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CONTRIBUTIONS OF AMANAH IKHTIAR MALAYSIA (AIM) MICROFINANCE TO ECONOMIC EMPOWERMENT (EE) OF WOMEN BORROWERS IN MALAYSIA

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ABSTRACT. The main aim of the study is to investigate the impact of AIM micro-crediting on the on the Economic empowerment (EE) of the borrowers at the East Coast Region in Malaysia. The study used both the quantitative and qualitative approach based on primary data from the field. There are 384 samples of AIM's borrowers were collected from the Terengganu, Kelantan, and Pahang in East Coast Economic Region (ECER), Malaysia. The present study has used descriptive statistical and women empowerment index. The women empowerment index (the Economic Empowerment Index) employed to measure the level development of the status of women in economical decision-making contexts. The study summarized that AIM's credit has contributed towards the 'improvement of empowerment of women in all categories of Economic issues. The present study recommends policy considerations for the successful and effective operation of microfinance programs through the increase of proper income generating activities, sufficient amount of access to credit, create self-employment opportunity in Malaysia.

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Introduction

Microfinance means provision of access to small amounts of credit to the poor and those who do not have assets for collateral, financial records, and credit history. Microfinance can be used for IGAs to alleviate poverty and ensure livelihood development. Women comprise 95%

of all borrowers of MFIs. At the same time, poor women are often ignored in most parts of the society (Basher, 2007). They are marginalized and have no opportunities for self-sufficiency, and thus, become dependent on charity or welfare (A.B. Bhuiyan, Siwar, Ismail, & Hossain, 2012). Hence, poor women lose their self-confidence because they cannot be fully self-supporting. Denied opportunities deprive poor women of the pride of accomplishment. This situation, in turn, leads to psychological, social, and mental health problems (Vargas & Maria, 2002).

Women empowerment is a means to achieve basic opportunities for poor women. Empowerment includes encouraging and developing skills for self-sufficiency, with a focus on eliminating the need for charity or welfare support (Gibbons & Kasim, 1990; Salma, 2004; Nawai & Bashir, 2009). In spite of remarkable economic growth in Malaysia which is reducing inter-ethnic income disparity and economic imbalance, hard-core poverty and problems with women empowerment are the prime threats that hinder Malaysia from being declared as a completely developed country by 2020 (Mamun, Wahab, Hossain, & Malarvizhi, 2011). The Amanah Ikhtiar Malaysia (AIM) has been the major and largest MFI in Malaysia (Salma, 2004; Mamun et al., 2011). By adopting the Grameen Bank microcredit approach, AIM provides poor women with access to credit for IGAs and eventually move them out of poverty.

Analysis of the existing literature reveals there are limited studies on the assessment of AIM microcredit performance in part of success stories about women empowerment in Malaysia. Thus, this study will analyze the contribution of AIM to improving economic empowerment of poor women borrowers in Malaysia. This research will also propose future directions for the effective use of credit for IGAs and development of poor women in Malaysia.

1. Literature review

1.1. Microfinance in Malaysia

Malaysia is touted as an Asian miracle because of the remarkable economic growth within the last three decades. Microcredit is a proven tool against poverty in developed and developing countries. It has launched a challenge to the formal financial system with the hope of development for the poor, who comprises a large part of the world population. Microfinance is not new in Malaysia. This program has been operated by credit unions, cooperative banks, and the specialized credit windows of banks. The formal microcredit institutions were developed in Malaysia when Majlis Amanah Rakyat (MARA) was formed by an act of parliament in 1966. It originally began as the Rural Industrial Development Authority (RIDA), which was a program that was established by the British colonial administration in 1951. RIDA aimed to provide economic assistance and to support Malay farmers and rural inhabitants. This organization was later expanded and became MARA in 1966. The council of trust to the Bumiputera and Credit Guarantee Corporation (CGC) introduced microfinance loans to its borrowers. Currently, several government and non-government organizations (NGOs), such as Yayasan Usaha Majuin Sabah, Koperasi Kredit Rakyat in Selangor, Tabung Ekonomi Kumpulan Usaha Neaga (TEKUN), Credit Guarantee Corporation (CGC), National Savings Bank (BSN), and AIM, engage in national and local microfinance in Malaysia. Moreover, a few remarkable institutions that have been providing microcredit in the agricultural sectors are the Agriculture Bank of Malaysia (BPM), Farmers Organization Authority (LPP), Federal Land Development Authority (FELDA), and agro-based Cooperative Societies. Very recently, several commercial banks, for example, CIMB, are also engaged in microcredit activities. However, these banks do not operate their activities directly as microfinance providers. Their

involvement is limited to expanding the lines of credit to AIM and other MFIs as a mediator for the schemes (APEC, 2005). Some of the MFIs of the government and NGOs in Malaysia are described in Table 1.1.

Table 1.1. Active MFIs in Malaysia

Name of MFIs	Date of Birth	Status	Locations/Scale
Federal Land Authority (FELDA)	1956	Governmental	National
Majlis Amanah Rakyat (MARA)	1966	NGO	National
Credit Guarantee Corporation (CGC)	1972	Governmental	National
Farmers Organization Authority (LPP)	1973	Governmental	National
National Savings Bank (BSN)	1974	Governmental	National
Amanah Ikhtiar Malaysia (AIM)	1987	NGO	National
Koperasi Kredit Rakyat (KKR)	1988	NGO	Selangor
Tabung Ekonomi Kumpulan Usaha Negara (TEKUN)	1998	NGO	National
Yayasan Usaha Maju (YUM)	2002	NGO	Sabah
Bank Pertanian Malaysia (BPM)	2003	Governmental	National

Sources: (APEC, 2005)

1.2. Concept of empowerment and women empowerment

The term empowerment comes from the word “empower,” which means “to give power or authority to someone.” Moreover, empowerment is an intrinsic quality of a person, which cannot be bestowed by a third party. The behavior of an empowered person is considered to change. Briefly, empowerment is a process that enables one to gain power, authority, and influence over others. Scholars have given their opinion on the concept of empowerment.

People assume “control and mastery over their lives in the context of their social and political environment.” Some researchers describe empowerment as a continuous, on-going, and interactive process that leads to the enhancement of abilities and a wider scope for choice and action of an individual. Thus, empowerment leads to equity and well-being of the individual and the community (Wallerstein, 1992). Moreover, “the empowerment as a process of enabling or authorizing an individual to think, behave, and take action and controlling work autonomously. It involves some degree of personal development. Individuals become empowered when they obtain the right to determine choices in life and to influence the direction of change through the ability to gain control over material and non-material resources. The World Bank ‘Empowerment Source Book’ also defines empowerment in the same way” (Rowlands, 1997).

By contrast, women empowerment is an active and multi-dimensional, process, which enables women to realize their full identity and power in all spheres of life. Power is neither a commodity to be transacted nor alms that can, be given away. Power has to be acquired, and once acquired, power needs to be exercised, sustained, and preserved. There are a number of studies about the issues of women empowerment. Stromquist (1995) explains that empowerment includes both cognitive and psychological elements. It involves “women’s understanding of their conditions of subordination and the causes of such conditions at both micro and macro levels of society. It involves understanding the self and the need to make choices that may go against cultural and social expectations” (Stromquist, 2002). Moreover, women empowerment is a process of improving the status and abilities of women to enable

them to lead their lives autonomously. Women empowerment is a complicated and continuous process, which aims to change the way of thinking of the whole society to ensure the equal enjoyment of human rights for all. Women empowerment is a continuous process of increasing the economic, social, political, and psychological strengths (Rowlands, 1997; Stromquist, 2002; Wallerstein, 1992). Finally, the study summarizes the concept of women empowerment as a process that allows one to gain knowledge, power, skill-sets, and attitude that are needed to cope with the changing world and the circumstances in the environment in increasing the productivity of self, family, and the society as a whole.

1.3. Microfinance and women empowerment

Microfinance is considered the provision of access to small amounts of credit to the poor and those who do not have assets for collateral, financial records, and credit history. Microfinance can be used for IGAs to alleviate poverty and ensure livelihood development. The results lead to improving health, providing access to education to children, achieving skills, acquiring assets, and taking part in social activities. Women comprise 95% of the borrowers of MFIs, and thus, knowing how these poor women are being empowered through access to credit is important. The study will look into how the women have improved their lives by accessing and utilizing resources provided by the microfinance program. These activities include participation in the household decision-making, improving self-confidence and democratic institutions in the rural area, and increased awareness of the existing social, economic, and household environment.

1.4. Empirical review

As women comprise half of society, they have the right to move into the mainstream of development. Their ability to take advantage of opportunities to increase their income or economic status, to protect themselves against other risks, and to increase their ability to cope with risks when they occur is very important. The reduction of poverty is partly a process of increasing income and economic stability, which enables the fulfillment of basic needs and access to different kinds of services. Poverty reduction has come into the forefront with the revolution of microcredit when Yunus realized that women empowerment is an essential and a precondition, as well as with men, to remove poverty from the society. Studies revealed the extent to which microfinance has contributed to women's empowerment in controlling family decisions. For instance, microfinance of Grameen Bank allowed women borrowers to increase their involvement in controlling assets and social welfare (Zaman, 1999). However, the study of Abdullah-Al-Mamun et al. examined how the participation in the microcredit program of AIM affected the employment rate of hard-core poor households and community in Peninsular Malaysia in 2011. Participation in the microcredit program of AIM increased employment, which generated opportunities at the household and community levels. The policy may be reviewed and re-organized to increase the employment rate and income-generating opportunities by providing appropriate training and diversified, flexible loan offers (Mamun, et al., 2011). Moreover, another study explained how AIM achieved its social performance in terms of the outreach to the poor and excluded its adaptation of services and products to client needs, and the improvement of the social and political capital of the poor and its social responsibility (Siti-Nabiha & Siti-Nazariah, 2011). There are few studies on the decision-making of women borrowers were concluded positively. Although women were more often regarded as housekeepers, they were later deemed as alternative sources of income as they have

increased their status with their decision-making power for developing family welfare (S. R. Khandker & Chowdbury, 1996).

While microcredit programs explored the promises and perils associated with the effect of microfinance on educational outcomes. The goal of this discussion is to ensure that the pervasiveness of microfinance across the world was accompanied by benefits to educational outcomes (Holland & Wang, 2001). Another study also found large positive effects of participation and the non-credit aspects of participation on self-employment profits (McKernan, 2002). However, analyze showed that some women chose not to invest the money in trading and chose to recycle the cash through high-interest loans to other farmers, The study examined the institutional changes unraveling in rural areas of Senegal that contributed to the rise of a new class of female moneylenders during the contemporary epoch of neoliberal reform and offered the ethnographic descriptions of the money lending practices of women (Perry, 2002). Another empirical study examined the effect of group-based credit for the poor in Bangladesh and study revealed microcredit programs helped the borrowers whose income flow and time demand did not seasonally cover the income generated by existing agricultural activities. Households are selected into these programs during the lean season of consumption poverty, which showed the largest female and male effects of credit (Pitt, Khandker, Chowdhury, & Millimet, 2003).

In the same way, explored the effect of a woman-focused development program on child survival in Matlab, a rural area in Bangladesh. The pre-intervention the hazard of death during the infancy of the children of participant mothers was reduced by 52%, whereas that of non-participant mothers with a similar socioeconomic background was reduced only by 31%. A substantial reduction in the hazard of death during childhood (1–4 year age group) was also noticed; however, the reduction was statistically similar for all the groups of children irrespective of the participation of their mothers in the development program (Bhuiya & Chowdhury, 2002). Another study suggested that access to microfinance contributes to poverty reduction, especially for female participants, and overall poverty reduction at the village level. Thus, microfinance helps not only poor participants, but also the local economy (S. R. Khandker, 2005). However, another study showed how structural constraints and institutional discourses still rendered livelihood diversification gendered projects (Angeles & Hill, 2009).

Ahmad revealed that enabling and improving the quality of education for women is necessary to increase their participation in marketing activities, where the gender disparity in earnings is less. Moreover, developing desirable social and institutional infrastructures enabled women to move outside the home to participate in economic and social activities and to reduce the burden of their domestic work (Bose, Ahmad, & Hossain, 2009). Zahra et al. found that the social entrepreneurship is the subject of several studies. The study concluded by outlining implications for entrepreneurs and advancing an agenda for future research, especially on the ethics of social entrepreneurship (Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Moniruzzaman found there are effects of empowering inputs, such as microcredit, then the internal management of the group. The study examined the serious defects that may have direct negative effects on empowering outcomes. The study argued that paying greater attention to the internal management of the groups can make the group approach more effective in community development (Moniruzzaman, 2011). Moreover, Esnard-Flavius and Aziz (2011) examined the relationship between microcredit and fragmented social relations within the network, conflict, distrust, and the loose structure of the program limited the effects of access to microcredit on social welfare and the financial potential of the lending organization (Esnard-Flavius & Aziz, 2011).

Ahmed and Siwar found the relationship between microcredit, IGAs, awareness, and women empowerment, and highlighted a review of the existing evidence on the role of a

microcredit program in developing socio-economic status and poverty alleviation (Ahmed, Siwar, & Idris, 2011a). Ahmed and Siwar described that women, who constituted almost half of the total population of Bangladesh, are victims of socio-economic inequality and gender disparity. Women were also economically dependent, vulnerable, and socially discriminated. Their study focused on the status of women in Bangladesh. However, the government has taken many initiatives to ensure the political rights and to increase the awareness, empowerment, and participation of vulnerable and disadvantaged women (Ahmed, Siwar, & Idris, 2011b). Besides, Ahmed and Siwar stated that rural women in Bangladesh are the most deprived in society, and most rural women are extremely poor. The study examined the extent of changes in the livelihood status of rural women through their involvement in microcredit programs in Bangladesh. The study revealed that after joining the microcredit program, the rural women engaged themselves in IGAs and, consequently, improved their livelihood status significantly (Ahmed, Siwar, Idris, & Begum, 2011). Moreover, the monthly average income of the respondents with credit is US\$27.6, which is three times higher than that of the respondents without credit, which was US\$7.9. The increased income of the women borrowers contributed significantly in improving the income level of their households, and thus, help them reduce vulnerability more effectively than the women who did not borrow (Ahmed, Siwar, Idris, & Mia, 2011).

2. Methodological approach

The study used both quantitative and qualitative approach based on the primary data from the field. For this study, the participants comprised 384 AIM borrowers from Terengganu, Kelantan, and Pahang in east coast region of Malaysia. The study used descriptive statistical and WEI. This study used some inferential descriptive statistical tests, including the parametric tests of means (ANOVA and T-tests), and correlations. The WEI was employed to measure the level of development of the status of women in terms of Economic decision-making issues.

Hence, the study employed the WEI, which was constructed by D. Thresiamma Varghese in 2011 (Varghese, 2011). Women empowerment in the domestic sphere was measured by creating the WEI based on the dimensions according to Mason and Smith (2003). The particular aspects or dimensions of empowerment are the economic decision-making power of women (economic empowerment (EE)), their household decision-making power (household empowerment (HE)), and their physical freedom of movement (social empowerment (SE)) (Mason & Smith, 2003; Varghese, 2011).

The index of each dimension was constructed by choosing the minimum and maximum values for each underlying indicator. The performance in each indicator is expressed as the minimum and maximum value between 0 and 1 according to the construction method of the Human Development Index (UNDP, 2005). The WEI is then computed as the simple average of these three indexes according to the following formula:

$$IV_{ij} = \frac{(X_{ij}) - \text{Min}(X_{ij})}{(X_{ij}) - \text{Max}(X_{ij})}$$

where:

IV_{ij} = index value

X_{ij} = actual value

Min(X_{ij}) = minimum value

Max (X_{ij}) = maximum value

In the Human Development Index of UNDP, a value of 0 is deprived of a development value of 1, which shows full development, a value between 0 to 0.5 means a minimum level of

development, 0.6 to 0.7 refers to the medium level of development, and 0.8 and higher means high development (UNDP, HDI, 2005). We took the same method of differentiating the human trait empowerment according to the index. The study framed the household, social, and economic empowerment and used these factors to obtain the total empowerment index. The study used the following indicators to measure the level of women empowerment.

- ❖ Economic Empowerment (EE)
 - Decision on how to spend money
 - Decision on large household purchases, like furniture and other items
 - Decision on buying gifts for social functions

3. Conducting research and results

3.1. Earning Members in the Household

The total number of earning household members is an important factor in the increase in income of households. The total number of earning members is the number of family members who are employed or engaged in IGAs. The general assumption is the household income is higher if the number of earning members is higher, while other relevant factors remain constant. The present study used the total number of earning members as an important indicator to determine how the number of earning members influenced the total household income of microcredit borrowers.

Table 3.1 Earning Members in the Household

Item	Earning Members in the Household						Total
	2	3	4	5	6	7	
Frequency	172	55	95	41	18	3	384
Percentage (%)	44.8	14.3	24.7	10.7	4.7	0.8	100
Mean							3.42
Std. Deviation							1.85
Minimum							2
Maximum							7

Source: Primary Data from Survey

Table 3.1 reveals that 44.8% of families who are members of AIM have only two earning members. Only 14.3% of the families have three members engaged in IGAs, and, only 24.7% of the families have four earning members. Finally, 16.2% of families have five or more earning family members.

3.2. Status of Employment of Respondents

Table 3.2 shows the status of employment of respondents before and after joining AIM. Only 61.7% of the respondents were involved in self-employment or business before they joined AIM, and 23.4% were housewives. After joining AIM, the members who engaged in self-employment increased to 77.6%, whereas housewives comprised only 21.3% of the respondents. Therefore, the AIM credit has increased self-employment.

Table 3.2. Status of Employment Before and After Joining AIM

Types of Business	Types of Employment			
	Before		After	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Housewife	90	23.4	82	21.3
Business	237	61.7	298	77.6
Others	57	14.9	4	1
Total	384	100	384	100

Source: Primary Data from Survey

3.2. Respondents involved in the microcredit scheme of AIM

Table 3.3 shows that the involvement of the respondents in credit is 5.42 years on average. The maximum and minimum involvement range is 19 years and 1 year, respectively.

Table 3.3. Number of years involved in AIM

Number of Years Involved in AIM	
Measurement Scale	Number of Years
Mean	5.42
Minimum	1
Maximum	19

Source: Primary Data from Survey

3.4. Ranges and Total Amount of Loan Received

Table 3.4 presents the range and the total amount of loans received by respondents. Based on the survey, only about 7% of the respondents borrowed RM2000. Most respondents (28.4%) borrowed RM2000 to 4000. Table 4.8 also shows that 8.6%, 15.6%, and 6.5% of the respondents borrowed RM4001 to 6000, RM6001 to 8000, and RM8001 to 10000, respectively.

Table 3.4. Range and total amount of loan received

Range and Total Amount of Loan Received		
Loan Ranges	Frequency	Percentage (%)
<RM2000	27	7
RM2000 to 4000	109	28.4
RM4001 to 6000	33	8.6
RM6001 to 8000	60	15.6
RM8001 to 10000	25	6.5
RM10001 to 15000	47	12.2
RM10001 to 20000	18	4.7
RM20001 to 25000	11	2.9
RM20001 to 50000	32	8.3
> RM 50000	22	5.7
Total	384	100
Mean	11541.67	
Minimum	2000	
Maximum	100000	

Source: Primary Data from Survey

Furthermore, 12.2%, 4.7%, 2.9%, and 8.3% of the respondents borrowed RM10001 to 15000, RM10001 to 20000, RM20001 to 25000, and RM20001 to 50000, respectively. The highest amount of loan is RM50000, which was lent to 5.7% of the respondents. The average amount of loan is RM11541.67, while the maximum amount of loan is RM100000 and the minimum amount of loan is RM2000.

3.5. Household income of respondents before and after joining AIM

The total income of the household is based on what the respondents remember. The data from the survey showed that the average monthly household income of the respondents increased over the last five years.

Table 3.5. Household Income Before and After Joining AIM

Measurement Scale	Distribution of Household Income	
	Before	After
Mean	516.15	1765.86
Minimum	200	300
Maximum	3500	13500
Increase (%)	242.12%	

Source: Primary Data from Survey

Table 3.5 indicates that the average monthly income of the respondents is RM1765.86 at present and RM516.15 five years ago. Furthermore, the households of the respondents were able to increase their family income by 242.12% in five years.

3.6. Range of income before and after joining AIM

Table 3.6 shows the range of income of borrowers before and after joining AIM. Before joining AIM, the income of 11.2% of the respondents were around RM500. After joining AIM, only 7.3% of the respondents retained having an income of around RM500. Moreover, 29.9% of the respondents had incomes that ranged from RM501 to 1000, and only 26.8% had incomes within the same range.

Table 3.6. Range of income before and after joining AIM

Ranges of Income	Before		After	
	Frequency	Percentage (%)	Frequency	Percentage (%)
<RM 500	43	11.2	28	7.3
501 to 1000	115	29.9	103	26.8
1001 to 2000	99	25.8	105	27.3
2001 to 3000	94	24.5	113	29.4
3001 to 4000	17	4.4	19	4.9
>4001	16	4.2	16	4.2
Total	384	100	384	100

Source: Primary Data from Survey

Before joining AIM, 25.8% of the respondents earned RM1001 to 2000, and 27.3% of the respondents had the same range of income after joining AIM. Moreover, 24.5% of the respondents earned RM2001 to 3000 before joining AIM. The percentage of respondents who had the same range of income increased to 29.4% after joining AIM. Moreover, 4.4% and 4.9% of the respondents had an income ranging from RM3001 to 4000 before and after joining AIM, respectively. Finally, 4.2% of the respondents earned approximately RM4001 before and after joining AIM.

3.7. Sources of household income before and after joining AIM

Table 3.7 and Figure 3.1 show the different sources of income of the respondents before and after they joined AIM. Before joining AIM, 82.32% of the respondents considered their spouse as the source of income, whereas 65.21% of the respondents obtained income from self-projects after joining AIM.

Table 3.7. Sources of household income before and after of joining AIM

Sources of Household Income Before and After Joining AIM				
Sources	Before		After	
	Average Income	(%)	Average Income	(%)
Income from AIM projects	28.1	5.44	1151.59	65.21
Income from spouse	424.89	82.32	520.88	29.5
Income from fixed assets	12.63	2.45	21.35	1.21
Income from children	21.9	4.24	31.06	1.76
Income from pension	9.8	1.9	9.84	0.56
Income from other sources	18.82	3.65	31.12	1.76
Total Income	516.15	100	1765.86	100
Changes of income from AIM project (Increased)				59.77%

Source: Primary Data from Survey

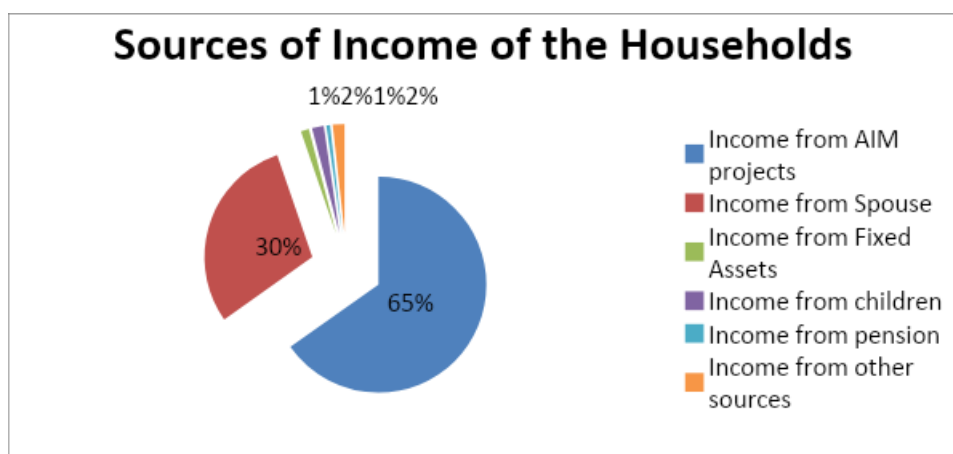


Figure 3.1. Distribution of sources of household income
Source: Primary Data from Survey

The income from investments through the AIM loan increased dramatically to 59.77%. Therefore, the access to credit significantly contributed to the total household income of AIM borrowers.

3.8. Control of Money Flow in the Family

Table 3.8 presents the distribution of the control of money flow in the family. Most decisions on the control of money were made by the borrowers and their husbands. Only 40.9% of the respondents made the decision on the control of money alone. Furthermore, only 1.0% of the respondents decided on money flow after discussing with all members of the household.

Table 3.8. Control of money in the family

Control of Money in the Family		
Item	Frequency	Percentage (%)
Husband	23	6.0
You	157	40.9
You and spouse	200	52.1
Your children	2	.5
Your parents	2	.5
Total	384	100.0

Source: Primary Data from Survey

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

Table 3.9 shows the distribution of the control of capital from AIM in the self-business project. The study found that most household decisions concerning the control of money were made by the borrowers and their husbands. Only 46.4% of the respondents decided on the capital alone. Furthermore, 0.08% of the respondents consulted with all members of the household.

Table 3.9. Control of Capital from AIM in the Self-business Project

Control of Capital from AIM in the Self-business Project		
	Frequency	Percentage (%)
Husband	42	10.9
You	178	46.4
You and spouse	161	41.9
Your parents	1	.3
Others	2	.5
Total	384	100.0

Source: Primary Data from Survey

3.10. Respondent Status on Economic Empowerment

Table 3.10 shows the status of the economic empowerment of the respondents after joining AIM. The survey data were categorized based on the Observation Scales (Strongly disagree=1, Disagree=2, No change=3, Agree=4, and Strongly Agree=5). Concerning decisions on how to spend money, 68.92% of the respondents said their rights increased after joining

AIM, whereas 8.85% said it decreased. The average comment of respondent status based on the survey data is 3.42. For decisions about purchasing large household items, such as furniture, 65.78% of the respondents said their rights increased after joining AIM, and 14.06% of the respondents said it decreased. The average comment of respondent status from the survey data is 3.55.

Table 3.10. Respondent status on economic empowerment

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

Source: Primary Data from Survey

In terms of decisions on buying gifts for social functions, 78.13% of the respondents said their rights increased after joining AIM. By contrast, 4.95% of the respondents said it decreased. The average value of respondent status from the survey data was 3.94.

3.11. Economic Empowerment Level

Table 3.11 and Figure 3.2 show the level of economic empowerment of the AIM borrowers. Their decision-making power in buying gifts for social functions is at 73.44%, which indicated above the medium level of development based on the index values. Moreover, their decision-making power in purchasing large household items, such as furniture, is 63.8%. Concerning decisions on how to spend money, the lowest value at 60.55% denoted a medium level of development based on the index values.

Table 3.17. Economic empowerment of respondents

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

Source: Primary Data from Survey

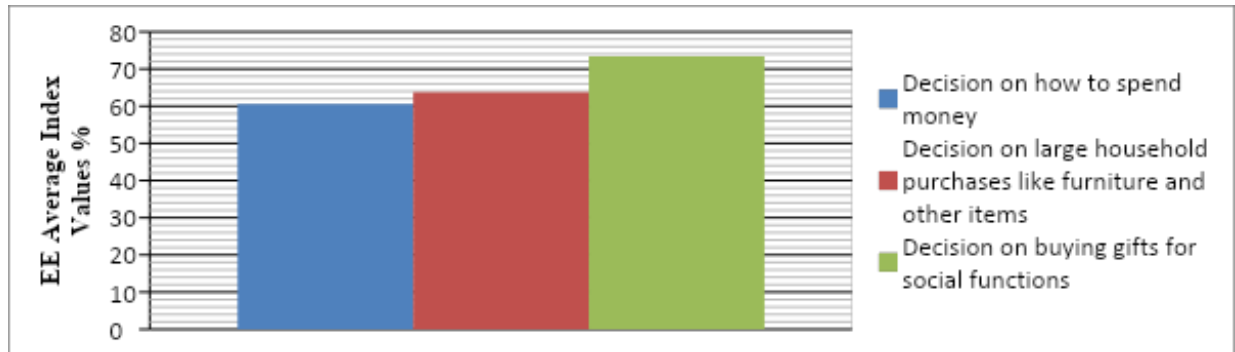


Figure 3.2. Economic empowerment of AIM Borrowers
Source: Primary Data from Survey

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

Conclusion

The study aims to investigate the effects of AIM microcredit on the empowerment of women borrowers in the east coast region of Malaysia. The empirical analysis revealed that AIM microcredit influenced the level of empowerment of the borrowers after they joined AIM. In the current study, credit was observed to contribute to the increase of the average monthly household income of respondents over the last five years. Microcredit has provided enough scope to operate IGAs. Five years before joining AIM, only 61.7% of the respondents were self-employed or engaged in business. After joining AIM, 77.6% of the respondents became self-employed. Before joining AIM, 23.4% of the respondents were housewives, but the housewives comprised only 21.3% after the respondents joined AIM. Moreover, the average monthly income of the respondents five years before the study was RM516.15, whereas the average monthly income of the respondents at the time of the study was RM1765.86. Furthermore, the household income of the respondents increased by 242.12% in five years. Decisions on obtaining a loan from AIM, family issues, and control of money was done in consultation with their husbands. Most respondents 83.6% of reported the good health condition of their families, and about 10.9% of the respondents said their families were in very good health condition. The score of women empowerment indexes was based on the economic empowerment of the AIM borrowers after joining AIM credit. The values for the overall economic empowerment showed 65.93% of improvement. Based on the index values of the overall EE, the AIM borrowers improved their rights to decide regarding economic participation, but this rate is not remarkable. Finally, the findings recommend AIM borrowers should improve on their right to decide concerning economic issues, this result is not considered remarkable progress.

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