is observed that women constitute approximately half of the total population. However, it is noteworthy that women possess comparatively less authority. Despite their involvement in 66% of global labor and 50% of food production, women have only contributed 10% to income-generating activities. Furthermore, their ownership of global property stands at a mere 1% (Shohel, 2014). According to Zaynal and Fahmida (2013), 70% of women worldwide are living in poverty. Various development organizations, including governmental and nongovernmental organizations (NGOs), prioritize the examination of microfinance as a pivotal component within their development initiatives. Their objective is to

reduce global poverty while concurrently improving the status of women and other marginalized communities (Hossain, 2008). The majority of their research primarily focuses on microfinance as a mechanism for mitigating poverty.

Cai et al. (2023) argue initially that microcredit may stimulate corporate investment and labor demand if its impact on business results amplifies with time. This may lead to diminished savings and elevated interest rates, affecting the establishment of new enterprises and the entire capital stock, hence increasing salaries. Secondly, as several borrowers employ microcredit as a consumption loan, it may augment aggregate demand. Third, households may increase their expenditure and reduce their precautionary savings due to access to microcredit. Estimating the general equilibrium consequences of microcredit could have substantial implications for policymakers regarding the targeting and availability of microcredit.

A study conducted by Debnath and Rahman (2019) investigated the impact of microcredit programs on the empowerment of women in rural areas of Bangladesh. A face-to-face survey was done in 2018 with the participation of approximately 300 women. Based on the comprehensive analysis, they have arrived at a resolution that, despite certain drawbacks of microcredit initiatives, also enhances the empowerment of males in rural Bangladesh.

Cull and Morduch (2018) claim that microfinance encounters challenges due to the evidence revealed in these results. The results demonstrate negligible effects and modest financial assistance. While institutional microfinance has achieved notable success, ensuring positive outcomes for consumers remains less certain. The re-evaluated data from the MIX Market suggests that subsidies remain significant, albeit occasionally minimal enough to yield favorable cost-benefit ratios, whereas the Microcredit Summit data demonstrates that microfinance can expand on a large scale. While it necessitates innovative concepts, microfinance is far from obsolete.

Addai (2017) suggests that microfinance gives women economic and social power. The economic and social empowerment of women through microfinance is influenced by education and marital status, but not by age, according to this study. And women have difficulty accessing microfinance services because of high lending rates, collateral requirements, drawn-out service application procedures, and a lack of business acumen. Despite its difficulties, microfinance gives Ghanaian women, particularly those with less education, economic and social power.

The significance of panel data analysis is underscored by Amin and Chakrabarti (2013), who highlight the dynamic character of empowerment over different time periods. These findings provide significant contributions to the understanding of the long-term effects of microcredit programs on the lives of women.

According to Hennink and Jayakaran (2012), the phenomenon of empowerment is a multifaceted process that takes place at various levels, including the individual, societal, and organizational domains. The empowerment process is enhanced by the presence of opportunity, agency, resources, and sustainability. The comprehensive assessment of empowerment encompasses various interconnected dimensions, namely spiritual, economic, health, political, and social.

According to Kulkarni (2011), there has been a strong emphasis on the empowering potential of microfinance in recent years, largely due to the involvement of women as significant actors.

Ahmed (2009) makes a valuable contribution to the economic aspect of the scholarly conversation by examining the impact of microfinance on the alleviation of poverty. The research conducted by the author provides a comprehensive examination of the economic mechanisms by which microfinance plays a role in empowering women residing in rural areas of Bangladesh. The body of research on the impact of microfinance on the empowerment of women in rural Bangladesh is constantly developing, embracing a wide range of viewpoints and research approaches.

According to Osmani (2007), the study aimed to examine the feasibility of microcredit initiatives and their potential effects on the empowerment of women in Bangladesh. The findings indicate that microcredit programs effectively involve women in activities that generate money. These results can be examined by establishing five distinct dimensions (Figure 1).



Figure 1. Women empowerment process through microcredit.

The study conducted by Rehman (2007) has primarily examined the operational aspects of microfinance in Bangladesh. The client sought to investigate the impact of microfinance on enhancing the living conditions of impoverished individuals. The researchers reached the conclusion that the implementation of microfinance, namely in the form of loans without collateral, serves as a viable strategy for alleviating poverty by enhancing several aspects of life such as health, education, legal rights, sanitation, and overall living conditions.



Figure 2. Impact of microcredit on women empowerment.

The significant impact of microfinance programs on women's empowerment in rural Bangladesh is evident, as they make a substantial contribution to society and the empowerment of women (Figure 2). In 1976, Muhammad Yunus, a Bangladeshi individual, recognized the significance of microfinance as a pivotal instrument for facilitating the inclusion of women in the process of development. The promotion of

self-employment and entrepreneurship is facilitated through the provision of microcredit and other financial products, like micro insurance, to individuals with little financial resources. The authors of the study are conducted by Bhuiyan, Siwar, and Talib in 2012. This research presents an empirical literature assessment that primarily focuses on the prevalent findings of microfinance organizations in Bangladesh, with a particular emphasis on Grameen Bank. How are they simultaneously alleviating poverty and empowering women in rural Bangladesh? Initially, in the review section of this paper, it is evident that GB microcredit significantly contributes to poverty reduction in rural Bangladesh by positively influencing the income, consumption, health, education, and empowerment of its members.

According to Nogueira et al. (2020), microfinance has shown to be crucial in helping entrepreneurs in developing nations and underdeveloped areas thrive by creating jobs and promoting survival, operation, and even success. Even while it is linked to benefits like increased consumption, better nutrition, higher living standards, and economic expansion, it is important to acknowledge its drawbacks.

Pietilainen (2019) argues that microfinance is a method used by investors to amass capital by taking advantage of the vulnerability, limited choices, and cultural values of borrowers in Bangladesh. This practice has detrimental effects on communities, leading to a significant number of individuals falling into a cycle of increasing debt and poverty. Additionally, they may face social isolation from their families and communities, and in extreme cases, resort to suicide. Microfinance is not a cure-all for poverty, but rather a financial strategy that can be used to exploit and regain social class dominance.

The study conducted by Islam and Karim (2018) examines the phenomenon of loan repayment pressure within the context of microfinance in Bangladesh. This study investigates the borrowers' loan payback pressure imposed by microfinance institutions in Bangladesh. This study focused on three microfinance institutions in Bangladesh, namely BRAC, ASA, and GB (Grameen Bank). The aforementioned pressure compels the borrower to get into precarious economic circumstances.

Currently, there is a global consensus in support of microcredit due to its significant role in promoting women's empowerment (Marconatto and Pedrozo, 2016). This section aims to provide a comprehensive and precise analysis of the factors contributing to loan repayment pressure, as well as the resulting outcomes (**Figure 3**).



**Figure 3.** Factors contributing to loan repayment pressure.

Micro-finance Institutions (MFIs) exert repayment demands through several means, including collective peer pressure, intimidation and stigmatization, abuse by important individuals, and the seemingly inappropriate behavior of loan workers.

According to Haldar and Stiglitz (2015), due to the model's popularity, the industry grew overly and illogically excited, resulting in a massive microcredit provider growth and a risky borrower pool expansion. Coercion allegations have escalated, focusing on debt extraction. The greater availability of credit and the duty

to repay led to “overlapping”, where borrowers borrowed from one MFI to pay off another, trapping them in debt. Early gains were evident in microfinance sectors globally, including Bangladesh, although India was fastest. In India, like the subprime crisis, borrowers defaulted, putting the system at danger.

Although there is a significant amount of research on the beneficial benefits of microfinance on women’s empowerment in rural Bangladesh, its success in reducing poverty, and its ability to empower decision-making, there is a noticeable lack of awareness regarding the specific negative consequences and difficulties associated with microfinance programs. Comprehensive research that systematically examines the detrimental effects, specifically the elements associated with microcredit projects and the stress-inducing factors that make women’s lives more difficult, is in short supply.

### **3. Methodology**

#### **3.1. Population and sampling**

The study’s goal is to evaluate how microfinance initiatives affect women’s empowerment. For this study, I analyzed data on a variety of women’s empowerment-related issues, including both beneficial and detrimental elements that stand in the way of women’s empowerment. Therefore, in order to accomplish the specified goal, we choose a suitable and intentional methodology. The research design, population and sample, data sources, study location, and necessary variable measurement and analysis are all covered in this chapter. The study’s population consists of women who are involved in Grameen Bank’s microfinance program in Gopalganj. From the total of 200 persons, who were chosen as the sample for the study.

#### **3.2. Data measurement and analysis**

The field study includes two types of variables to find out the result of this study. Basically this study is the mixture of positive as well as negative aspect of Grameen Bank microcredit program to identify the actual result of microcredit on women empowerment. To identified the positive impact of microcredit program of Grameen Bank we set four variables as: (1) financial stability; (2) increasing the decision making ability in personal and family affairs; (3) increase community engagement; and (4) enhance self-esteem. These variables assessed the women empowerment. We also set three variables to determine whether microcredit programs empower women or lead them into traps: (1) elevated level of stress or psychological problem; (2) engagement in immoral activities; and (3) heightened difficulties in life. These variables assessed their life difficulties. All these factors are analyzed through hierarchical regression analysis, Pearson correlation, Chi-square, Fishers exact test, and Case study.

Descriptive statistics (frequency, Mean, and Standard deviation), bivariate analyses (exact test and Chi square test), and multivariate analyses (Hierarchical logistic regression) were formulated using SPSS version 22 for data analysis. Moreover, bivariate analyses (exact test and Chi square test) were used as the association test. Each analysis’s cut-off point was set at a significance level of 5%.

Lastly, two models of empowerment status, namely empowerment and life difficulties models, were constructed using a set of hierarchical regression to ascertain the unique ability of each variable, especially of microcredit information related variable, to predict women's empowerment status. In constructing these models, assumptions of normality, linearity, multi-collinearity, and homoscedasticity were not violated. Standardized beta coefficients ( $\beta$ ) showed each variable's distinct contribution in empowerment scores after statistically removing the overlapping impacts of every other variable.

## **4. Results and discussion**

### **4.1. Data and results**

**Table 1** presents comprehensive socioeconomic and demographic information about the surveyed population:

- (1) Age: Basically, individuals of many ages are engaging in microfinance endeavors. The majority of individuals fall within the age range of 23 to 40 years. The mean age of the participants is 37.56 years, with a standard deviation of 11.32, ranging from 17 to 62 years.
- (2) Marital status: In terms of marital status, the majority of respondents, 94%, are married, while 1% are divorced and 5% are widowed. On average, participants have 2.89 children, with a standard deviation of 1.29, ranging from 0 to 6 children.
- (3) Education and employment: Education-wise, 38% have no formal education, 30% completed primary level education, 30% completed secondary level education, and only 2% attained higher secondary education. 3% of the population works full-time, 6% part-time, and 91% are homemakers.
- (4) Income and assets: The mean household income is 18,560 Taka, with a standard deviation of 15,788 Taka, ranging from 5,000 to 150,000 Taka. In terms of assets, 72% of the respondents' own assets, while 28% do not. Assets and income are essential factors that significantly impact employment. Individuals with a substantial monthly income seem to have a favorable correlation with empowerment.
- (5) Community membership: Additionally, 40% of the participants are members of a community, while 60% are not. Overall, **Table 2** provides a comprehensive overview of the socioeconomic and demographic characteristics, shedding light on the age distribution, marital status, number of children, education level, employment status, household income, ownership of assets, and community membership of the surveyed population.

**Table 1.** Socioeconomic and demographic information.

Variables	No. (%)	Mean (SD)	Mini & Max
1. Age		37.56 (11.32)	17 & 62
2. Marital status			
Married	188 (94%)		
Divorced	2 (1%)	-	-
Widowed	10 (5%)		
3. Number of children		2.89 (1.29)	0 & 6
4. Education			
No formal education	76 (38%)		
Primary level	60 (30%)		
Secondary level	60 (30%)	-	-
Higher secondary	4 (2%)		
5. Employment status			
Employed (full time)	6 (3%)		
Employed (part time)	12 (6%)	-	-
Homemaker	182 (91%)		
6. Household income		18,560 (15,788) Taka	5,000 & 150,000 Taka
7. Having own any assets			
Yes	144 (72%)		
No	56 (28%)	-	-
8. Having member of any community			
Yes	80 (40%)		
No	120 (60%)	-	-

Source: Field work-2024.

**Table 2.** Microfinance-related information.

Variables	No. (%)	Mean (SD)	Mini & Max
1. Level of familiarity with microfinance program			
Very familiar	146 (73%)		
Somewhat familiar	54 (27%)	-	-
2. Having participation in microfinance program before			
Yes	60 (30%)		
No	140 (70%)	-	-
3. Having familiar with the name of Grameen bank			
Yes	198 (99%)		
No	2 (1%)	-	-
4. Having association with Grameen bank			
Yes	164 (82%)		
No	36 (18%)	-	-
5. Duration of association with Grameen Bank		8.74 (7.69)	1 & 35



**Table 2.** (Continued).

Variables	No. (%)	Mean (SD)	Mini & Max
6. Services taken			
Loan	152 (76%)		
Savings	10 (5%)	-	-
Agricultural assistance	38 (19%)		
7. Ability to save money since participating in Grameen Bank			
Yes	160 (80%)		
No	40 (20%)	-	-
8. Highest amount of loan taken from Grameen bank		58,010 (51,269) Taka	5,000 & 300,000 Taka
9. Number of loans taken from Grameen Bank		9.76 (9.31)	1 & 45
10. Taking any skills development training			
Yes	6 (3%)		
No	194 (97%)	-	-

Source: SPSS output.

**Table 2** provides detailed microfinance-related information based on the survey data. **Table 2** consists of ten variables, each representing a different aspect of microfinance participation. According to the data, 73% of the respondents are very familiar with microfinance programs, while 27% are somewhat familiar. In terms of previous participation in microfinance programs, 30% of the participants have participated before, while 70% have not. Almost all respondents (99%) are familiar with the name of Grameen Bank, with 82% having an association with the bank. The mean duration of association with Grameen Bank is 8.74 years, ranging from 1 to 35 years. The majority of services taken from the bank include loans (76%), followed by savings (5%) and agricultural assistance (19%). About 80% of the participant's report being able to save money since joining Grameen Bank, while 20% indicate otherwise. The highest amount of loan taken from Grameen Bank ranges from 5,000 to 300,000 Taka with a mean of 58,010 Taka. On average, participants have taken 9.76 loans from Grameen Bank, ranging from 1 to 45 loans. Only 3% of the respondents have taken any skills development training, while 97% have not. Overall, **Table 2** provides comprehensive insights into the level of familiarity, participation, association, services taken, saving ability, loan amounts, loan frequency, and skills development training in the context of microfinance and Grameen Bank.

**Table 3** provides insights into the factors influencing participation in the Grameen Bank microfinance program, the challenges faced when dealing with the bank, the advantages of the microfinance program, and the impact of Grameen Bank on the financial situation of the participants. First, regarding the factors influencing the decision to participate, the availability of loans is cited by 50% of the respondents, while 6% consider the interest rate, 1% mention repayment terms, and 42% state that recommendations from others played a role. Second, in terms of challenges faced, 19% of the participants highlight high interest rates, 29% mention limited loan amounts, 14% find the application process complex, 21% face loan repayment bindings, 14%

experience unbearable pressure from bank authorities, and 3% mention inadequate support. Third, the advantages of the microfinance program are reported as increased access to credit by 39% of respondents, promotion of entrepreneurship and small business development by 38%, poverty alleviation by 22%, and empowerment of women by 1%. Finally, regarding the impact of Grameen Bank on the financial situation, 55% of participants report a positive impact, 43% perceive no significant impact, and only 2% indicate a negative impact. Overall, **Table 3** sheds on the factors influencing participation, challenges faced, advantages perceived, and the impact on the financial situation of individuals involved in the Grameen Bank microfinance program.

**Table 3.** Factors affecting participating in Grameen Bank microfinance program.

Variables	No. (%)
1. Factors influencing decision to participate in Grameen Bank	
Availability of loan	100 (50%)
Interest rate	12 (6%)
Repayment terms	2 (1%)
Recommendation from others	86 (43%)
2. Challenges faced in dealing with Grameen bank	
High interest rate	38 (19%)
Limited loans amount	58 (29%)
Complex application process	28 (14%)
Loan repayment bindings	42 (21%)
Unbearable pressure from bank authority	28 (14%)
Inadequate support	6 (3%)
3. Advantages of microfinance program	
Increased access to credit	78 (39%)
Promotion of entrepreneur and small business development	76 (38%)
Poverty alleviation	44 (22%)
Empowerment of women	2 (1%)
4. Impact of Grameen bank on financial situation	
Positive	110 (55%)
No significant impact	86 (43%)
Negative	4 (2%)

Source: SPSS output.

**Table 4** outlines several determinants that influence women’s empowerment: (1) the availability of control over resources; (2) the capacity to make decisions in personal and household matters; (3) involvement in community and social activities, and (4) self-esteem.

The statistics indicate that the *high and medium* levels of women’s empowerment is 32%, which is considered quite satisfactory. However, the *low* level of women's empowerment is 36%, which falls below the average. The majority of women (59%) lack control over their own resources; a mere 14% of women possess a high level of control over their resources, while 27% have a moderate level of control.

Currently, a mere 22% of women have the autonomy to make decisions on their personal affairs without any interference from their family members. On the other hand, 54% of women have a moderate level of decision-making power, while 24% are unable to make personal decisions independently. Likewise, women exhibit a satisfactory level of autonomy in making decisions inside their households, with 24% of women making independent judgments regarding household concerns. The level of women's community engagement in this area is significantly low, with a mere 18% participating in community engagement events regularly. A significant proportion of women (69%) are unable or do not have the chance to participate in community participation activities. Furthermore, women's self-esteem is not a reliable measure of their empowerment. Merely 27% of women experience a high level of satisfaction with their self-esteem, whilst a considerable proportion, around 39%, have a notably poor self-esteem.

**Table 4.** Empowerment status of the women.

<b>Variables (Level)</b>	<b>No. (%)</b>	<b>Mean (SD)</b>
Empowerment status		
Low (0–19)	72 (36%)	
Medium (20–39)	64 (32%)	30.78 (20.59)
High (above 40)	64 (32%)	
1. Access to and control over resources		
Low (0–6)	118 (59%)	
Medium (7–12)	54 (27%)	5.91 (5.90)
High (13–20)	28 (14%)	
2. Decision making capacity in personal affairs		
Low (0–4)	48 (24%)	
Medium (5–9)	108 (54%)	6.07 (4.48)
High (10–14)	44 (22%)	
3. Decision making ability in the household affairs		
Low (0–4)	70 (35%)	
Medium (5–9)	82 (41%)	6.93 (4.16)
High (10–14)	48 (24%)	
4. Social and community engagement		
Low (0–3)	138 (69%)	
Medium (4–7)	26 (13%)	2.78 (4.16)
High (8–12)	36 (18%)	
5. Self-esteem		
Low (0–6)	78 (39%)	
Medium (7–12)	68 (34%)	9.09 (6.14)
High (13–20)	54 (27%)	

Source: SPSS output.

## **4.2. Empowerment of women**

There is a positive connotation between microcredit and women's empowerment. Existing literature overwhelmingly indicates that microcredit empowers women by conferring upon them decision-making power within their families and communities, while also promoting their advancement through the alleviation of poverty. However, our research indicates that microcredit plays a role in empowering women, and its level of relevance is quite satisfactory. Bangladesh's women, particularly those in the Gopalganj Municipality, are a good reflection of the country's women, with a medium-to-high degree of empowerment that hovers around 64%. Although microcredit from Grameen Bank does play a part in the empowerment of women in Bangladesh, the additional pivotal aspects contributing to women's empowerment include education, asset ownership, the size of their offspring, savings, and the availability of employment opportunities.

According to the survey, women have very little control over or access to resources; about 59% of them are unable to obtain their own resources. In order for women to be influential in decision-making regarding any issue, it is imperative that their resources are managed. They feel empowered to make decisions for their family and themselves whenever they are granted the ability to manage their own affairs. Despite the fact that a significant number of women (41%) effectively manage their resources, including land and financial expenses, for their personal and familial needs. Participating in the community is an essential activity that increases women's knowledge by exposing them to a range of perspectives and via training programs that are arranged by Grameen Bank in compliance with their policies. As almost 69% of women do not engage in any kind of communal involvement, these arrangements are not as common as they once were.

Moreover, a reliable measure of women's empowerment is their sense of self-worth. Just 71% of women report feeling very high- to medium-satisfied with their self-esteem, while 39% women have low level satisfaction with their self-esteem. Women who receive microcredit from Grameen Bank encounter specific difficulties. Microcredit plays a dual role in women's empowerment, with both positive and negative effects. If the authority prioritizes the identification of variables that have a negative influence on women following the acquisition of microcredit, such as misconduct by field authorities or a high interest rate, it is necessary for them to offer suitable guidance or support in order to ensure the proper utilization of microcredit.

In addition, it is important to evaluate whether women are effectively utilizing their microcredit for activities that generate earnings. The initiative will help promote a pragmatic approach to promoting women's development and empowerment through microcredit.

**Table 5** provides a few adverse indications or difficulties that women have following their microcredit from Grameen Bank. This element makes the assumption that obtaining microcredit inhibits women from achieving more power. Microcredit is said to occasionally pose difficulties for women who want to become more empowered. Of the women surveyed, 7% strongly agreed that microcredit occasionally makes living more difficult; 47% responded that microcredit typically doesn't create difficulties; and 46% indicated that microcredit occasionally, but not

always does. While 28% of women think the pressure they experience after taking out a loan is what causes their psychological issues or increase the stress level, the majority of women (48%) think that because they are aware of the need to repay their loan, taking out a loan does not cause their mental health issues.

Very few women think that by participating in Grameen Bank microcredit, they are engaging in immoral activities, such as extramarital affairs, lying, and prostitution in order to pay back their loan burden. However, the majority of women (57%) disagree with this statement, and 35% of them admit that they occasionally lie to authorities when they are unable to make their monthly installment payments. The 40% of women do not think that their life difficulties have gotten harder as a result of taking part in microcredit activities. However, the majority of women (47%) think that life difficulties have occasionally gotten harder as a result of taking out loans, and 13% strongly believe that life challenges are made worse by microcredit.

**Table 5.** Difficulties’ faced due to microcredit program.

Variables (Level)	No. (%)	Mean (SD)
Difficulties		
Low (0–13)	94 (47%)	
Medium (14–27)	92 (46%)	14.24 (8.67)
High (above 28)	14 (7%)	
1. Stress or Psychological problem		
Low (0–3)	96 (48%)	
Medium (4–7)	48 (24%)	4.59 (3.64)
High (8–12)	56 (28%)	
2. Immoral activities		
Low (0–3)	114 (57%)	
Medium (4–7)	70 (35%)	3.25 (3.13)
High (8–12)	16 (8%)	
3. Life Difficulties		
Low (0–5)	80 (40%)	
Medium (6–11)	94 (47%)	6.40 (4.31)
High (12–18)	26 (13%)	

Source: SPSS output.

### 4.3. Difficulties factors

Although its generally accepted that microcredit empowers women, there are instances where these loans cage women and add layers of complexity to their life. Due to microcredit, they experience psychological issues or experience increased stress when responding to the weekly or monthly installment. In addition, field-level staff of Grameen Bank occasionally subject women to harassment when they visit the field-level installment collection, particularly if they are unable to settle their installment promptly. To pay back the loan, they occasionally indulge in immoral behavior compulsively.

The husband gets all of the money from his wife after taking out the loan, but he doesn’t want to pay it back, which occasionally causes their family to fall apart.

Occasionally, the disintegration of families might prompt women to participate in extramarital relationships and, frequently, indulge in temporary prostitution. Women who participate in this activity frequently encounter a precarious situation where they are subjected to harassment and extortion, often as a result of their images and videos being exploited for immoral objectives, which can ultimately lead to suicide

**Table 6** presents the correlation between empowerment status and various independent variables, as well as the correlation between Difficulties and the same independent variables. The independent variables are divided into two categories: (1) socioeconomic and demographic information; and (2) microfinance-related information.

**Table 6.** Correlating empowerment status and difficulties with independent variables.

Independent variables	Dependent variables			
	Empowerment status		Difficulties	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>p</i>
1. Socioeconomic and demographic information				
1. Age	-0.032	0.657	0.284	0.000***
2. Marital status	-0.009	0.895	0.289	0.000***
3. Number of children	0.091	0.199	0.148	0.037**
4. Education	0.068	0.341	-0.134	0.058*
5. Employment status	-0.376	0.000***	0.044	0.535
6. Household income level	-0.005	0.942	-0.208	0.003***
7. Having assets	0.068	0.335	-0.071	0.315
8. Member of community	-0.227	0.001***	-0.204	0.004***
2. Microfinance-related information				
1. Participated in Microfinance program before	-0.174	0.014**	-0.126	0.076*
2. Duration	0.091	0.200	0.308	0.000***
3. Savings	-0.285	0.000***	-0.268	0.000***
4. Highest amount of loan taken	0.263	0.000***	0.100	0.158
5. Number of loans taken	0.078	0.273	0.290	0.000***
3. Empowerment status				
	-	-	0.087	0.222

Note: *r* = Pearson value; *p* = significant level; \*\*\* Significance at 0.01 level ( $p < 0.01$ ); \*\* Significance at 0.05 level ( $p < 0.05$ ); \* Significance at 0.1 level ( $p < 0.10$ ).

Source: SPSS output.

Firstly, the section on socioeconomic and demographic information displays correlations for variables like age, marital status, number of children, education level, employment status, household income level, asset ownership, and community membership. The correlation coefficients (*r*) measure the strength and direction of the relationship, while the *p*-values indicate the significance of the correlation. Notably, age, marital status, number of children, and education have weak and insignificant correlations with empowerment status. But age and marital status have a strong and significant correlation with difficulties. The number of children shows a weak positive correlation with empowerment status ( $p < 0.05$ ), suggesting that having more children

may have a slight positive influence. Education level exhibits a weak negative correlation with difficulties ( $p < 0.10$ ), indicating that higher education may contribute to facing certain difficulties. Employment status demonstrates a strong negative correlation with empowerment status ( $p < 0.001$ ), implying that being employed is associated with empowerment, but employment status has a very weak and no significant correlation with facing difficulties. Household income level shows no significant correlation with empowerment status but has a strong negative correlation with difficulties ( $p < 0.01$ ), suggesting that higher income may alleviate some difficulties. Asset ownership does not significantly correlate with either empowerment status or difficulties. Being a member of a community has strong and sufficient correlations with both empowerment status and difficulties ( $p < 0.01$ ), indicating that when women are a part of any group, they feel a status that helps them reduce their difficulties.

Secondly, the section on microfinance-related information presents correlations for variables such as previous participation in microfinance programs, duration of participation, savings, the highest amount of loan taken, and the number of loans taken. Previous participation in microfinance programs exhibits a moderate and weak negative correlation with both empowerment status and difficulties ( $p < 0.05$ ), implying that those who have participated before may have slightly lower empowerment and face fewer difficulties. The duration of participation shows a strong positive correlation with difficulties ( $p < 0.001$ ), indicating that longer participation may lead to encountering more difficulties. Savings exhibit a strong negative correlation with empowerment status and difficulties ( $p < 0.001$ ), suggesting that having more savings is associated with lower empowerment. The highest amount of loan taken shows a strong positive correlation with empowerment status, and the number of loans taken shows strong and significant correlations with difficulties

Finally, overall, **Table 7** provides valuable insights into the correlations between empowerment status, difficulties, and various independent variables related to socioeconomic and demographic factors, as well as microfinance-related information. These correlations help in understanding the factors that may influence empowerment and the challenges faced by individuals in the context of microfinance participation.

**Table 7.** Empowerment status and its covariance: Chi-square and Exact Test for independence.

Variables	Empowerment status			Test statistics	
	Low	Medium	High	$\chi^2$ (df), $\eta^2$	$p$
1. Marital status					
Married	68 (34%)	60 (30%)	60 (30%)	$\chi^2$ (4) = 3.554	0.457
Divorced	2 (1%)	0	0		
Widowed	2 (1%)	4 (2%)	4 (2%)		
2. Employment status					
Employed (full time)	0	0	12 (6%)	$\chi^2$ (4) = 13.201,	0.003***
Employed (part time)	2 (1%)	4 (2%)	6 (3%)		
Homemaker	70 (35%)	60 (30%)	52 (26%)		

**Table 7. (Continued).**

Variables	Empowerment status			Test statistics		
	Low	Medium	High	$\chi^2$ (df), $\eta^2$	<i>p</i>	
3. Education						
No education	28 (14%)	28 (14%)	20 (10%)	$\chi^2$ (6) = 9.030	0.141	
Primary	26 (13%)	12 (6%)	22 (11%)			
Secondary	18 (9%)	22 (11%)	20 (10%)			
Higher secondary	0	2 (1%)	2 (1%)			
4. Having assets						
Yes	56 (28%)	40 (20%)	48 (24%)	$\chi^2$ (2) = 4.343	0.114	
No	16 (8%)	24 (12%)	16 (8%)			$\eta^2$ = 0.147
5. Savings						
Yes	48 (24%)	56 (28%)	56 (28%)	$\chi^2$ (2) = 12.50	0.003***	
No	24 (12%)	8 (4%)	8 (4%)			$\eta^2$ = 0.250
6. Challenges in dealing with Grameen Bank						
High interest rate	2 (1%)	12 (6%)	8 (4%)	$\chi^2$ (6) = 23.981	0.000***	
Limited loan	12 (6%)	8 (4%)	22 (11%)			$\eta^2$ = 0.252
Other	58 (29%)	44 (22%)	32 (16%)			
7. Impact of Grameen Bank						
Positive	28 (14%)	34 (17%)	48 (24%)	$\chi^2$ (4) = 23.981	0.000***	
No significant impact	44 (22%)	30 (15%)	12 (6%)			$\eta^2$ = 0.252
Negative	0	0	4 (2%)			

Note: \*\*\* Significance at 0.01 level ( $p < 0.01$ ).

Source: SPSS output.

**Table 7** provides information on the empowerment status of individuals and its covariance, as determined through Chi-square and Exact tests for independence. The Table is organized into several variables and their corresponding categories, along with the frequency of individuals falling into each category. Additionally, statistical test results, such as Test statistics ( $\chi^2$ ), p-values, and effect sizes ( $\eta^2$ ), are included.

#### 4.3.1. Marital status

The Chi-square test statistic is reported as 3.554 with 4 degrees of freedom (df), and the associated p-value is 0.457, showing no significance. Under the “Low” category, there are 68 individuals (34% of the total), 60 individuals under the “Medium” category (30%), and 60 individuals under the “High” category 30% (Married category). The “Divorced” category has 2 individuals (1%), and the “Widowed” category has 2 individuals (1%), with an additional 4 individuals representing 2% who did not specify their marital status. Marital status suggests that a woman’s ability to empower herself is not much impacted by her marital status, widowhood, or divorce.

#### 4.3.2. Employment status

The Chi-square test statistic is reported as 13.201 with 4 degrees of freedom (df), and the associated p-value is less than 0.003, indicating a significant association. The effect size ( $\eta^2$ ) is reported as 0.202. There are 6 individuals reported as employed full-



time. Under the “Employed (par-time)” under category, there are 12 individuals (6% of the total), and under the “Homemaker” category, there are 182 individuals (91%).

Women’s empowerment is strongly correlated with their employment position; nevertheless, in this instance, the majority of women (91%) are homemakers, while only 3% work full-time and 6% work part-time. It implies that women would have more influence if they had more jobs. Empowerment and employment have a statistically significant relationship, as **Table 7** makes evident. Society as a whole will gain when women leave the house to work and support their families financially, which enables them to make decisions regarding personal and family problems.

#### **4.3.3. Education**

This variable has four categories: No formal education, Primary, Secondary, and Higher secondary. The frequencies and percentages are provided for each category. The Chi-square test statistic is reported as 9.030 with 6 degrees of freedom (df), and the associated *p*-value is 0.141. Education is not a major indication that can have a significant impact on empowerment. Based on this study, 38% of the female participants no formal education, 60% have finished primary to secondary education, and a mere 2% have completed upper secondary education. The correlation between women’s empowerment and education is weak and statistically negligible, as indicated in **Table 7**. This implies that although women with higher levels of education may experience a greater sense of empowerment, the influence of education on empowerment is not substantial.

#### **4.3.4. Having assets**

The chi-square test statistic is reported as 4.343 with 2 degrees of freedom (df), and the associated *p*-value is 0.114. The effect size ( $\eta^2$ ) is reported as 0.147. Under the “Yes” category, there are 144 individuals (72% of the total), and under the “No” category, there are 56 individuals (28%). Assets have an insignificant correlation with empowerment. The majority (72%) of respondents concur, however, this does not necessarily indicate their ownership of substantial agricultural property, a significant number of livestock, or a spacious residence. The majority of the respondents possess only their primary residence, but a few also own one or two head of livestock. Therefore, these types of assets do not make substantial contributions to their feeling of empowerment.

#### **4.3.5. Savings**

The frequencies and percentages are provided for each category. The Chi-square test statistic is reported as 12.50 with 2 degrees of freedom (df), and the associated *p*-value is less than 0.003, indicating a significant association. The effect size ( $\eta^2$ ) is reported as 0.250. Under the “Yes” category, there are 160 individuals (80% of the total), and under the “No” category, there are 40 individuals (20%). According to this study, savings have a significant link with women's empowerment; nevertheless, after taking out the loan, the majority of the women—nearly 80%—were only able to save money for loan repayment. Very few women were able to use their savings to fund sources of income. As a result, they are unable to further their development with the money they have accumulated. They will feel more in control if they are able to save money for investments and loan repayment.

#### **4.3.6. Challenges in dealing with Grameen Bank**

This variable has three categories: High interest rate, Limited loan, and others. The frequencies and percentages are provided for each category. The Chi-square test statistic is reported as 23.981 with 6 degrees of freedom (df), and the associated  $p$ -value is less than 0.000, indicating a significant association. The effect size ( $\eta^2$ ) is reported as 0.252.

This study reveals a strong relationship between the difficulties faced in managing Grameen Bank and the promotion of women's empowerment. The high interest rate is inversely related to women's empowerment. Occasionally, women may incur a higher amount of interest payments compared to the amount they receive throughout the period when their loans are disbursed. As a result of the elevated interest rate, women may encounter difficulties in accumulating savings for further income-generating investments. In the absence of this provision, in the event that women are unable to make the weekly payment, they are subjected to immense pressure from bank authorities to repay the loan, resulting in a highly undesirable and humiliating situation for the female borrowers.

Occasionally, women may lack comprehension regarding their financial management, and in many instances, they do not receive assistance from governing bodies, resulting in the misallocation of their funds. The intricate application procedures and stringent loan repayment requirements also contribute to an unfavorable climate for women, impeding their sense of empowerment.

#### **4.3.7. Impact of Grameen Bank**

This variable has two categories: Positive and No significant. The frequencies and percentages are provided for each category. The Chi-square test statistic is reported as 23.981 with 4 degrees of freedom (df), and the associated  $p$ -value is less than 0.000, indicating a significant association. The effect size ( $\eta^2$ ) is reported as 0.252. Under the "Positive" category, there are 110 individuals (55% of the total), under the "No significant" category, there are 86 individuals (43%), and the "Negative" category, there are 4 individuals (2%). A majority of women said that Grameen Bank had a key role in empowering women through the provision of microcredit and other forms of assistance.

Concurrently, close to half of the women held the belief that Grameen Bank had a role in promoting women's empowerment, but it was not considered substantial. Their program will become more significant if Grameen Bank actively participates in supportive activities, such as offering training to improve knowledge, skills, and abilities. In the absence of this, Grameen might enhance its provision of advocacy services, include people in more community development activities, offer more flexibility in loan repayment procedures, and increase the loan amount, so fostering a greater sense of empowerment.

**Table 8** provides a comprehensive overview of the empowerment status and its covariance among individuals based on various factors, shedding light on the associations and relationships.

**Table 8.** Hierarchical regression conducted for empowerment status and difficulties.

Predictors	Empowerment status		Difficulties	
	Standardized Beta Coefficient ( $\beta$ )		Standardized Beta Coefficient ( $\beta$ )	
	When initially started	In the final model	When initially started	In the final model
1. Socioeconomic and demographic information (Block 1)				
1. Age			0.273**	0.197*
2. Marital status			0.267**	0.293**
3. Number of children			-0.178*	-0.237**
4. Education	0.012	-0.005	-0.110	-0.085
5. Association with group	-0.198**	-0.123	-0.212**	-0.213**
2. Microfinance related information (Block 2)				
1. Familiarity with Grameen bank	0.016	-0.038		-0.219**
2. Participation in the microfinance	-0.111	-0.101		0.035
3. Association with Grameen Bank	-0.060	-0.080		-0.056
4. Duration of association				0.090
5. Savings	-0.184**	-0.107		-0.146*
6. Highest amount of loan taken	0.145*	0.205**		-0.047
7. Number of loans taken				0.106
3. Factors affecting participation in Grameen Bank (Block 3)				
1. Challenges faced in dealing with Grameen Bank		-0.281**		-
2. Level of impact of micro finance		-0.075		-
$R^2$	0.181	0.345	0.224	0.358
$R^2$ Change	0.164	0.078		0.134

Note:

(1) This regression table didn't violate multi-collinearity assumption as the VIF values for each variable were less than 2 (above 10 breaks multi-collinearity);

(2) \*\* Strongest predictor [ $p < 0.01$ ], \*  $p < 0.05$ ;

(3) Empowerment status model:  $F(10, 189) = 9.96^{***}$ ,  $F$  Change (2, 189) = 11.311\*\*\*;

(4) Difficulties model:  $F(13, 186) = 7.989^{***}$ ;  $F$  Change (7, 186) = 5.557\*\*\*.

Source: SPSS output.

**Table 8** presents the results of a hierarchical regression analysis conducted to examine the relationship between empowerment status and difficulties. The predictors are categorized into three blocks: (1) socioeconomic and demographic information (Block 1), microfinance-related information (Block 2), and (2) factors affecting participation in Grameen Bank (Block 3). The Table provides information on the standardized beta coefficients ( $\beta$ ) for each predictor, indicating the strength and direction of the relationship.

First, in Block 1, the predictors from socioeconomic and demographic information are examined. Age shows a moderate positive relationship with life challenges in the initial model but becomes weaker positive in the final model. Marital status exhibits a moderate positive relationship with difficulties in both the initial and final models. The number of children demonstrates a weak negative relation with difficulties in the initial model and becomes moderate negative relationship in the final

model. Education has no significant relationship with empowerment status or difficulties. Employment status is a strong negative relationship with empowerment status, because here most of the women are unemployed and 91% women are homemaker. Household income shows a moderate negative relationship with difficulties in the initial model and become weak negative predictor in the final model. Association with a group has a moderate negative relationship with empowerment status in the initial model but becomes insignificance in the final model, while it demonstrates a moderate negative relationship with difficulties in both models.

Overall, women's empowerment is not greatly impacted by variables like age, marital status, the number of children, education, and household income. Nonetheless, women's empowerment is strongly and significantly impacted by associations with groups and employment. As **Table 1** illustrates, the majority of women in this survey do not belong to any associations, with 60% not being members and 40% being. This implies that having more discussions with people could help in people learning more about their environment, which will then enable them to overcome a variety of difficulties.

However, in this instance, 91% of women are stay-at-home moms, compared to 3% of full-time workers and 6% of part-time workers (**Table 1**). It implies that women would have more influence if they had more jobs. Society as a whole will gain when women leave the house to work and support their families financially, which enables them to make decisions regarding personal and family problems.

On the other hand, employment have no significant relationship with difficulties, but age, marital status, the number of children, association with group have a strong significant relationship with difficulties, indicating that if women have more children, they have a greater possibility of facing more difficulties. Every woman bears the responsibility of caring for their children and arranging various facilities, a task that not only increases their expenses but also adds to their difficulties. When women enter family life or marry, they often encounter additional difficulties, such as managing family affairs. Most of the time, women are not in a favorable position to deal with their in-laws. After she gets married, she has to take care of her own family, which increases her difficulties.

In Block 2, examine the predictors derived from microfinance-related data. Familiarity with Grameen Bank, participation in microfinance, association with Grameen Bank, duration of association, and number of loans taken do not have significant relationships with empowerment status. However, the final model indicates that familiarity with Grameen Bank does not significantly correlate with empowerment status, and it exhibits a moderately negative correlation with difficulties. Participation in microfinance, association with Grameen Bank, and duration of association show no significant relationship with empowerment status or difficulties in both models. In the initial model, there is a moderate negative relationship between savings and empowerment, but this relationship diminishes in the final model, and there is a weak negative relationship with difficulties. The initial model shows a weak positive relationship between the highest amount of loans taken and empowerment, but this relationship becomes more significant in the final model, while the relationship with difficulties becomes insignificant. In the final model, the number of loans taken indicates an insignificant positive relationship with difficulties.

Overall, this study reveals that savings have a negative and strong correlation with women's empowerment, as well as the difficulties in both areas. However, after obtaining the loan, the majority of women, almost 80%, were only able to save money to repay the loan. A small number of women were capable of utilizing their savings to finance sources of income. Consequently, they are unable to advance their development with the money they have accumulated. They will experience a greater sense of autonomy if they are capable of accumulating funds for investments and repaying loans. There is a significant and positive relationship between the highest amount of loan borrowing and the empowerment of women. This implies that individuals who are able to secure substantial loans from Grameen Bank are likely to utilize the funds for income-generating ventures, leading to financial benefits.

Finally, Block 3 examines the difficulties encountered when dealing with Grameen Bank and the extent of microfinance's impact. Challenges faced in dealing with Grameen Bank have a strong negative relationship with empowerment status, but they show insignificance in relation to difficulties. The level of impact of microfinance does not have a significant relationship with empowerment status or difficulties. However, it has a weak negative relationship with difficulties in the initial model, but loses significance in the final model.

Overall, the regression analysis reveals that various factors, including employment status, the highest amount of loans taken, and challenges faced in dealing with Grameen Bank, influence empowerment status. Age, marital status, the number of children, household income, group affiliation, familiarity with Grameen Bank, and savings all influence difficulties. The regression models explain a significant portion of the variance in empowerment status ( $R^2 = 0.345$ ) and life challenges ( $R^2 = 0.358$ ), with the final models showing improved predictive power compared to the initial models.

The results align with those of the earlier researcher. This study discovered that women's economic stability rose following their participation in the microfinance program. This result conflicts with that of Al-Mamum (2014), who found that women are not as empowered as we expected after taking part in microcredit activities, but we found that after taking part in the microfinance program, 64% of respondents said they felt more empowered. According to Aruna and Jyothirmayi (2011), microfinance significantly affects people's economic situations. Women who take part in the microfinance program become more adept at making decisions regarding their households and finances. This result is in line with earlier research by Sultan and Husan (2010), which showed (i) that 76% of women had high-to medium-level control over their resources after enrolling in a microfinance program and (ii) that women have a better economic position. According to this study, microcredit enhances financial standing and promotes women's household economic decision-making at a 54% medium and 22% higher level. Conversely, women who participate in the microfinance program experience higher levels of stress. The results of this study are consistent with those of Swain and Wallentin (2017). Swain and Wallentin (2017) claim that microcredit has a detrimental effect on women's development. The results show that it makes life more difficult for women (46% medium and 7% high). Taking part in the microfinance program causes a 50% increase in psychological issues. This outcome is in line with earlier study findings. Ngo and Wahhaj (2012) assert that

women's participation in immoral activities rises as a result of microfinance. Similar results were also identified in this study, such as extramarital affairs as a means of repaying debt, which puts society in danger. Although just 13% of people engage in immoral behaviors, this small percentage of people negatively affects society as a whole.

#### **4.4. Case study 1**

Sefali Begum, residing in Uttar Gobra, Gopalganj Sadar, is affiliated with the Grameen Bank, Gobra Gopalganj branch, inside the Gopalganj Zone. She joined Grameen Bank on 18 May 2010. Her spouse's name is Md. Riyaz Mia. She navigated their marital life while confronting numerous challenges. In this hard circumstance, Sefali Begum conceived the notion of becoming an entrepreneur, aiming for self-reliance and societal empowerment. Nevertheless, her aspiration appeared unattainable owing to insufficient financial resources. During that period, she acquired information regarding the microfinance operations of Grameen Bank. Sefali Begum believed that by engaging in the microcredit program, she might liberate herself from poverty.

Sefali Begum first secured a loan of BDT 50,000 from Grameen Bank to commence a chicken farming enterprise. Sefali Begum was a diligent and committed woman who aspired to be strong and self-sufficient. She recognized that genuine women's empowerment is achieved when a woman attains economic independence.

Sefali Begum was initially quite happy with her poultry farming enterprise and was able to make loan payments on schedule, but after a few months she encountered difficulties because of growing feed costs and the rising cost of birds. She struggled to make the monthly loan installments, which had hefty interest rates, and lost money twice. After a year, she decided to extend her business by going into cattle farming and took out another loan of BDT 120,000 to adjust to the new circumstances.

She had hoped that by participating in a microfinance program, she would be able to escape poverty, but a few months later, she was still having trouble making her monthly installment payments. She wasn't burdened by simple interest, but when she missed some payments and the bank charged her compound interest, she found it quite difficult to handle her current circumstances.

Sefali told me that when she was unable to successfully execute her plan and make an installment payment, her hopes turned into a nightmare. Instead of becoming more powerful, she became more vulnerable. The bank authorities placed excessive pressure on her to repay the past-due loan balance after she was classified as a bad loan-2 because she missed some of her installments. She suffered from social shame and was rejected by her community.

#### **4.5. Case study 2**

Salma Begum is associated with the Gopalganj Zone of Grameen Bank. She joined the Grameen Bank in 2024. Her spouse's name is Md. Omar Ali Sheikh. She is a homemaker, while her husband is unemployed. Her family has ten individuals and originates from a disadvantaged background. Salma Begum is a diligent and industrious woman who aspired to alter her circumstances by establishing a modest

enterprise in her community; however, financial constraints impeded her endeavors. During that period, she learnt of Grameen Bank's microfinance initiative from her neighbors, and the bank guaranteed her a small- and medium-sized enterprise (SME) loan to bolster her firm.

Initially, she was given a basic loan of BDT 20,000, but she ended up receiving BDT 18,000 instead. According to the Grameen Bank loan policy, she was required to make weekly payments for a year (54 weeks, or BDT 32400) that included principle and interest. She began farming and used this enterprise to better her life. She started all the farming preparations in an effort to better her life. Someone stole money from her home before she started farming. Salma Begum became unwell after this occurrence and was in immediate danger. She started to worry about paying back Grameen Bank, which made it difficult for her to carry on with her business. After she healed, she wanted to launch her own farming, but the financial crisis made it impossible.

Salma Begum has despaired. Rather than attaining self-sufficiency, she encountered significant pressure to repay her outstanding loan with interest. She stated that "Our familial conflict intensified during this period due to the bank loan, money loss, and the discourteous behavior of the authorities. In order to pay off the loan, I had an extramarital affair in the hopes of making money, but I was unable to obtain anything from these relationships without being harassed, so I realized and stopped. I want forgiveness from the Almighty and will refrain from returning to this organization if I can settle my obligations. The authorities of Grameen Bank commenced a campaign of psychological harassment against me, resulting in my family's humiliation among our society.

Similar to Salma, several women encounter comparable challenges subsequent to participating in the Grameen Bank's microfinance initiative. Although financial independence is essential for women's empowerment, the overwhelming demands of microfinance programs frequently hinder their ability to achieve their full potential.

Salma Begum asserted that Grameen Bank, being a fraudulent commercial organization, is aware that most of its clients are illiterate. However, there is a lack of clarity regarding the bank's interests and conditions when a loan is taken out. Therefore, it is recommended that no one participate in Grameen Bank's microcredit program. If someone does, they won't be shielded from its negative effects because it harasses more people than it helps the underprivileged.

Although many women aspire to be empowered through microfinance programs, many women, like Salma Begum, have failed to transform their circumstances and are now living wretched lives while waiting to get out of these traps.

#### **4.6. Empirical findings**

- (1) The level of women's empowerment is commendable; a significant number of women encounter a sense of empowerment after receiving microcredit from Grameen Bank. After obtaining a loan, they actively pursue income-generating activities to enhance their personal development. While many women achieve success, it is important to acknowledge that they may occasionally encounter difficulties along the way.

- (2) Women are capable of making influential decisions and have a satisfactory ability to make decisions in both personal and family matters. They are usually free to choose how to plan for their family and what their children want to do when they grow up. They are occasionally free to voice their opinions about their own career path.
- (3) After obtaining microcredit from Grameen Bank, women's financial stability is still unsatisfactory, which is one of the most crucial elements of women's empowerment. Most women lack control over their property, struggle to make decisions about basic financial expenses, and express dissatisfaction with their current income level.
- (4) The level of women's community engagement is not enough which is a critical element in women's empowerment since it enables women to comprehend the events occurring in their environment.
- (5) Women's self-esteem is seen as an essential aspect in their empowerment. It is heightened by their involvement in Grameen Bank's microcredit program, as membership in this esteemed organization is viewed as a favorable indication of women's advancement in society. It offers options and potential for acquiring knowledge on how to navigate the operations of a structured institution, which will be advantageous when she establishes her own business in the future.
- (6) While microcredit is widely acknowledged for its ability to empower women, there are cases where these loans might confine women and introduce additional intricacies into their lives. They encounter psychological problems or heightened stress when dealing with the weekly or monthly payments associated with microcredit.
- (7) Furthermore, the field-level staff of Grameen Bank sometimes engage in harassment towards women during their visits to collect installments, especially if they are unable to make their payments quickly. In order to repay the loan, they may engage in immoral behavior compulsively, despite the fact that the amount of these activities is not severe. However, these actions have significant and widespread detrimental consequences on society as a whole.
- (8) At instances, the breakdown of families can lead women to engage in extramarital affairs and often resort to temporary prostitution. Individuals engaging in this activity frequently encounter a perilous circumstance, where they are susceptible to harassment and blackmail, sometimes as a result of their photographs and films being exploited for immoral intentions, which can ultimately lead to suicide (**Figure 4**).



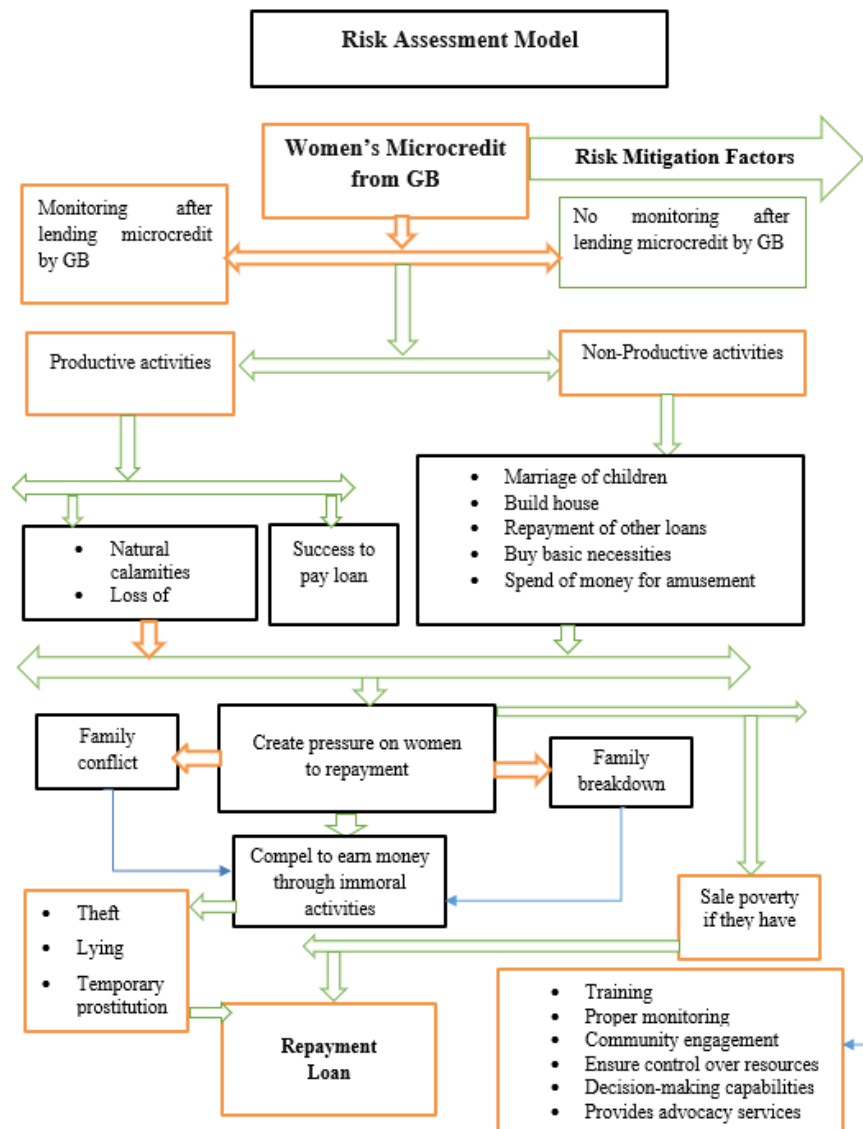


Figure 4. Risk assessment model.

#### 4.7. Practical recommendations

- (1) Since Grameen Bank is the oldest microcredit organization, and the majority of people trust it. It is imperative that the bank maintain its greater and more far-reaching efficacy in order to continue developing society as a whole.
- (2) By holding participants responsible for how they use the money and requiring them to submit a report detailing the industry in which they spend it, Grameen Bank can also make sure that the money they are loaned is being put to productive use.
- (3) Like in the past and other microcredit organizations like BRAC and Prosikha, Grameen Bank should provide the impoverished women with training and advice on how to manage their money after lending them the money.
- (4) Grameen Bank disburses loans in fractional amounts without explicitly informing the borrowers of the specific fraction. However, the borrowers are obligated to repay the entire loan amount along with interest. This practice, which can be

considered corrupt, places an undue burden on the borrowers. Therefore, it is imperative to eradicate this anomaly from the system.

- (5) Not simply the amount of the money, but also its intended use should be stated in the document. The loan should be paid back if they can guarantee that it will be put into constructive use. If not, it shouldn't be granted just for expenses.
- (6) Making women more aware of the current world can help them deal with challenges if Grameen Bank takes the effort to urge them to take part in community engagement programs that regularly involve women. Although Grameen Bank has acknowledged it in the past, they no longer see it as important. Grameen Bank should make sure that women participate in the community at various events, such as BRAC, ASA, and Prosikha.
- (7) Grameen Bank ought to play the role of an advisor for women borrowers and closely monitor their utilization of funds. If individuals are unable to effectively utilize their funds, Grameen Bank should provide guidance to ensure appropriate utilization of their financial resources. Grameen Bank should provide guidance and training to women, enhancing their skills, knowledge, and capacities to ensure effective utilization of money. They should approach it pragmatically, rather than solely relying on theory (Figure 5).

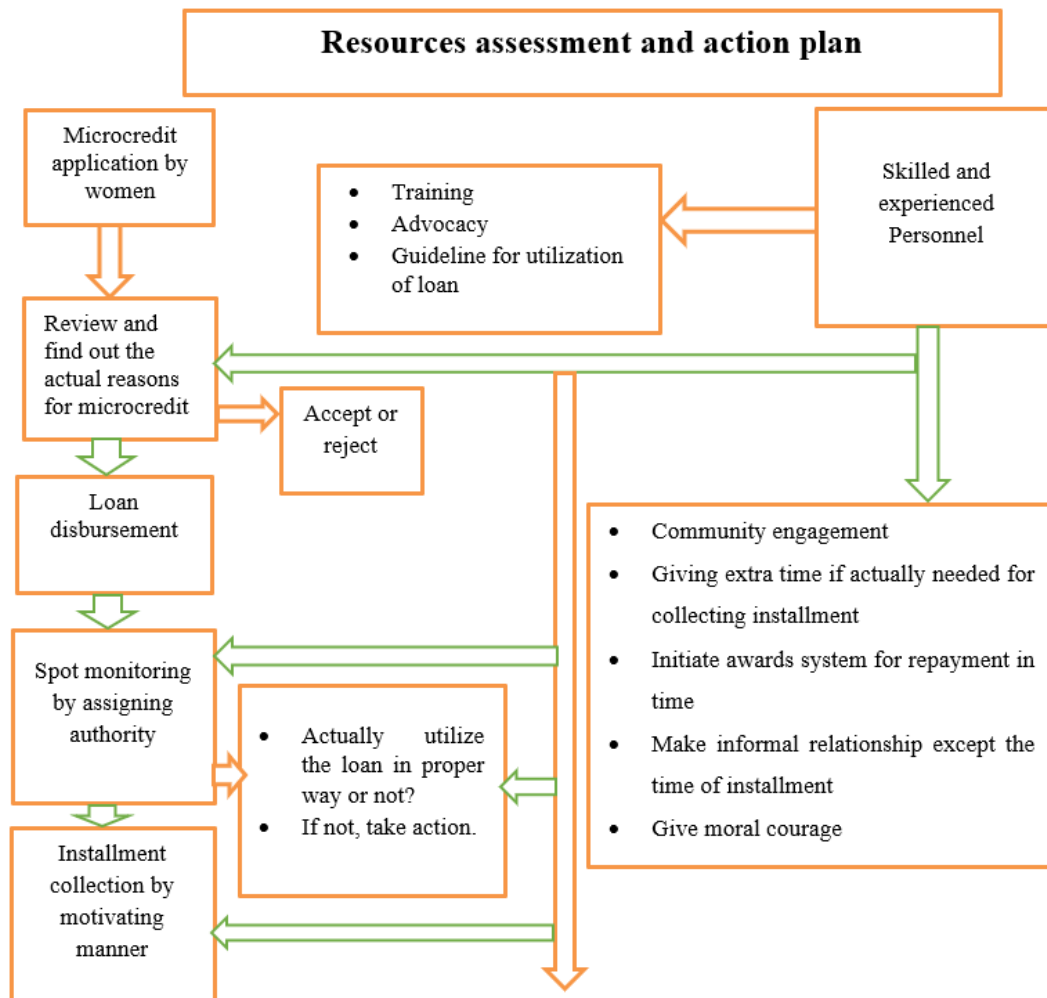


Figure 5. Resources assessment and action plan.

## **5. Conclusion**

This study has investigated the effect of microcredit on the empowerment of women. The measurement of women's empowerment encompasses four factors: (1) financial stability; (2) the capacity of women to make decisions both in her personal matters as well as their families' level; (3) Community engagement; and (4) self-esteem. Here, we also aim to determine the genuine outcome whether women actually experience empowerment or whether they face different types of difficulties after receiving a loan from Grameen Bank. In addition, we incorporate some negative indicators, such as (1) increasing levels of stress or psychological problem; (2) engage in immoral activities; and (3) life challenges. These factors are used to measure whether women genuinely experience empowerment or get trapped after receiving a loan from Grameen Bank.

Firstly, this study found that women who participate in the microcredit program improve their financial stability, develop strong decision-making abilities in both personal and family affairs, increase their involvement in community engagement activities, and increase their sense of self-esteem. The results showed that: (1) 41% of respondents felt more financially empowered after taking part in the microcredit program; (2) 76% and 65% of women had high- to medium-level decision-making abilities in personal and family affairs; (3) 31% of women participated in community engagement activities; and (4) 61% of women felt better about themselves.

Conversely, women who participate in the microcredit program experience more difficulties in life. The results show that: (1) it increases the level of stress or psychological problems; (2) it pushes women into immoral activities; and (3) it increases life challenges like family breakdown, divorce, and even suicidal incidents. The results indicated that: (1) 52% of women reported experiencing high-to-medium levels of stress or psychological issues, (2) 43% of women reported feeling compelled to engage in immoral activities, (3) 60% of women encountered high-to-medium levels of difficulties, such as engaging in temporary prostitution, experiencing family breakdowns, and even facing suicidal incidents.

The findings of this study show that it is encouraging to see so many women feeling empowered as a result of the microcredit they have received from Grameen Bank. They take advantage of opportunities to earn money after getting a loan so they can further their own personal development. Even if many women succeed, it's crucial to recognize that they could face difficulties sometimes. Decisions pertaining to one's own life and one's family can be adequately and effectively handled by women. Planning for their family and their children's futures is typically something they can accomplish at their own convenience. At times, they get the opportunity to express their thoughts regarding their own professional trajectory. One of the most important components of women's empowerment—their financial stability—remains unsatisfactory even after receiving microcredit from Grameen Bank. In addition to being unhappy with their present earnings level, most women also lack authority over their property and have difficulty making decisions regarding basic expenses. An essential component of women's empowerment, community participation helps women understand what's going on around them, but there isn't enough of it. Elevating women's self-esteem is considered crucial to their empowerment. As a

member of this prestigious organization is seen as a positive sign of women's progress in society, their participation in the microcredit program at Grameen Bank only serves to heighten the effect. It provides opportunities to learn about structured institution operations, which will help her when she starts her own firm down the path.

Although microcredit is often praised for its capacity to empower women, there are instances where these loans could limit women and add more complications to their life. Dealing with the weekly or monthly payments that come with microcredit causes them psychological problems or increased stress. Additionally, women have reported experiencing harassment from Grameen Bank field staff during installment collection visits, particularly when they were unable to pay their payments promptly. Even though the amount of immoral behavior is not extreme, people may participate in it obsessively in order to repay the loan. On the other hand, society as a whole suffers grave and pervasive effects from these acts. Sometimes, when families fail, women turn to prostitution as a temporary solution and have extramarital affairs. People who participate in this activity often find themselves in dangerous situations where they are vulnerable to threats and intimidation, occasionally as a result of their images and videos being used for unethical purposes, which can finally result in tragedy.

Consequently, it is imperative for the government of Bangladesh, policymakers, and microfinance institutions, especially Grameen Bank, to formulate policies aimed at addressing the obstacles encountered by Bangladeshi women in accessing microfinance and during the loan repayment process. Furthermore, they ought to expand microfinance outreach initiatives, including community engagement activities, training programs, and effective advocacy services delivered by skilled personnel, particularly targeting rural women, as improved microfinance accessibility could serve as an optimal mechanism to expedite the economic and social empowerment of women in rural Bangladesh.

**Author contributions:** Conceptualization, KB and SKL; methodology, KB and SKL; software, KB; validation, KB and SKL; formal analysis, KB and SKL; investigation, KB; resources, KB; writing—original draft preparation, KB; writing—review and editing, SKL; visualization, KB; supervision, SKL; project administration, KB; funding acquisition, SKL. All authors have read and agreed to the published version of the manuscript.

**Conflict of interest:** The authors declare no conflict of interest.

## References

- Addae, J. A. (2015). Effect of Microfinance on Women's Empowerment: A Review of the Literature. *ADRRI Journal of Arts and Social Sciences*, 13(8), pp. 1–15.
- Addai, B. (2017). Women empowerment through microfinance: Empirical evidence from Ghana. *Journal of finance and accounting*, 5(1), pp. 1–11.
- Ahmed, S. M. (2009). The Role of Microfinance in Poverty Reduction: Evidence from Bangladesh. *International Journal of Economics and Finance*, 1(1), pp. 44–51.
- Al-Mamun, A., Wahab, S. A., Mazumder, M. N. H. and Su, Z. (2014). Empirical investigation on the impact of microcredit on women empowerment in urban Peninsular Malaysia. *The Journal of Developing Areas*, pp. 287–306.
- Amadershomoy. Daily. (2010). The miserable condition of Grammen Bank's first customer.

- Amin, R., Chakrabarti, P. (2013). Microfinance and Women's Empowerment: A Panel Data Analysis on the Impact of Microcredit Program Participation on Women's Empowerment in Rural Bangladesh. *International Journal of Economics, Finance, and Management*, 2(4), pp. 245–254.
- Aruna M, Jyothirmayi R. (2011). The role of microfinance in women empowerment; A study on the SHG Bank Linkage Program in Hyderabad (Andhra Pradesh). *Indian Journal of Commerce and Management Studies*, 2:77–95.
- Bangladesh Bureau of Statistics (BBS). (2017). *Bangladesh Statistics*, 1–15.
- Bhuiyan, A.B., Siwar, C. and Talib, B.A. (2012). Grameen microcredit and poverty alleviation: a review of Grameen Bank's performance on poverty alleviation in Bangladesh. *International Journal of sustainable society*, 4(3), pp. 300–315.
- Breza, E. and Kinnan, C. (2021). Measuring the equilibrium impacts of credit: Evidence from the Indian microfinance crisis. *The Quarterly Journal of Economics*, 136(3), pp. 1447–1497.
- Cai, J., Meki, M., Quinn, S., Field, E., Kinnan, C., Morduch, J. and Said, F. (2023). Microfinance. *VoxDevLit*, 3(2), p. 26.
- CRI (2018), cri.org.bd.
- Cull, R. and Morduch, J. (2018). Microfinance and economic development", In *Handbook of finance and development*. Edward Elgar Publishing, pp. 550–572.
- Debnath, D., Rahman, M.S., Acharjee, D.C., Latif, W.U. and Wang, L. (2019), Empowering women through microcredit in Bangladesh: An empirical study. *International Journal of Financial Studies*, 7(3), pp. 37.
- GB. (2020). Grameen Bank. *Banking for the poor. annual report-2020*
- Haldar, A. and Stiglitz, J. (2015). Taking stock of microfinance. *World Economics*, 16(2), pp. 1–10.
- Hennink, M., Kiiti, N., Pillinger, M. and Jayakaran, R. (2012). Defining empowerment: perspectives from international development organizations. *Development in Practice*, 22(2), pp. 202–215.
- Hossain, F. and Knight, T. (2008). Financing the poor: can microcredit make a difference? Empirical observations from Bangladesh: Empirical Observations from Bangladesh. *Brooks World Poverty Institute Working Paper*, (38).
- Islam, R., Karim, M.A. and binti Ahmad, R. (2018). Forced loan-recovery technique of the microfinance institutes in Bangladesh and its impact on the borrowers: an empirical study on Grameen bank, BRAC and ASA. *Journal on Innovation and Sustainability RISUS*, 9(3), pp. 75–93.
- Joshee, R.C. (2008). Grameen model: Problems and prospects. *The papers presented in the Microfinance Summit, February*, pp. 14–16.
- Kulkarni, V.S. (2011). *Women's empowerment and microfinance, An Asian Perspective Study*. Asia and Pacific Division, IFAD.
- Marconatto, D., Cruz, L.B. and Pedrozo, E.A. (2016). Going beyond microfinance fuzziness. *Journal of cleaner production*, 115, pp. 5–22.
- MRA. (2015). *NGO-MFIs in Bangladesh: A Statistical Publication*. Dhaka, Bangladesh. Microcredit Regulatory Authority.
- Ngo, T.M.P. and Wahhaj, Z. (2012). Microfinance and gender empowerment. *Journal of Development Economics*, 99(1), pp. 1–12.
- Nogueira, S., Duarte, F. and Gama, A.P. (2020). Microfinance: where are we and where are we going?. *Development in Practice*, 30(7), pp. 874–889.
- Osmani, L.N.K. (2007). A breakthrough in women's bargaining power: The impact of microcredit. *Journal of International Development. The Journal of the Development Studies Association*, 19(5), pp. 695–716.
- Pietilainen, Sara K. (2019). *The Failure of Microfinance to Reduce Poverty (Critical Secondary Analysis of the Case of Bangladesh)*.
- Rahman, S. (2007). *The impact of microcredit on poverty and women's empowerment: a case study of Bangladesh*.
- Shohel, M.M.C. (2014). Impact of childhood poverty on education for disadvantaged children in Bangladesh. *Child studies in Asia-Pacific contexts*, 4(2), pp. 77–94.
- Sultana, S. and Hasan, S.S. (2010). Impact of micro-credit on economic empowerment of rural women. *The Agriculturists*, 8(2), pp. 43–49.
- Swain, R. and Wallentin, F.Y. (2017). The impact of microfinance on factors empowering women: Differences in regional and delivery mechanisms in India's SHG program. *The Journal of Development Studies*, 53(5), pp. 684–699.
- World Bank. (2024). *Bangladesh Development Update, April 2024: Towards Regulatory Predictability*. World Bank.
- Yunus, M. (1997). *A Bank for the Poor*.
- Zoynul, A.M. and Fahmida, M.O.U.L.A. (2013). Women Empowerment Through Micro Credit: A Case Study of Dinajpur, Bangladesh. *Studies in Business & Economics*, 8(2).