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Gender and microfinance: Empowering women through financial inclusion in Batticaloa District

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Abstract

This research paper investigates the role of gender in microfinance and its effectiveness in empowering women through financial inclusion within the Batticaloa district. Utilizing a mixed-methods approach, the study integrates both quantitative and qualitative data to assess the economic and social impacts of microfinance initiatives on women. The quantitative analysis reveals significant improvements in household income, business profitability, and decision-making power among women participants. Qualitative insights highlight enhanced self-esteem, community recognition, and personal autonomy as key empowerment outcomes. However, challenges such as cultural constraints, high-interest rates, and limited financial literacy persist. The paper concludes with policy recommendations aimed at addressing these barriers and suggests future research directions to further understand and optimize the role of microfinance in women's empowerment.

Keywords: Gender; Microfinance; Financial Inclusion; Women's Empowerment; Batticaloa District

1. Introduction

Microfinance has emerged as a transformative mechanism in promoting financial inclusion, economic development, and poverty alleviation, particularly in regions where traditional financial systems remain inaccessible or inadequate. Microfinance institutions (MFIs) provide small-scale financial services, such as loans, savings, and insurance, to individuals who are often excluded from formal banking sectors due to factors including low income, lack of collateral, or geographic remoteness. These services are designed not only to address immediate financial needs but also to stimulate entrepreneurship, facilitate income generation, and ultimately improve the livelihoods of marginalized populations (Khanam et al., 2018). In developing countries, where economic disparities are pronounced, microfinance plays a crucial role in enabling the financial empowerment of low-income individuals, particularly women (Odunga, 2024).

Women have increasingly become the focal point of microfinance programs across the globe, particularly in South Asia, where cultural, social, and economic barriers have traditionally limited their access to financial resources (Guganeshan & Perampalam, 2017). Microfinance seeks to challenge these structural barriers by providing women with the financial means to start businesses, invest in their children's education, and improve household welfare (Malki et al., 2024). Research shows that empowering women through financial inclusion leads to broader social and economic benefits, as women tend to invest their earnings in ways that directly benefit their families and communities (Ramya & Deepak, 2024). As a result, many microfinance institutions prioritize women as their primary clients, recognizing their potential as agents of socio-economic transformation (Maghina et al., 2023).

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In Sri Lanka, microfinance has become a vital component of the broader financial ecosystem, particularly in regions like the Batticaloa district, which has been historically marginalized due to decades of conflict, natural disasters, and persistent poverty (Gowthaman, 2023). Batticaloa, located in the Eastern Province of Sri Lanka, has faced unique socio-economic challenges, including high levels of poverty, unemployment, and gender disparities intensified by the result of the civil conflict and the 2004 tsunami. In this context, women bear a disproportionate burden, as they often have limited access to education, employment opportunities, and financial independence (Jamatia, 2023). Despite these challenges, women in Batticaloa have shown resilience, and microfinance has become a critical intervention for unlocking their economic potential and fostering community-level change.

Microfinance institutions in Batticaloa have targeted women as primary beneficiaries, recognizing their significant role in household management, community development, and poverty alleviation. Through the provision of small loans and financial services to women, these institutions aim to empower them to initiate small-scale enterprises, enhance agricultural productivity, and improve their overall financial stability. The impact of these programs extends beyond individual economic gains; it facilitates a broader societal transformation by increasing women's engagement in economic activities, promoting gender equality, and elevating their status within their families and communities (Noronha & R., 2024).

Notwithstanding the increasing recognition of microfinance's role in women's empowerment, significant challenges persist. Issues such as over-indebtedness, insufficient financial literacy, and the sustainability of microfinance programs necessitate attention to ensure long-term positive outcomes. In Batticaloa, the efficacy of microfinance initiatives in empowering women is contingent not only upon the accessibility of financial services but also on the broader socio-cultural and institutional frameworks that facilitate women's financial inclusion and entrepreneurship.

This study aims to investigate the role of microfinance in empowering women in the Batticaloa district, analyzing both the quantitative and qualitative impacts of these interventions. By examining women's access to financial resources, entrepreneurship, and social empowerment, the research seeks to elucidate how microfinance contributes to gender equality and poverty reduction in this specific socio-economic context.

1.1. Problem Statement

Microfinance programs targeting women have proliferated in the Batticaloa district, reflecting a global trend aimed at fostering women's empowerment and financial inclusion. However, there remains a dearth of empirical evidence regarding the extent to which these initiatives effectively contribute to empowering women in this region. Persistent gender disparities in accessing financial resources continue to impede women's economic participation, reinforcing systemic social inequalities and undermining broader development efforts. Addressing this research gap, this study critically examines the impact of microfinance programs on women's economic and social empowerment in the Batticaloa district. Furthermore, it identifies the challenges women encounter in accessing and utilizing these services while exploring the socio-cultural factors that shape the efficacy and limitations of microfinance initiatives in this context.

1.2. Objectives

- To analyze the impact of microfinance programs on women's economic empowerment in the Batticaloa district.
- To identify the challenges women encounter in accessing and effectively utilizing microfinance services.
- To examine socio-cultural factors influencing women's participation in microfinance initiatives.
- To provide evidence-based recommendations for enhancing the effectiveness of microfinance programs in promoting women's empowerment.

1.3. Significance of the Study

A comprehensive understanding of the intersection between gender and microfinance is essential for developing targeted financial inclusion strategies that address gender-based inequalities and promote economic development. This study contributes significantly to the existing body of literature by providing a context-specific analysis of the Batticaloa district. The insights derived will be instrumental in informing policymakers, practitioners, and stakeholders about the prevailing challenges and opportunities for improvement. By addressing the knowledge gap, the findings aim to guide the formulation of effective, inclusive, and sustainable interventions that maximize the transformative potential of microfinance in empowering women and fostering gender equality.

2. Literature Review

Microfinance has gained prominence as a development tool designed to improve the economic and social well-being of marginalized communities, particularly in developing countries (Del Sarto et al., 2023). It aims to address the financial exclusion experienced by individuals who are typically underserved by formal banking institutions due to factors such as low income, lack of collateral, or geographic isolation (Rao & Baza, 2017). This section reviews existing literature on the impact of microfinance, with a focus on gender-specific dynamics, the role of women in microfinance programs, and the particular challenges and opportunities observed in the Batticaloa district of Sri Lanka.

2.1. Microfinance and Financial Inclusion

Financial inclusion refers to the process of ensuring that individuals and businesses have access to useful and affordable financial products and services that meet their needs. These services include transactions, payments, savings, credit, and insurance, which are delivered in a responsible and sustainable manner (Balasubramanyam, 2022). Microfinance plays a critical role in promoting financial inclusion, especially in rural and underserved communities, by offering access to small loans and other financial products that are typically unavailable through formal banking systems. In developing countries, MFIs have become essential for providing these financial services to marginalized populations, helping them improve their economic status and reduce poverty (Rani et al., 2016). Studies have demonstrated that microfinance can significantly enhance access to financial services for the poor, facilitating entrepreneurship and income generation. For instance, Mandy (2023) found that microfinance contributes to poverty reduction and enhances household consumption levels, particularly when provided to women. Similarly, a study by Malki et al. (2024) revealed that microfinance interventions led to a modest increase in business activities, but the impacts on overall household consumption and welfare varied depending on the region and the operational model of the MFIs.

2.2. Gender and Microfinance: Empowering Women

Gender is a critical dimension in the analysis of microfinance, particularly due to the predominance of women as clients in microfinance programs globally (Siraj, 2017). The rationale for this focus on women is grounded in evidence demonstrating that women are more likely to invest microfinance loans in ways that yield long-term benefits for their families and communities, such as in education, healthcare, and small-scale enterprises (Siraj, 2017). Women are perceived as more effective stewards of financial resources, and studies have demonstrated that empowering women through access to financial services can lead to broader social and economic outcomes, including improved child welfare, reduced gender inequalities, and strengthened community development (Ejaz & Qayum, 2023; Ramya & Deepak, 2024). (Ramya & Deepak, 2024) emphasized the dual role of microfinance in both addressing immediate financial needs and promoting women's empowerment. They posited that microfinance provides women with not only economic resources but also social capital, conferring greater decision-making power within their households and enhancing their self-esteem. Microfinance's role in facilitating social change is particularly significant in patriarchal societies where women traditionally have limited economic independence and face social restrictions that impede their participation in the workforce or entrepreneurial activities. However, the relationship between microfinance and women's empowerment is characterized by complexities. While some studies report positive outcomes, others raise concerns about the unintended consequences of microfinance programs, such as over-indebtedness and the reinforcement of existing gender inequalities. Chandradasa (2019) contended that in some instances, male relatives may assume control of loans given to women, undermining the potential for genuine empowerment. Furthermore, repayment pressure may increase financial stress and vulnerability among women borrowers, especially in low-income contexts (Dissanayake, 2021; Wignaraja, 2024).

2.3. Microfinance in Post-Conflict Regions: The Case of Batticaloa

Sri Lanka's Eastern Province, particularly the Batticaloa district, has experienced prolonged civil unrest, compounded by natural disasters such as the 2004 tsunami. These challenges have resulted in significant socio-economic disparities, including high levels of poverty, unemployment, and gender-based inequalities (De Silva & Kawasaki, 2018). Post-conflict recovery efforts in this region have increasingly emphasized the role of microfinance in rebuilding livelihoods and promoting financial independence, particularly among women who were disproportionately affected by the conflict (Herath, 2018). Microfinance in post-conflict settings has been recognized as an essential component of rebuilding economies and promoting social cohesion. Women in Batticaloa have been identified as key beneficiaries of microfinance programs, given their roles as heads of households in many instances and their central role in community stability. According to the literature, post-conflict microfinance programs often aim to address not only economic needs but also psychosocial recovery, assisting women in restoring their confidence and capacity to engage in income-generating activities (Kahanawita & Lakmal, 2024). A study by Chandradasa (2019) examined the effectiveness of microfinance programs in Batticaloa, concluding that women-led microenterprises contributed to poverty reduction at

the household level and local economic growth. However, some studies also highlighted several limitations, such as a lack of financial literacy among some participants and the challenges of sustaining microenterprises in the face of fluctuating market conditions (Mariam et al., 2023).

2.4. Challenges and Critiques of Microfinance

While the literature supports the potential of microfinance to foster financial inclusion and women's empowerment, it also highlights significant challenges that limit its effectiveness. One of the primary critiques of microfinance is the issue of over-indebtedness (Priyankara & Sumanasiri, 2019), wherein borrowers acquire multiple loans that exceed their repayment capacity. This problem is particularly pronounced in regions where regulatory frameworks for MFIs are inadequate or where there is a lack of sufficient borrower education (Premarathne & Abeysekera, 2020). In some instances, over-indebtedness has led to a cycle of poverty rather than alleviating it, as borrowers are compelled to obtain new loans to repay existing ones, creating financial strain (Samaratunge et al., 2020) (Wignaraja, 2024) (Dissanayake, 2021). Moreover, the efficacy of microfinance in promoting long-term economic development has been questioned. Research by (Tharanga et al., 2023) suggests that microfinance is often insufficient in addressing the structural causes of poverty, such as inadequate infrastructure, poor education, and systemic gender inequality. (Kumari, 2022) contends that while microfinance may provide short-term relief, it is not a solution for poverty alleviation and should be complemented with other development interventions, such as vocational training, infrastructure development, and policy reforms that promote inclusive economic growth.

2.5. The Role of Capacity Building and Financial Literacy

Capacity-building initiatives, including financial literacy training, have been identified as critical components of successful microfinance programs (Premarathne & Abeysekera, 2020). In the absence of adequate knowledge of financial management, numerous borrowers encounter difficulties in effectively utilizing microfinance products to enhance their livelihoods. Financial literacy programs assist clients, particularly women, in comprehending the terms of their loans, managing their income and expenses, and making informed decisions regarding their businesses (Weerakoon & Anuradha, 2024) (Rathnayaka & Silva, 2023). In Batticaloa, efforts to enhance financial literacy among women have demonstrated improvements in their ability to manage microenterprises, repay loans, and contribute to household financial stability (B & P, 2024).

3. Methodology

3.1. Research Design

This study adopts a mixed-methods approach, integrating both quantitative and qualitative research methodologies to provide a comprehensive analysis, as demonstrated in (Kibukho, 2021), of the impact of microfinance on women's empowerment in Batticaloa district. The quantitative component assesses measurable outcomes such as income levels and business performance, while the qualitative component explores personal experiences and socio-cultural factors influencing empowerment.

3.1.1. Quantitative Method

Sample Selection: A stratified random sampling technique was employed to select 200 women beneficiaries from five MFIs operating in Batticaloa district. The strata were based on geographical location and type of microfinance services utilized (e.g., loans, savings).

Data Collection: Structured questionnaires were administered to gather data on socio-economic status, access to financial services, business performance, and empowerment indicators. Likert-scale questionnaire used to collect data and quantify responses.

Data Analysis: Statistical analysis was conducted using SPSS. Descriptive statistics summarized the demographic profile and key variables. Inferential statistics, including regression analysis and correlation tests, were used to identify significant relationships between microfinance participation and empowerment outcomes. Reliability analysis was performed to ensure the consistency of the survey instruments.

3.1.2. Qualitative Method

Sample Selection: In-depth interviews were conducted with 20 women beneficiaries, 10 MFI managers, and 10 community leaders. Participants were selected utilizing purposive sampling to ensure a diverse range of perspectives.

Data Collection: Semi-structured interview guides were utilized to investigate personal experiences, perceived benefits, challenges, and sociocultural influences associated with microfinance participation. Interviews were conducted in the local language, recorded with participant consent, and transcribed verbatim for subsequent analysis.

Data Analysis: Thematic analysis was employed to identify recurring patterns and themes from the qualitative data. Coding was conducted manually, and themes were developed inductively to reflect the participants' narratives. NVivo software was utilized to organize and manage the qualitative data.

3.2. Ethical Considerations

The investigation adhered to ethical guidelines to ensure the protection of participants' rights and well-being. Informed consent was obtained from all participants, emphasizing voluntary participation and the right to withdraw at any stage. Confidentiality was maintained through the anonymization of data, and participants were assured that their responses would be utilized solely for research purposes.

3.3. Limitations

The study acknowledges potential limitations, including the reliance on self-reported data, which may be subject to bias. Furthermore, the focus on a single district may limit the generalizability of the findings to other regions. Subsequent research could address these limitations by incorporating longitudinal data and expanding the geographical scope.

3.4. Data Analysis

3.4.1. Quantitative Findings

This section presents the quantitative findings of the study, detailing the statistical analyses conducted to examine the impact of microfinance on women's empowerment in the Batticaloa district. The analysis encompasses descriptive statistics, inferential statistics (including regression analysis and correlation tests), and the interpretation of SPSS outputs. The quantitative analysis is based on primary survey data collected from 200 women microfinance beneficiaries in the Batticaloa district.

Demographic Profile of Respondents

Table 1 Demographic Profile of Women Participants (N = 200)

Variable	Categories	Frequency (n)	Percentage (%)
Age	18-24	30	15
	25-34	80	40
	35-44	70	35
	45-54	20	10
Education Level	Illiterate	50	25
	Primary Education	70	35
	Secondary Education	60	30
	Higher Education	20	10
Type of Business	Agriculture	60	30
	Handicrafts	50	25
	Retail Trading	40	20
	Other (e.g., Services)	50	25
Duration of Business Operation (Years)	Less than 1	40	20
	1-3	80	40
	4-6	50	25
	More than 6	30	15

The demographic profile of the respondents reveals that the majority (40%) are between the ages of 25 and 34, representing a predominantly young working population engaged in microfinance-supported activities. In terms of educational attainment, a significant proportion (35%) of the participants have completed primary education, while a notable 25% are illiterate, highlighting potential barriers to access and use of financial services due to low literacy levels. Regarding the types of businesses run by these women, agriculture stands out as the most common (30%), reflecting the rural and agrarian nature of the Batticaloa district, followed by handicrafts (25%) and retail trading (20%). Furthermore, the data on the duration of business operations indicates that most women (40%) have been running their enterprises for 1 to 3 years, suggesting that many of these businesses are relatively new or moderately established, likely requiring continued support for long-term sustainability and growth.

Access to Financial Services

Table 2 Access to Financial Services Post Microfinance Participation

Financial Service	Number of Users (n)	Percentage (%)
Microloans	150	75
Savings Accounts	80	40
Insurance	30	15
Other Services	20	10

The data indicates that microloans are the most widely utilized financial service among the participants, with 75% of women having accessed them, underscoring the centrality of loans in supporting their business activities. In contrast, 40% of the women reported holding savings accounts, suggesting a moderate level of financial saving behavior, though there is room for growth in fostering more robust savings habits. Services like insurance and other financial products are less commonly used, with only 15% and 10% of participants, respectively, engaging with them. This highlights potential gaps in the uptake of comprehensive financial services beyond microloans, which could be areas for future development and education.

Economic Empowerment Indicators

Table 3 Impact of Microfinance on Household Income and Business Revenues

Indicator	Pre-Microfinance (%)	Post-Microfinance (%)	Change (%)	Significance (p-value)
Household Income Increase	30	70	40	<0.05
Business Revenue Increase	35	65	30	<0.05

The data shows a substantial improvement in household income following participation in microfinance programs. Before accessing microfinance, only 30% of women reported increased household income, whereas after participation, this figure rose significantly to 70% ($p < 0.05$), highlighting the positive economic impact of microfinance on household financial well-being. Similarly, business revenues experienced a marked increase, with 35% of participants reporting higher revenues prior to microfinance engagement, compared to 65% after participation. This change is statistically significant ($p < 0.05$), demonstrating the effectiveness of microfinance in boosting the economic productivity of women's businesses.

Decision-Making Authority

Table 4 Participation in Decision-Making Processes

Decision-Making Area	Pre-Microfinance (%)	Post-Microfinance (%)	Change (%)
Household Financial Decisions	40	70	30
Business-Related Decisions	35	60	25
Family Health and Education	45	75	30

The findings indicate a significant enhancement in women's involvement in various decision-making areas following their participation in microfinance programs. Their role in managing household financial decisions increased from 40% to 70%, demonstrating greater control and responsibility over household finances. Similarly, their authority in making business-related decisions rose from 35% to 60%, reflecting a notable improvement in their influence over business operations. Furthermore, their involvement in critical family matters, such as health and education, improved from 45% to 75%, indicating that microfinance has empowered women to take a more active role in essential family decisions.

Challenges Faced by Women in Microfinance Programs

Table 5 Challenges in Accessing and Utilizing Microfinance Services

Challenge	Number of Respondents (n)	Percentage (%)
High-Interest Rates	120	60
Repayment Pressure	110	55
Limited Financial Literacy	90	45
Cultural Barriers	80	40
Lack of Access to Larger Markets	70	35

The data in **Table 5** highlights several key challenges faced by respondents in accessing and utilizing microfinance services. The most prominent challenge, reported by 60% of respondents, is **high-interest rates**, suggesting that many women find the cost of borrowing unaffordable. This is closely followed by **repayment pressure**, with 55% of respondents indicating that they struggle to meet loan repayment schedules, which may contribute to financial stress and hinder business growth.

Additionally, **limited financial literacy** is a challenge for 45% of participants, pointing to a significant knowledge gap in managing finances and understanding loan terms, which could affect the effective use of microfinance services. **Cultural barriers** also affect 40% of respondents, reflecting societal norms or restrictions that may limit women's participation in financial activities or decision-making processes. Lastly, lack of access to larger markets is reported by 35% of respondents, indicating that many women face difficulties in expanding their businesses beyond local markets, which could restrict their growth potential.

These findings highlight the need for targeted interventions, such as financial education, flexible repayment structures, and market access support, to enhance the impact of microfinance on women's economic empowerment.

Correlation Analysis

Table 6 Correlation Matrix of Key Variables

Variables	1	2	3	4	5
1. Microloan Amount	1	0.45**	0.30**	0.25**	-0.20*
2. Household Income Increase	0.45**	1	0.50**	0.40**	-0.25**
3. Business Revenue Increase	0.30**	0.50**	1	0.35**	-0.15
4. Decision-Making Authority	0.25**	0.40**	0.35**	1	-0.1
5. Challenges Faced (Total Score)	-0.20*	-0.25**	-0.15	-0.1	1

*Note: **p < 0.01; p < 0.05

Table 6 provides a correlation matrix that illustrates the relationships among key variables affecting women's empowerment through microfinance. The findings reveal several significant correlations, both positive and negative, which underscore the dynamics of microfinance participation.

The **microloan amount** demonstrates a positive correlation with **household income increase** ($r = 0.45, p < 0.01$), indicating that larger microloans are associated with higher household income. Similarly, there is a positive correlation

between the microloan amount and business revenue increase ($r = 0.30, p < 0.01$), suggesting that increased access to microloans facilitates greater revenue generation for businesses. Additionally, the correlation with decision-making authority ($r = 0.25, p < 0.01$) implies that as women receive larger loans, their involvement in household and business decisions tends to increase.

Household income increase and business revenue increase are also positively correlated ($r = 0.50, p < 0.01$), highlighting that improvements in income are closely linked to enhancements in business performance. Furthermore, household income shows a strong correlation with decision-making authority ($r = 0.40, p < 0.01$), suggesting that financial improvements empower women to take on greater roles in family and business decisions.

Conversely, the matrix reveals negative correlations with challenges faced. The microloan amount has a weak negative correlation ($r = -0.20, p < 0.05$) with the challenges faced, indicating that higher loan amounts may be associated with fewer challenges encountered by participants. Similarly, household income increase ($r = -0.25, p < 0.01$) and business revenue increase ($r = -0.15$) also show negative correlations with the total score of challenges faced, reinforcing the idea that as women's financial situations improve, they experience fewer obstacles.

Overall, these correlations illustrate the interconnected nature of microfinance, financial improvement, and decision-making authority, while also emphasizing the importance of addressing challenges to enhance women's economic empowerment. This matrix underscores the critical role of microfinance in fostering women's agency and financial stability, suggesting that targeted interventions to mitigate challenges could further amplify these positive effects.

Regression Analysis

A multiple regression analysis was conducted to examine the predictors of Household Income Increase based on Microloan Amount, Business Revenue Increase, Decision-Making Authority, and Challenges Faced.

Table 7 Regression Analysis Predicting Household Income Increase

Variable	B	SE	β	t	p-value
Intercept	10.5	5.2	-	2.02	0.044*
Microloan Amount	0.75	0.2	0.35	3.75	0.001**
Business Revenue Increase	0.6	0.15	0.4	4	0.000**
Decision-Making Authority	0.5	0.18	0.3	2.78	0.006**
Challenges Faced	-0.25	0.1	-0.2	-2.5	0.013*
R-squared			0.58		
Adjusted R-squared			0.56		

*Note: ** $p < 0.01$; * $p < 0.05$

The regression analysis presented in the table reveals the relationship between several predictor variables and their impact on women's empowerment through microfinance. The model's overall explanatory power is indicated by an R-squared value of 0.58, suggesting that approximately 58% of the variance in the dependent variable can be explained by the independent variables included in the model, which is considered a good fit. The adjusted R-squared value of 0.56 further confirms the model's robustness while accounting for the number of predictors.

The **Intercept** is statistically significant ($B = 10.5, p = 0.044$), indicating a baseline level of empowerment when all predictor variables are held at zero. Among the independent variables, **Microloan Amount** shows a significant positive effect ($B = 0.75, \beta = 0.35, t = 3.75, p < 0.001$), suggesting that for each unit increase in the microloan amount, women's empowerment increases by 0.75 units. This finding emphasizes the critical role of financial access in enhancing women's economic standing.

Business Revenue Increase also displays a strong positive relationship ($B = 0.6, \beta = 0.4, t = 4.0, p < 0.001$), indicating that as business revenues rise, so too does women's empowerment, with an increase of 0.6 units for each unit increase in business revenue. Similarly, **Decision-Making Authority** contributes positively to empowerment ($B = 0.5, \beta = 0.3, t$

= 2.78, $p = 0.006$), highlighting that increased authority in decision-making correlates with a 0.5 unit increase in empowerment.

Conversely, the variable **Challenges Faced** has a significant negative coefficient ($B = -0.25$, $\beta = -0.2$, $t = -2.5$, $p = 0.013$), suggesting that as the challenges faced by women increase, their level of empowerment decreases by 0.25 units. This result underscores the importance of addressing barriers that hinder women's financial and social progress.

In brief, the regression analysis indicates that the number of microloans, business revenue, and decision-making authority positively influence women's empowerment, while challenges faced exert a negative impact. These findings underscore the necessity of targeted interventions that enhance financial access and reduce obstacles to empower women effectively.

In conclusion, the quantitative data highlights both the positive outcomes and existing challenges in accessing microfinance services. While many women report increased financial independence and decision-making authority, the challenges identified in accessing these services underscore the need for continued support and education. Addressing these barriers will be crucial for maximizing the impact of microfinance on women's economic empowerment in the region.

3.4.2. Qualitative Findings

The theme of **empowerment and financial independence** emerges as a dominant narrative among participants, illustrating how access to microfinance has enabled women to gain control over their economic circumstances. Many participants expressed that microloans have facilitated their entry into entrepreneurial ventures, allowing them to generate income and achieve financial autonomy. This newfound independence has also translated into increased confidence and self-esteem, empowering women to take active roles in their households and communities.

A notable theme is the **enhanced decision-making authority** observed among women post-participation in microfinance programs. Participants reported a significant shift in their involvement in household financial decisions, with many stating that their input is now valued and sought after by family members. This change not only reinforces their role within the family structure but also promotes gender equality by challenging traditional gender norms that often marginalize women in financial discussions.

The formation of **support networks** represents another critical aspect of the participants' experiences. Women highlighted the importance of peer interactions and support systems that emerged through group lending models. These networks provide emotional and practical support, fostering a sense of community among women entrepreneurs. Participants emphasized that sharing experiences and strategies with one another has not only improved their business acumen but has also created a collaborative environment conducive to personal and professional growth.

However, the analysis also uncovers various **challenges** faced by women in accessing and utilizing microfinance services. High-interest rates, repayment pressures, and limited financial literacy emerged as significant barriers that hindered the full potential of microfinance initiatives. Many participants expressed feelings of anxiety regarding repayment schedules, indicating that while the loans are a valuable resource, the financial burden can be overwhelming.

Finally, the theme of **future aspirations** reflects the forward-looking mindset of participants. Many women articulated a desire to expand their businesses, acquire further training, and increase their contributions to their families and communities. This theme highlights the transformative potential of microfinance not just in addressing immediate financial needs, but also in fostering long-term economic and social development.

In summary, the qualitative findings underscore the multifaceted impact of microfinance on women's empowerment. While participants have experienced notable advancements in financial independence and decision-making authority, they also face significant challenges that require attention. The insights gained from this thematic analysis provide a foundation for developing targeted interventions to enhance the efficacy of microfinance programs, ensuring they address both the needs and aspirations of women in the Batticaloa district.

3.4.3. Integration of Quantitative and Qualitative Data

Integrating quantitative and qualitative data provides a holistic understanding of the effect of microfinance on women's empowerment, as each method offers unique insights that complement the other. In this study, the quantitative data

illustrates the broader trends and measurable impacts of microfinance programs, while the qualitative data sheds light on personal experiences and contextual nuances.

Synergistic Impact of Microfinance on Income and Empowerment

Quantitative findings show that 70% of women reported an increase in household income post-microfinance participation, a significant rise from 30% before accessing microloans. This increase in income aligns with qualitative responses, where women described feeling more financially independent and capable of contributing to their household expenses. One respondent remarked, "Now I can send my children to school without relying on my husband for everything." These findings mirror previous studies that highlight microfinance as a critical tool for increasing women's economic stability (Armendariz & Morduch, 2010; Kabeer, 2012). Kabeer (2005) further argues that financial independence gained through microfinance often leads to enhanced self-worth and social status, which is also reflected in our qualitative analysis, where women reported increased respect within their households.

Enhanced Decision-Making Power

In the quantitative data, 60% of women reported increased involvement in household decision-making processes, particularly in financial matters. This improvement in decision-making authority is corroborated by qualitative insights, where many women noted that their ability to contribute financially led to greater influence in household decisions. One respondent mentioned, "My husband and I now discuss how to spend our income together." This observation aligns with studies by Pitt and Khandker (1998), who found that women's participation in microfinance significantly enhances their decision-making power within families. Additionally, Hashemi, Schuler, and Riley (1996) suggest that when women control income, they gain increased bargaining power, leading to more equitable gender relations within households.

Addressing the Challenges

While the quantitative data indicates that a majority of participants benefited financially, it also reveals key challenges. For example, 60% of women cited high-interest rates as a barrier, and 55% struggled with repayment pressures. These quantitative findings were reinforced by qualitative data, where women expressed concerns about the burden of repaying loans, especially during periods of low business income. One respondent shared, "There are months when business is slow, and paying back the loan becomes very stressful." This is consistent with the findings of Rahman (1999), who discusses how microfinance, though empowering, can also place women under considerable pressure to meet repayment deadlines. The dual role of microfinance—both as a facilitator of financial independence and a source of financial stress—reflects the complexity highlighted in earlier research.

Social and Cultural Dimensions

Qualitative findings revealed that beyond financial empowerment, microfinance had a substantial impact on women's social standing in their communities. Many participants felt that they were more respected and valued as contributors to the household economy. One woman noted, "People in my community no longer see me as just a housewife; they recognize me as a businesswoman." This change in perception mirrors the observations made by Mayoux (2000), who asserts that microfinance can shift traditional gender roles by promoting women's active participation in the economy. However, qualitative data also revealed lingering cultural barriers, as 40% of respondents mentioned resistance from male family members or community leaders. This finding aligns with Karim (2011), who points out that despite their economic contributions, women in microfinance programs often face social and cultural opposition, which can limit the full realization of empowerment.

3.5. Future Directions and Recommendations

The integrated findings highlight the multifaceted nature of women's empowerment through microfinance. Quantitatively, the data underscores significant improvements in income, business growth, and decision-making power. Qualitatively, the insights emphasize the importance of social recognition, community dynamics, and the psychological burdens that accompany financial responsibilities. These findings suggest that for microfinance to be truly effective, programs must address both the economic and socio-cultural dimensions of empowerment. Training programs focused on financial literacy, as well as interventions aimed at alleviating repayment pressures, could enhance the benefits of microfinance. This recommendation is supported by Wright (2000), who argues that microfinance must be paired with education and support services to ensure sustainable development.

4. Conclusion

By integrating quantitative and qualitative data, this study provides a more comprehensive understanding of the impact of microfinance on women's empowerment. While the quantitative data captures the measurable economic benefits, the qualitative data highlights the personal and social changes experienced by women, offering a richer and more nuanced perspective. The findings affirm that microfinance is a powerful tool for empowering women, but they also reveal areas where further support is needed to ensure that financial empowerment translates into sustainable social and cultural change.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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