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EMPOWERING WOMEN ENTREPRENEURS VIA MICROFINANCE: A SYSTEMATIC REVIEW OF FORGOTTEN DIMENSIONS

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Abstract

The microfinance industry presents promises of using financial services to empower women through entrepreneurship within their families and communities. However, throughout the literature, the evidence that the microfinance sector empowers women entrepreneurs is still debated. Behind mixed findings and controversial results of the microfinance promises lies the methodological complain that empirical studies assessing the impact of the microfinance sector on the empowerment of women entrepreneurs address specific dimensions only. Authors argue that such a partial selection of dimensions limits the results of impact studies. Furthermore, the assessment of women empowerment is incomplete and biased if it fails to measure important related dimensions. In such a context, this paper has two objectives. First, identify dimensions that should be examined when assessing the empowerment of women entrepreneurs. Second, investigate the microfinance literature in order to highlight dimensions that have been addressed so far and then inform dimensions that should be (re)considered.

Keywords: Microfinance; Women; Entrepreneurship; Empowerment

1. INTRODUCTION

Gender-based inequalities have resulted in the need to provide women with access to power in its different forms (Turner & Maschi, 2015). This is referred to as women empowerment. Notwithstanding the amount of effort invested in empowering women, entrepreneurship is still repeatedly reported as a particular domain where women suffer from a less equitable distribution of power (Tambunan, 2017; Panda, 2018).

The microfinance industry presents promises of using financial services to empower women through entrepreneurship within their families and communities (Noor et al., 2021; Trivedi & Petkova, 2021). For instance, authors argue that by enabling women to engage into entrepreneurship, the microfinance sector, as it provides both financial as well as non-financial services, is likely to increase their income and their bargaining power within the household (Swain & Wallentin, 2009; Sultana et al., 2017). Some scholars hold that these effects are expected to lead to various mutually reinforcing social, psychological and even legal and political effects such as better self-esteem and self-confidence, an improvement in status within the family and the community, better spatial mobility, and greater visibility of women in public spaces, and so forth (Swain & Wallentin, 2009; Mersland & Strøm, 2012; Sultana et al., 2017).

However, throughout the empirical literature, the evidence that the microfinance industry empowers women entrepreneurs is still debated and controversial. Investigations result in mixed findings (Trivedi & Petkova, 2021). Furthermore, empirical studies assessing the impact of the microfinance sector on the empowerment of women entrepreneurs address specific dimensions only. The selection of these dimensions has been driven by different factors, such as the definitions ascribed to the concept of women's empowerment (Nessa et al., 2012) and the socio-economic profile of the targeted women (Khan & Noreen, 2012). Such a partial selection of dimensions limits the results of impact studies. Especially Khan and Noreen (2012) argue that the assessment of women empowerment is incomplete and biased if it fails to measure important related dimensions. In such a context, two research questions emerge: What are the dimensions to examine when assessing the empowerment of women entrepreneurs? Which dimensions have been addressed by the microfinance literature and which ones should be (re)considered?

By exploring charted and uncharted dimensions of the empowerment of women entrepreneurs in the microfinance literature, this systematic review identifies new research avenues. In this

way, the paper provides a major contribution to the microfinance literature as well as the development and gender literature.

The rest of the paper is organized as follow. The second section discusses general definitional considerations around the concept of women empowerment. The third section discusses the specific case of women entrepreneurs and presents the conceptual framework of the paper. The fourth section describes the methodology used in the paper. The fifth section presents results of the study before discussing them and concluding in the sixth and seventh sections respectively.

2. WOMEN EMPOWERMENT: DEFINITIONAL CONSIDERATIONS

Feminist theorists and critical development researchers suggest that empowerment has become one of the most widely used and abused word in the current development practices and policies (Goldman & Little, 2015). Given diverse social, cultural, economic and political stances from which the construct of women empowerment is conceptualized, existing related definitions fail to get to consensus (Mandal, 2013; Goldman & Little, 2015).

For instance, Appleyard (2002) defines women empowerment as the process by which women are enabled to make choices. However, Kabeer (1999) highlights that not all choices are equally relevant when defining power. Some choices are less life consequential than others. In this sense, women would be empowered when enabled to make strategic choices (significant life consequences) rather than just second-order choices (less life consequences). In the other vein, Alsop and Heinsohn (2005) argue that women empowerment is not about the ability to make choices but it occurs when women have the ability to transform choices they make into desired actions and outcomes.

Defining power through choices is reported to be complex and challenging as women may internalize and accept unfair gendered roles assigned to them by social norms. Such a behavior will make it difficult to distinguish between the lack of power and the preference among women (Sen, 1990; Kabeer, 1999). Thus, on the one hand, women empowerment is defined as the ability for women to challenge differences along universally valued basic fundamentals of survival and well-being regardless of context, like for instance proper nourishment, good health and shelter (Sen, 1990). On the other hand, women are considered empowered when they start being critical about gender-biased social norms (Kabeer, 1999). For Malhotra and Schuler (2002), women are empowered when they influence institutions by which they are affected by being active actors in political processes and local decision-making. On his side, Rowlands (1997) theorizes the concept of women empowerment beyond the simple participation into

decision-making processes and integrates the process through which women perceive themselves as decision makers.

Furthermore, various other scholars define empowerment through poverty alleviation arguing that the poorest people are, the powerless they are (Kabeer, 1999; Ibrahim & Alkire, 2007). Poverty is both a choice alternatives constraint (Kabeer, 1999) and a confidence constraint to the person's ability to make choices (Mandal, 2013). As such, for Chambers (1993), women would be empowered when their sense of self-reliance increases through the access, ownership and control over material and non-material assets including circumstances of life (physical, human, intellectual, financial) and ideology (beliefs, values and attitudes) (Kjosavik & Vayrynen, 2021).

Despite the lack of a definitional consensus over the concept of women empowerment as discussed above, the common feature coming out of the discussion is the idea that women empowerment becomes an objective only in a context where women are disempowered (Kabeer, 1999). Disempowerment occurs when women cannot act the way they want due to preventing constraints. Otherwise, women's behavior will be assimilated to their preferences and priorities. In this sense, it appears that empowering women refers to the ability to address constraints preventing them to act the way they value relevant (Kabeer, 1999).

3. FOCUS ON WOMEN ENTREPRENEURS: A CONCEPTUAL FRAMEWORK

Building on the above remark, we argue that all women do not face the same constraints. Specifically, women entrepreneurs face constraints that are evident in the institutional theory at different levels, namely: *normative, regulative and cognitive institutional levels* (Naguib & Jamali, 2015)

The normative institutional level includes norms, values, beliefs, attitudes and standards of acceptable behavior in society (Naguib & Jamali, 2015; Carranza et al., 2018). The process during which these attributes are transmitted is referred to as 'socialization' (Adamonienė & Astromskienė, 2015). During the socialization process, gender roles are created by defining what is considered as appropriate behavior both for men and women (Naguib & Jamali, 2015; Carranza et al., 2018).

For instance, within the entrepreneurial socialization, entrepreneurship is generally perceived as a male domain (Manolova et al., 2008; Singh, 2013). Women must comply with their 'womanly' duties as homemakers, children caregivers, housewife, husband's wife, etc. (Tambunan, 2009; Panda, 2018). Such a socialization is reported to contribute toward gender

stereotypes and women's tendency to consolidate and extend their domestic roles by focusing on skills linked to their gendered identity rather than their entrepreneurial capacities (Agier & Szafarz, 2013; Xheneti et al., 2019). Consequently, compared to men, women are featured with a low level of education, information and financial literacy; less experience in business, weak technical knowledge, poor managerial and entrepreneurial skills that in turn negatively influence the involvement of women in entrepreneurship (Mezgebo et al., 2017; Ghosh et al., 2018; Afshan et al., 2021). Besides, Agier and Szafarz (2013) remark that women are exposed to harsher loan downsizing compared to men because of gender stereotypes among loan officers that women lack entrepreneurial skills.

Furthermore, in highly patriarchal societies, women are not allowed to leave home alone; they are not allowed to initiate their own businesses or run businesses that involve contacts with men (Tambunan, 2009). Given the above gender social norms, women entrepreneurs are reported to suffer from the lack of supportive network. Supportive networks are praised for offering platforms for market information, experience exchange, logistical support, as well as other means of supports such as linkage to suppliers, investors, financing and technology, strategic assistance, etc. (Panda, 2018; Etim & Iwu, 2019; Jaim, 2021). However, considering that the involvement in such networks requires attributes that are less available to women, namely time and less restrictions, existing network associations do not fit with the profile of women (Ming-Yen & Siong-Choy, 2007).

The cognitive institutional level indicates the extent to which normative conceptions are internalized and accepted as legitimate social thoughts and actions (Baughn et al., 2006; Naguib & Jamali, 2015). Fear of failure, risk-aversion, lack of self-esteem, low expectance and entrepreneurial self-efficacy are examples of cognitive mindsets resulting from internalized normative social embedment that inhibit women choices as regard to entrepreneurship (Addae, 2015; Siba, 2019; Reichert et al., 2021). For instance, Chen et al., (1998, p. 296) argue that “there may be many women who shun entrepreneurial activities not because they actually lack necessary skills but because they believe they do”.

The regulative institutional level encompasses codified laws, regulations and policies providing support to a specific behavior embedded in society (Busenitz et al., 2000; Baughn et al., 2006). From an entrepreneurial perspective, regulative considerations refer to formal initiatives affecting the launch, organization and management of new ventures (Naguib & Jamali, 2015). In this sense, authors mention the legal and political awareness as an important

aspect of women empowerment dimensions. This is the knowledge of political systems, legal and civil rights as well as the knowledge of existing support for exercising rights (Cheston & Kuhn, 2002; Addae, 2015).

Besides the awareness of legal and civil rights, unfavorable regulations appear to be another big challenge holding out entrepreneurship from women choices. In such a context, Malhotra and Schuler (2002) and Addae (2015) point out to regulatory advocacy as an additional aspect of women empowerment dimensions to be considered. It comprises mobilization for women's rights, advocacy for rights and legislation and use of judicial and political systems to redress gender-biased rights (Malhotra & Schuler, 2002; Addae, 2015).

Providing evidences of unfavorable regulations negatively affecting female entrepreneurship, Carranza et al., (2018) highlight statistics of countries with laws preventing women from working in certain jobs; countries providing husbands with legal rights to prevent their wives from working; civil laws preventing women from opening bank account or signing any type of contract without the permission of their husband; laws denying property inheritance rights to women, etc.

Besides, financial policies do not favor women entrepreneurship. Women entrepreneurs often face greater difficulties raising funding capital, accessing credit and mobilizing formal savings (Agier & Szafarz, 2013; Tambunan, 2017). In a way, lack of capital, low access to credit and savings are not isolated in nature but interrelated in the sense that women related characteristics such as weak credit record, insufficient work history and inadequate savings negatively affect women's ability to raise capital (Panda, 2018). As regards credit access, women lack adequate collateral, since they are often denied property ownership, they are generally perceived too risky and less profitable (Panda, 2018). In this regard, women need savings to compensate for this lack of physical collaterals, but also to protect their income (Ekpe et al., 2010). Besides, savings can be reinjected into the business as they allow to accumulate the necessary capital to launch economic activities, stimulate innovations, increase production and ultimately contribute to the growth of the business (Ekpe et al., 2010; Jagadeesh, 2015).

Regulations failing to integrate women entrepreneurs into the formal economy is a further example of unfavorable policies. Unlike men and similar to other marginalized groups, women are overrepresented in the informal economy. Authors argue that formalization requirements in terms of skills, investments and assets, experience regarding markets, customers and regulatory standards contribute to maintain women entrepreneurs into the informal economy (Thapa Karki

& Xheneti, 2018; Xheneti et al., 2019). We argue that the integration of the women owned SMEs into the formal economy is a subdimension within which women entrepreneurs should be empowered as the informal economy creates further barriers for the expansion of women entrepreneurial activities. Thapa Karki and Xheneti (2018) present the informal economy as a risky entrepreneurial space for women due to its unregulated characteristic and its related vulnerability pertaining to location of business, exposure to petty crime and harassment.

With regard to the above presented literature, we identify dimensions which can be viewed as levers that should be examined when assessing the empowerment of women entrepreneurs. In this way, we propose a conceptual framework (figure 1) that has two merits. On the one side, it answers the first research question of the paper. On the other side, it introduces the systematic review part of the paper in the sense that it presents and visualizes different dimensions of the empowerment of women entrepreneurs that we confront with empirical studies in the field of microfinance.

It is worth noting that the suggested conceptual framework is derived from the different constraints detailed above. While building the figure 1 we classify identified constraints in homogeneous groups that we refer to as “empowering dimensions of women entrepreneurs”. By doing so, we identify four main dimensions, namely the socio-economic and cultural dimension, the political and legal dimension, the financial dimension and the psychological dimension. Besides, for each of the four dimensions, as subdimensions, we associate the different constraints preventing women to engage effectively in entrepreneurship. Following this process and narrowing the analysis on specificities of women entrepreneurs, the proposed conceptual framework is consistent with the mainstream literature suggesting that women empowerment occurs along several broad dimensions comprising a range of sub-domains within which women may be empowered (Malhotra & Schuler, 2002; Varghese, 2011).

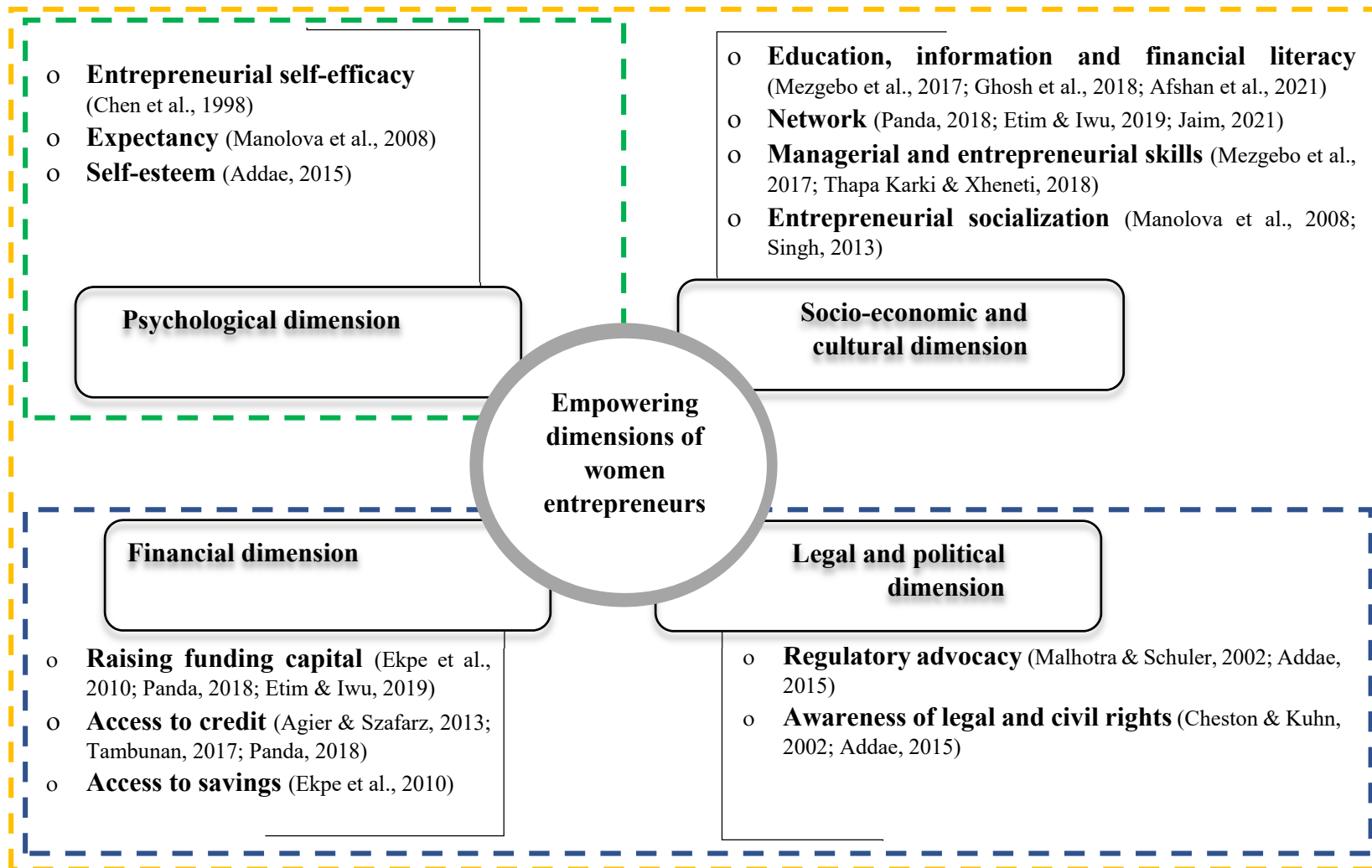
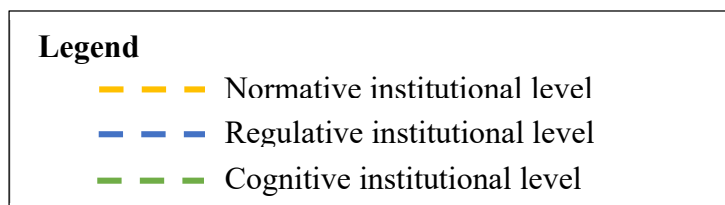


Figure 1: Dimensions of empowerment of women entrepreneurs

Source: The authors



Besides, in the figure 1, to locate each identified dimension at a specific level we resort to the definitional features of the three institutional levels as presented above. First of all, we consider that the normative institutional level is an encompassing level covering all the four identified dimensions as in a way or another each dimension is rooted in socially accepted behavior, norms, values, beliefs and attitudes. More specifically, we locate the psychological dimension at the cognitive institutional level as at this level we identify behavioral patterns resulting from the psychological acceptance and internalized normative considerations. In the last position, we locate the financial dimension as well as the legal and political dimensions at the regulatory institutional level as these dimensions result from the failure of regulations and policies to support the women entrepreneurship.

4. METHODOLOGY AND DATA DESCRIPTION

4.1. Method of data collection

Our study uses the systematic review method, allowing to identify, analyze and summarize knowledge (Herbert et al., 2009; MacInnis, 2011; Shlonsky et al., 2011). On the one hand, it is considered as a method that enables theoretical extensions and development (MacInnis, 2011; Fawcett et al., 2014; Al Khayyal et al., 2021). On the other hand, this approach allows the simplification of a knowledge that appears to be complex and elusive given the many disparate instances upon which it is built (MacInnis, 2011; Fawcett et al., 2014). In the context of the empowerment of women entrepreneurs, a systematic review is relevant. Given the many considerations it has, linked to women, the concept of empowerment is reported as one of the most widely used and abused word in the current development practices and policies (Goldman & Little, 2015). In this sense, a systematic review allows to reduce the big brunch of knowledge around the concept to a manageable set of key takeaways (MacInnis, 2011).

Similar to other scholars (Cyril et al., 2016; Hermes & Hudon, 2018; Santoso et al., 2019; Al Khayyal et al., 2021) the applied methodology in this study follows guidelines for systematic reviews of social and economic interventions as set out by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA). The PRISMA statements are critical appraisal tools developed by scholars, methodologists, practitioners and policy-makers adhering to rigorous methodological standards ensuring the quality, credibility and the merit of a particular review to answer a specific research question (Liberati et al., 2009; Shlonsky et al., 2011).

These standards include clear inclusion and exclusion criteria, an explicit search strategy for the identification of studies, systematic coding and analysis of included studies, and quality assessment (Liberati et al., 2009; Brody et al., 2015; Al Khayyal et al., 2021).

Studies included in the review were collected from a broad search of available studies through different sources. In the first step, six electronic databases, were searched for peer-reviewed papers. These databases were selected based on their reputation as relevant for the topic of performance and microfinance (Reichert, 2018) they include: EconLit; ProQuest; Scopus; BLDS and ELDIS. For French-written articles we added Cairn as an additional database. When searching for papers in the different databases, we used the combination of keywords and their synonyms (see table 1) built from the existing literature.

Table 1. Keywords and synonyms

Keywords	Synonyms
Microfinance	Microcredit
Women	Female, Gender
Entrepreneur	Entrepreneurship, Microenterprise, SMEs
Empowerment	Impact, Outcome , Autonomy, Power, Status , Agency, Discrimination

Source: The authors

In the second step, we performed a hand-search on google scholar and specific peer-reviewed journals among references cited by the reviews found during the first step (Moyson et al., 2018; Reichert, 2018). However, authors (Petticrew & Roberts, 2008; Cooper et al., 2018) argue that for social sciences, data bases are not the only sources of information. Considering that for the specific case of our study, the empowerment of women is a global development goal involving different stakeholders including both academicians as well as donors, developmental agencies, governments and international organizations, in the third step, we identified additional references from practitioners’ reports and grey literature through Google scholar; JOLIS; CGAP; DFID and the World Bank publications. This allowed us to extend the scope of analysis. For a more comprehensive search, in the fourth step, we contacted known experts in the field of microfinance and women empowerment in order to supplement our review with important references.

To avoid the risk that, from the initial identified references, a particular study is mistakenly included or excluded in the review, similar to Moyson et al., (2018), we performed a double check screening process. The two authors separately examined all the identified studies by reading through the titles, abstracts, introductions, methods, results and discussions to make

sure that they met the inclusion criteria and the current paper objectives. This process resulted into two lists of included studies for review after the exclusion of irrelevant studies based on the defined inclusion and exclusion criteria. The consensus on studies included in the review was found between the authors by comparing the two lists.

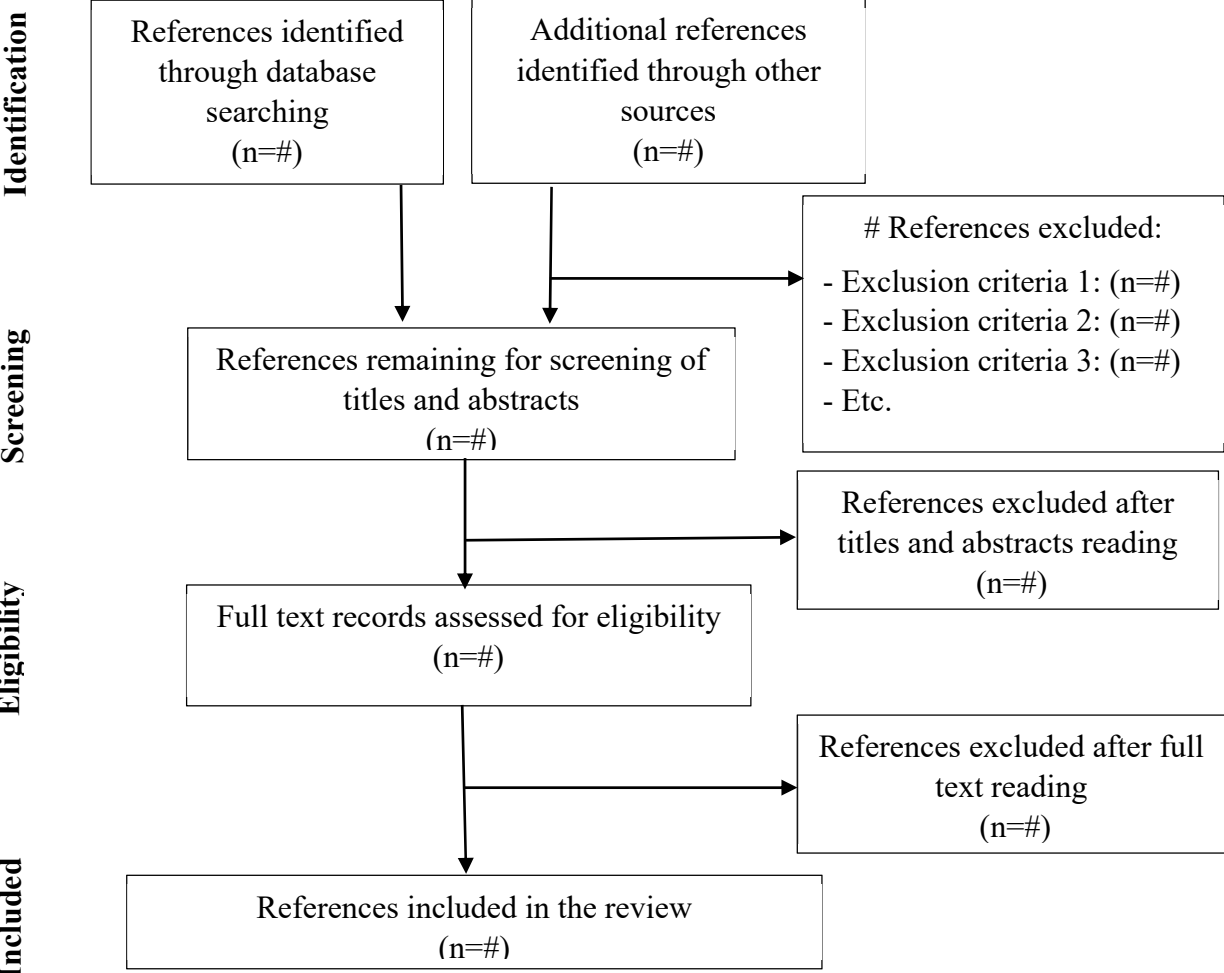


Figure 2: PRISMA diagramme-flowchart of studies reviewed

Source: The authors, adapted from ...

multistep screening process based on clear inclusion and exclusion criteria (see table 2). In order to minimize bias in studies inclusion and exclusion for review, the construction of inclusion and exclusion criteria adhered to the PRISMA guidelines for preparation of systematic review protocols (Liberati et al., 2009; Shlonsky et al., 2011). The stated guidelines align with specific frameworks to structure the reporting of eligibility criteria (Cooper et al., 2018; Page et al., 2021).

Table 2. Inclusion and Exclusion criteria

	PICO framework	Inclusion criteria	Exclusion criteria
Study eligibility criteria	P - Population (characteristics of the population)	Only studies investigating women entrepreneurs were included.	Studies not focusing on women entrepreneurs were excluded
	I - Intervention (the intervention being considered)	Included studies should study the provision of microfinance services, financial and non-financial.	Were excluded all studies discussing financial and non-financial services provided by any financial institution other than microfinance institutions
	C - Comparator (the alternative to the main intervention considered)	No comparison was considered. Only studies addressing the microfinance intervention were included.	
	O - Outcome (the improvements of the intervention)	We included studies empirically investigating the effect of the microfinance intervention on the client-side. More specifically the empowerment of women entrepreneurs irrespective of the study design. Both quantitative and qualitative studies were included. No restriction was placed for the study context neither. Papers implemented in developing and developed countries were included.	First, we excluded all studies focusing on any topic other than women empowerment; Second, we excluded all studies focusing on the MFI-side such as: - Studies discussing the effects of empowerment programs on the MFIs themselves; - Studies investigating the effect of targeting women entrepreneurs on the performance of MFIs;
Report eligibility criteria		Language - Given the translation issues, only studies written in English and French were included.	Were excluded all studies written in any other language than English or French.
		Publication status - In order to extend the scope of the analysis (Reichert, 2018; Squevin et al., 2021), we included peer-reviewed papers as well as reliable published and unpublished practitioner reports and grey literature.	For feasibility reasons books and book chapters were excluded. Such criteria would lead to a publication bias, however this potential bias is avoided by the fact that most of books' findings are condensed or excerpted into included peer-reviewed papers, grey literature and practitioner reports (Moysen et al., 2018).
		Year of publication - We selected studies realized from 1990 onward. 1990 was chosen as before the 1990s, only very few studies were conducted on the microfinance efficiency (Brau & Woller, 2004; Hermes & Hudon, 2018; Reichert, 2018).	Were excluded all studies realized before 1990.

Source: *The authors*

The literature (Davies, 2011; Cooper et al., 2018) reports different frameworks as well as some of their variations. However, in the current paper we applied the PICO (Population, Intervention, Comparator and Outcome) framework to specify inclusion and exclusion criteria of studies reviewed in this paper. In the specific case of our study, the PICO framework is recommended as it is the dominant and commonly used model for reviews of interventions effectiveness (Cooper et al., 2018; Page et al., 2021).

4.2. Description of the Data