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IMPACT OF MICROFINANCE ON THE LIVES OF WOMEN IN HOANG LAU COMMUNE, TAM DUONG DISTRICT, VINH PHUC PROVINCE

Assoc. Prof. Tung Trinh Van¹ and Nhat Anh Doan Nguyen²

¹Ho Chi Minh National Academy of Politics

²Hanoi Amsterdam High School for the Gifted

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ABSTRACT

Study on the impact of microfinance (MF) on the life of women in Hoang Lau Commune, Tam Duong District, Vinh Phuc Province use qualitative methods of research, with data collected from surveys, combining analysis of local reports. The analysis results show that microfinance programs have significantly transformed the lives of women in terms of economic well-being, empowerment, increased confidence and social relationships, asset growth and investment in education, higher income and job creation for women and their families, providing opportunities for women's development, and enhancing sustainable educational opportunities for their children and families. Based on the findings, the author provides appropriate recommendations to further enhance the activities of MF, aiming to help women access loan capital to invest in production and business activities, thereby improving their income and quality of life.

KEYWORDS: - Impact, finance, microfinance, lives, women.

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1.INTRODUCTION

Microfinance (MF) has emerged as a significant field of study and practice in development. Initially focused mainly on microenterprise credit, MF activities have expanded to include a broader range of financial and monetary services provided by entities such as non-governmental organizations (NGOs), savings clubs, building societies, credit unions, cooperative banks, commercial banks, and insurance companies (Zeller 2006). These organizations share a common goal: to provide services to individuals previously denied access to bank loans due to high transaction costs, low operating margins, lending risks, and the lack of collaterals by borrowers (Harper 2003).

According to Mai Tri (2011), estimates from several international organizations indicate that in most developing countries, only about 20-25% of the population has access to formal financial institutions, leaving around 75% without such access. MF organizations have contributed by providing financial services to poor or extremely poor clients, helping them improve their incomes and achieve a better quality of life. The goal of microfinance is to eradicate poverty, support livelihoods for vulnerable groups, raise their income level and narrow the wealth gap. Therefore, MF organizations and programs play a crucial role in poverty reduction, facilitating sustainable employment, and boost earnings for the poor. They provide financial resources that empower the impoverished to elevate themselves, generating added value for themselves, their families, and society.

Hoang Lau Commune is one of the communes in Tam Duong District, Vinh Phuc Province, where many women have participated in the microfinance programs of the Center for Women's and Community Development (CWCD). To gain deeper insights into the factors impacting women's lives, this paper will explore the *"Impact of Microfinance on the Lives of Women in Hoang Lau Commune, Tam Duong District, Vinh Phuc Province."*

2. THEORETICAL FOUNDATIONS AND LITERATURE REVIEW

2.1. Concepts

The concept of microfinance: According to Bennett and Cuevas (1996), MF involves providing a wide range of financial services such as savings accounts, deposit accounts, payments, insurance, and money transfers to the poor or low-income households, as well as very small businesses.

According to the Asian Development Bank (ADB 2000), MF is "the provision of financial services such as savings, loans, payment services, money transfers, and insurance to the poor and low-income households engaged in small-scale business activities." The United Nations Fund for Investment and Development defines MF as "the provision of financial services to those who do not have access to formal financial systems." In Vietnam, from a legal perspective under Decree No. 28/2005/ND-CP regarding the organization and operation of microfinance institutions, MF is understood as small-scale finance—providing a range of small-scale financial services, including mandatory and voluntary savings deposits, and some payment services to low-income individuals, particularly poor households. Thus, microfinance is a method of providing financial and other services to low-income individuals to meet their consumption and investment needs.

2.2. Theoretical Foundations

Analysis of livelihoods and poverty: Chambers and Robet (1983), Conway (1992), and Scoones (2009) assert that a livelihood is considered sustainable when it can cope with and recover from shocks, maintaining and enhancing asset capabilities both in the present and the future, while not undermining the resource base.

The concept of "capital" within the framework of sustainable livelihoods includes: (a) Physical capital, which refers to infrastructure and goods necessary for supporting livelihoods; (b) Financial capital, which consists of financial resources used to achieve livelihood goals; (c) Social capital, which comprises social resources used to pursue livelihood goals, including relationships,

networks, group membership, trust, mutual dependence, and the exchange of informal safety nets; (d) Human capital, which represents skills, knowledge, work ability, and health contributing to the pursuit of various livelihood strategies and achieving livelihood goals; (e) Natural capital, which involves natural resources such as land, water, forests, biodiversity, and non-renewable resources like minerals for constructing livelihoods. At the household level, human capital refers to the quantity and quality of labour within the household. This type of capital depends on the scale of the household, education level, vocational skills, management capacity, health status, and knowledge of formal and informal ownership structures. For household livelihoods, all these types of capital are subject to limitations.

In the context of sustainable livelihoods, especially in the framework of poverty alleviation and vulnerability, financial capital is a crucial variable among the capital sources. Financial capital includes savings, credit and debt, remittances, pensions, and regular allowances. Financial resources can be significantly improved through borrowing, and this financial capital can enhance other types of capital within household livelihoods.

Development Economics Theory: Access to capital for the poor is crucial. Lack of investment capital leads to low productivity, which in turn results in low household income. Low income leads to low savings, which culminates in lack of investment capital, perpetuating the cycle of poverty (Nguyen Trong Hoai, 2007). Sustainable Livelihood Theory: One of the strong features of microfinance lies in its role in addressing poverty; it places financial resources directly into the hands of the poor, providing the necessary financial capital to allow the poor to utilize their human and social capital more effectively (Le Kien Cuong, 2013).

2.3. Literature review

Hulme and Mosley (1996, cited in Nichols 2004) studied the impact of microfinance on various segments of the poor. Research was conducted across 13 MF organizations in 7 countries. Their findings demonstrated that the impact of a loan on the income of poor individuals varied; those classified as "near poor" or "above the poverty line" benefited more from loans than those in the "core" poor group. Clients at the "upper" poverty threshold were more willing to accept risks and invest in technology to boost their incomes. Conversely, those in the "core" poor group often used loans for basic living expenses and exhibited a tendency to invest minimally and rarely in new technologies. Income from loans for the poor (1988-1992) increased by an average of 10-12% in Indonesia, while rose by around 30% in Bangladesh and India for households participating in MF programs.

Nichols (2004) investigated the effects of microfinance on the lives of the poor in rural China. This study used a field survey in a poor district with a microfinance program active for 7 years. The study revealed that participation in the program had a positive impact on borrowers' lives, especially regarding economic security. Participants reported increased self-confidence and improved financial management skills. It was found that income of borrowers increased more than threefold compared to non-borrowers, with the poorest individuals experiencing faster income growth than those in better conditions. Several studies indicate that MF services positively affect

job creation and income enhancement for users of these services (Ahmed et al., 2011; Rukiye, 2012; Ayen, 2016).

In Vietnam, numerous studies on this topic, including Phan DinhKhoi's (2012) study, adopted Instrumental Variable-Panel Data Estimation (IV-PE) combined with secondary data from VHLSS 2006, 2008 to examine the impact of participating in MF on household income and expenditure. Results indicated that MF had an effect, though not significant. Another study by Ngo Thi Man (2017) assessed the impact of MF on the income of poor households in Giang Thanh District, Kien Giang Province utilizing VHLSS 2015 data and DID methodology combined with OLS regression, highlighting that credit had a positive effect on the living standard of the poor by increasing their consumption. A study by Nguyen Thuy Trang (2017) examined the impact of women's association membership on rural income in Hau Giang Province. Survey results from 90 households in Tan Binh and Hoa An Communes, Phung Hiep and Dai Thanh District, Nga BayTown showed that the income of women participating in the association increased more considerably compared to non-participants. Many research projects have confirmed the success of microfinance in improving the lives of women in general and poor women specifically.

3. RESEARCH METHODS

The author employs qualitative research methods and document analysis by collecting data from reports of the microfinance project of the Center for Women and Development (CWCD) in Hoang Lau Commune, Tam Duong District, Vinh Phuc Province. The goal is to provide an overview of the activities of poor women participating in microfinance, including factors such as educational background, employment, duration of participation in microfinance, frequency of training sessions, and social activities. The research subjects are women who have received loans under the CWCD project.

The study uses qualitative methods through in-depth interviews. It combines document analysis and observation methods in the process of collecting information from households of women participating in the microfinance program. A random sample of 53 women currently involved in the microfinance program was selected for in-depth interviews. For local officials, 3 individuals were selected, including the Chairperson of the People's Committee of Hoang Lau Commune, the Chairperson of the Women's Union of Hoang Lau Commune, and a member of the Women's Union.

4. RESEARCH RESULTS

4.1 Social characteristics of survey participants

Through in-depth interviews with 53 women participating in microfinance across various age groups, the results show:

Table 1. Age of Women in the Microfinance Program participating in the survey

No.	Age	Number (N)	Percentage (%)
1	18 – 25	13	24,5
2	25 – 35	14	26,4
3	35 – 55	16	30,1
4	Above 55	10	19,0
Total		53	100%

(Source: Survey Results of the Author, 2024)

From Table 1, it can be seen that women aged 35–55 is the largest group participating in the survey, accounting for 30.1%. This is followed by those aged 25–35 and those aged 18–25 at 26.4% and 24.5% respectively. Women that aged over 55 claimed the lowest proportion of 19%. The majority of women participating in the study belong to the Kinh ethnic group, representing 93%, with the remaining participants belonging to other ethnic groups.

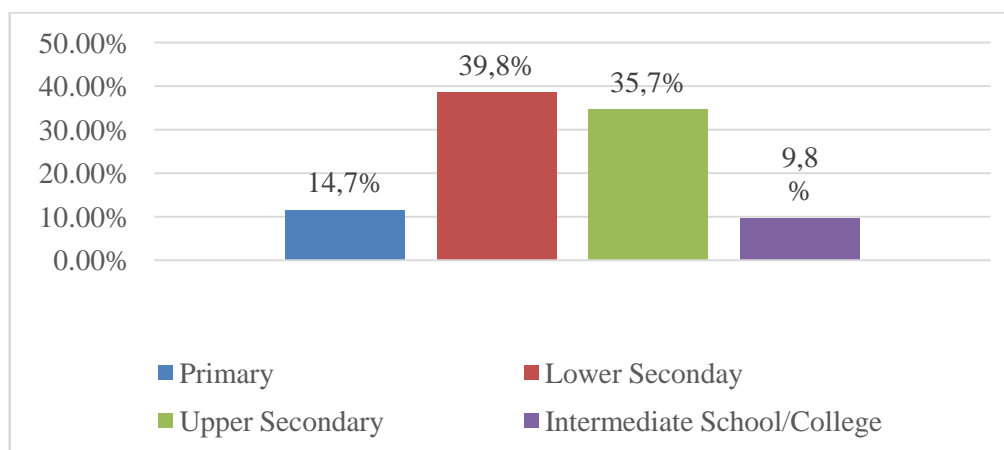


Figure 1. Education Level of participants

(Source: Survey Results of the Author, 2024)

Among the 53 women surveyed, the most common educational levels are at the Lower Secondary and Upper Secondary levels, with percentages of 39.8% and 35.7%, respectively. 14.7% of the participants have attained Primary education, and 9.8% of them have completed Intermediate/College education. In-depth interviews reveal that the importance of education for women has not been emphasized: *"It was not that my parents didn't allow me to go to school, but I couldn't learn. The villagers believed that education wouldn't be useful in the future, so everyone stopped after 8th or 9th grade to help their families with farming."* (Female, 34 years old, Kinh ethnic group, Lower Secondary education, farmer).

4.2 Impact of Microfinance on the Lives of Women in Hoang Lau Commune

4.2.1 Status of Credit Borrowing Among Women in Hoang Lau Commune

The survey of 53 women in Hoang Lau Commune reveals the following borrowing patterns within the CWCD microfinance program: only 10 women (18.9%) received loans with a borrowing limit of 40 million VND, 13 women (24.5%) were granted loans with such limit of 30 million VND, 21

women (39.6%) received loans with that limit of 20 million VND, and 9 women (17.0%) borrowed within the 10 million VND limit.

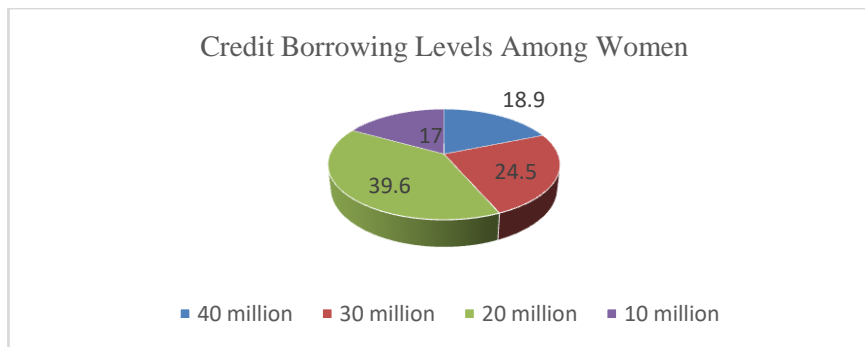


Figure 2. Credit Borrowing Levels Among Women
(Source: Survey Results of the Study, 2024)

4.2.2 Increasing Household Income and Creating Employment

In Vietnam, despite significant efforts by the government through specific action programs, rural women and those in remote areas remain among the most vulnerable groups, lacking access to support, education, healthcare, and other essential services. Due to living and working conditions, they also have slower access to support resources. Supporting women's economic development and enhancing their social status is crucial to addressing this issue.

Research findings indicate that 89% (47) of women participating in the survey believe that microfinance loans in local credit programs have increased their annual household income. However, 11% (6) of women reported that the program's total loan amount is still insufficient, leading to limited changes in the family's overall economic situation. Through in-depth interviews, the President of the Women's Union in Hoang Lau commune shared:

"Microfinance programs have provided jobs for the women in our commune, making them more proactive. Some use the loans for market stalls; some borrow to raise pigs; others spend on buying and selling consumer goods, or breeding quail chicks for egg production. Now, women contribute more to their families thanks to these loan programs" (Female, leader, 55 years old, intermediate level).

One woman's opinion on participating in the program: *"I have been involved in this program for almost 20 years. The loans have been very effective and beneficial for me and my family. I used the borrowed money for trading or to buy products like noodles and candies, which has helped increase our family's income daily"* (Female, Kinh ethnicity, 32 years old, lower secondary education, business).

Many women in Hoang Lau Commune reveal that the impact of credit loans has improved their income when participating in the microfinance program. A representative of the program stated: *"Previously, I lacked capital for business. Since joining the program, I have been able to purchase more poultry for breeding, which has increased our family's income. Thanks to it, we are now able to cover educational expenses including regular and extra classes for our children, which has*

improved their academic performance." (Female, Kinh ethnicity, 32 years old, lower secondary education, business).

"The loans are effective, leading many women to participate from the beginning. They enjoy meetings, socializing, hanging out together and participating in training on agriculture, animal husbandry, and legal education... The women's union also assists struggling families with cash and material support." (Female, 38 years old, Kinh ethnicity, intermediate level).

"I find the program to be very good; it provided a loan for me and my family, which allowed me to have money for market trading. The loan process is quick, convenient, and allows for gradual repayment. Although the loan amount each time is small, it is still helpful for me, so I want to continue borrowing and repaying both principal and interest quickly. The loan has helped my family to have additional monthly income, which has been very beneficial for me and my family." (Female, 46 years old, upper secondary education, business).

According to development economics theory, employment is the fundamental basis of development, playing a crucial role in poverty reduction and income enhancement. Various studies, such as those by Hulme and Mosley (1996, cited in Shane 2004), conclude that the impact of loans on the income of the poor varies. Individuals in the middle and upper poverty levels benefit more than those in extreme poverty. Nguyen Kim Anh et al. (2011) found similar results, indicating that not all households participating in microfinance programs see increased income. Some households experience little increase, some more significant improvements, while others see no change or a decrease. Smaller loan amounts have a positive impact when households leverage production opportunities, improve machinery, and increase profits rapidly. This study shows that microfinance programs positively affect household income, improving livelihoods. For women in Hoang Lau Commune, loans enable them to focus on trading and business. The loans, which require no specific levels, skills or collateral, facilitate participation and provide capital for purchasing goods and saving progressively. All women participating in the survey confirm that the loans help them secure regular employment and provide a stable monthly income for their families, though not substantial. Not only do the loans create jobs and improve the lives of women, but they also positively affect their family members' attitude. A woman shared: *"When participating in the loan program, my husband was very proactive in finding places to buy ducklings and also looked for outlets to sell them initially. As a result, the initial loan helped our family to expand our operations. Currently, we are raising several thousand ducklings, which lay eggs, and many traders come to buy them at our home. Both my husband and children are involved in raising the ducks, which has significantly improved our family's finances compared to before."*

4.2.3 Asset building, health improvement, and investment in education

Many studies affirm that microfinance increases income, allowing the poor, near-poor and middle-income families to accumulate assets, save, and access capital for expanding production and creating local employment. Loan recipients can purchase land, build or renovate homes, and acquire livestock. Furthermore, with accumulated savings and assets, previously subsisting on a day-to-day basis, they can plan for the future and improve the long-term prospects for their families. Women can focus on nutrition, improve living conditions, and afford healthcare services.

Increased income allows these women to invest more in their children's education and access better educational services over time.

In-depth interviews reveal that many participants affirm the effectiveness of microfinance in increasing household savings and reinvesting in their children's education and family health. A middle-aged participant noted: *"I have been participating in the credit program for 15 years, and the loans have truly helped me and my family a lot. I have used the loan funds to buy breeding stock, purchase quails that lay eggs daily, and each day our family harvests and increases our profits. I also borrowed money to grow garlic chives with new, effective varieties and sell the produce through various shops. The profits from these businesses have been accumulated and used to ensure that my three children receive a full education, including higher education at major cities."* (Female, intermediate level, business, 43 years old).

"In the past, the loans helped my family a lot because business was difficult. The program loans provided me with capital to buy baking ingredients such as flour and paper. Over the past 8 years, this has helped our household increase its monthly income, ensuring a sufficient livelihood for the family and allowing us to save a little for major expenses." (Female, upper secondary education, 35 years old, business)

"I take out loans from the credit program and repay them gradually. Each month, I make payments towards the loan and also contribute to health insurance, which makes me feel very secure. I believe these programs should be expanded and extended so that more women can borrow a larger amount of money and feel confident in their business activities and health protection." (Female, 39 years old, upper secondary education, business)

"I have been a member of this program for a long time. Participating in the women's union is both enjoyable and beneficial, as I receive 20 million VND per year to fund market purchases, buy ducks, and expand to include fish breeding the following year. I primarily use the loan to run a farming and breeding operation. This loan has been very supportive for our family's development, has improved my children's education, and has allowed me to invest in more duck stock, increasing our income each year. My child has even had the opportunity to study in South Korea." (Female, 53 years old, upper secondary education, business)

The summary of responses from 53 participants shows that 77% (n=41) believe that participating in the microfinance program has increased family income, allowed asset accumulation, and enhanced investment in children's education. 15% (n=8) report that participating in the microfinance program has contributed to some improvements in their economic situation and their children's education; 8% (n=4) indicate that their families have participated in the loan program, but only for a short period and with a small amount, so they have not yet observed changes in asset accumulation or investment in education. Thus, the impact of the loan program is more apparent for those who participate for a longer duration. Significant changes are only noted with larger loan amounts, such as the maximum of 40 million VND offered by the program. For households with smaller loans and shorter participation, the effects are harder to measure and less evidence

4.2.4 Increasing confidence and social connections

Research results indicate that women participating in microfinance programs have gained more knowledge about banking, interest rates, and legal matters. Additionally, the program has increased their social connections, allowing them to meet many other women, share issues, challenges, difficulties, and solutions, and support each other in raising their children and managing business activities.

"When participating in the credit program, I learned more about legal issues, sales techniques, and finding product markets. I also met many women from other communes and shared really useful information" (Female, 36 years old, upper secondary education, business). Other is shared that *"Since I am a member of the women's union, there are many activities. On days when we go to make loan repayments, we have the opportunity to meet and share a lot about family matters and local news. Sometimes we also visit and check in on fellow members. I find that the various activities combined with the loan program are very beneficial, and they help foster closer relationships among us."* (Female, 40 years old, lower secondary education, business)

"Each time we receive training from the program, I am given the opportunity to share with other members of the union how I use my funds. I really enjoy it and feel more appreciated by everyone, which makes me feel secure and more confident. As a result, I no longer hesitate to continuously share my experiences in future sessions." (Female, 37 years old, higher secondary education, housewife)

"Since joining the program, I have made many new friends and formed close relationships with two other women in the group. We travel together, share sales techniques, and support each other in our own business." (Female, 36 years old, higher secondary education, business).

A Women's Union official shared: *"The credit loan project, which is registered in women's names, helps women gain employment and become more active. Initially, it provided additional capital for market trading since back then, the economic situation was difficult; some raised pigs or delivered goods to the district. The loans are now much more effective. Even now, after participating in the loan program for some time, many women who joined from the beginning continue to participate. They not only receive loans but also enjoy participating in various activities, such as social gatherings, meetings for discussions, and outings together. There are also training sessions on agriculture, animal husbandry, and legal education, which are very useful. These activities assist families in need with cash and materials. Women facing difficulties meet weekly to make repayments, exchange ideas, introduce new members, and review the group to determine loan amounts."* (Female, 41 years old, intermediate level, Women's Union official).

"I have been participating in the program for 18 years, engaging in activities such as advocacy, mid-year reviews, end-of-year summaries, and the women's association anniversary celebrations. Throughout my participation, I have gained new insights, learned from experiences, shared lessons among members from different villages, and accomplished many effective activities. I have attended training sessions on leadership skills, legal advocacy, and learned about family relationships and

effective use of credit loans." (Female, 55 years old, intermediate level, Women's Union leader, Fatherland Front, and People's Council).

All the women's association officials affirm that participating in the credit program through various project models has significantly impacted the leaders and members, not only in terms of knowledge related to borrowing but also by greatly enhancing social relationships at the village and commune levels. This, in turn, means that the women's overall well-being and quality of life have improved.

4.2.5 Empowerment

Several authors have researched the impact of microfinance programs on women's lives, finding that microcredit is a key factor in empowering women in various ways (Hashemi, Schuler, and Riley, 1996; Hunt & Kasyanathan, 2002; Agha et al., 2004). Microfinance seems to offer a "win-win" solution where both financial institutions and poor clients, particularly rural women in developing countries, benefit (Mayoux, 2001; Murdoch, 1999).

Friedmann's (1992) model of empowerment relates to local self-reliance, participatory democracy, and experiential social learning. Page and Czuba (1999) define empowerment as a multidimensional social process that helps individuals gain control over their own lives, a process that promotes human power to use in their own lives, communities, and societies by acting to address issues they deem important. According to the 1994 International Conference on Population and Development of the United Nations, women's empowerment comprises five components: women's self-worth awareness; the right to make and decide on their choices; access to opportunities and resources; control over their own lives, both within and outside the family; and their ability to influence social change towards a fairer economic and social order at both national and international levels.

Survey results indicate that women experience significant changes when participating in microfinance programs, through engaging in training activities and sharing experiences in capital use. Some women reported that they had consulted on purchasing insurance by gradually repaying loans and combining this with saving for insurance. Participation in these activities has led to notable changes; they recognize the benefits of using borrowed capital and are aware of the importance of saving to purchase insurance for themselves and their family members. This represents a significant change in the roles and decision-making autonomy of women involved in MF programs.

"I have purchased health insurance for myself, combining monthly repayments of principal and interest. I pay only a small amount each day, so it does not affect the family income. I make all decisions regarding this, as the loans and purchases are in my name" (Female, 45 years old, higher secondary education, business). Another opinion: *"At home, my husband has talked me out of joining this program several times because I cannot borrow much. He suggested looking for other programs that offer more loans to accomplish more, but I did not follow his advice. I prefer participating because the program is very convenient, requires minimal paperwork, and allows me to meet and socialize with many other women"* (Female, 39 years old, intermediate level, housewife).

Leach et al. (2002) found that microfinance has succeeded in empowering women socially where economic empowerment could not be achieved due to women's lack of business knowledge and understanding. Puhazhendhi and Satya Sai (2001) found that microfinance is a tool for economic and social empowerment of the rural poor. This has motivated continued borrowing. Microfinance for rural women has provided an excellent opportunity for the poor to achieve significant economic, social, and cultural empowerment, resulting in improved living standards and quality of life for participating households.

Samanta (2009) argues that women's lack of control over credit signifies a failure of microfinance to empower women. Greater financial independence for rural women would enhance their bargaining power and reduce violence against women. Thus, the results show that the impact of microfinance on women's lives yields positive outcomes such as economic growth, empowerment, increased decision-making capacity, higher confidence, improved social relationships, asset creation, better health, and investment in their children's education, contributing to sustainable family development.

4.2.6 Opportunities for Women's Development

Numerous studies have shown that rural women generally have low and unstable incomes, lack assets for collateral to secure loans for business ventures, and have limited opportunities for education, skill development, and access to production resources and employment opportunities. Therefore, microfinance programs have emerged as pioneering financial institutions offering small, tailored loans specifically for women. These models also emphasize organizing activities such as field trips to exemplary models, experience-sharing seminars, and topic-specific meetings. These activities are highly effective in enhancing women's business capabilities and efficient use of borrowed capital. Research indicates that in addition to providing credit services, the microfinance program in Hoang Lau Commune also emphasizes savings services. This aims to enhance members' awareness and habit of saving, as well as contribute to increasing the available capital to support other members. The savings service of the women's club members has achieved impressive results, underscoring its necessity and significance for women who have limited access to bank loans. The accumulated savings not only allow members to build assets and become financially independent, but also bring substantial value by pooling small savings together to create new opportunities, helping disadvantaged women continue to access capital.

The chairwoman of the women's union stated: *“Supporting women with loans or empowering them goes beyond impacting the family economy; it also raises awareness and changes community behavior. Women are more respected, and they participate in decision-making processes regarding both family and social matters”* (Female, 55 years old, intermediate level, leader of the Women's Union, Fatherland Front, and People's Council).

“Since becoming a member of the women's union and receiving support through the program in the women's club of our commune, I have met many women, shared with them, and most importantly, learned how to use the borrowed capital effectively for my family. I am very grateful for the program; I have now learned how to farm well, and every year we have a stable income, so my family no longer worries like before” (Female, 34 years old, lower secondary education, business).

According to Ramesh S Arunachalam (2007), there is substantial evidence demonstrating the significant impact of microfinance programs on women's empowerment. The loans and the participation in the programs have helped women increase their savings, gain experience, and build confidence in dealing with employees and local authorities. This has enhanced their ability to cope with emergencies for themselves and their families. Women have learned a great deal in the process of handling external affairs with authorities and banks, leading to transformations in both themselves and their families.

This study shows that the members of the women's union have experienced significant improvements in communication skills, effective use of borrowed capital, confidence, and contributions to the future of themselves and their families, especially their children.

4.2.7 Challenges of microfinance programs

Limited Access: Research shows that not all women in the commune have the opportunity to access microfinance services unless they are introduced by another member of the Women's Union. The loan amounts available to women are still insufficient, which means they cannot fully meet the needs of women and their families for business investment.

"I have participated in this loan program for many years, but I really hope the program could offer larger loans so I can invest in buying more chickens and expanding more secure chicken farming facilities to prevent diseases" (Female, 42 years old, lower secondary education, business). Another member shared her opinion: *"Many women in the commune want to borrow more but can't, or some people can't acquire loans because they aren't trusted or introduced by other women. The loan program requires recommendations from other women in the village"* (Female, 38 years old, lower secondary education, housewife).

Financial Knowledge: The research results also show that some women still lack financial knowledge, leading to difficulties in managing and effectively using capital. This can result in the loans not being fully utilized, leading to difficulties in repaying or being unable to pay the loan interest.

"I regularly borrow money, but I mainly use it to buy household items because I don't know how to run a business. So, when offered a loan, I took it to buy a motorbike and a washing machine because the loan conditions are easy and fast, without much paperwork. However, there was one time I couldn't repay the loan on time, which made me feel embarrassed" (Female, 38 years old, lower secondary education, housewife).

Business Environment: The business environment for women engaged in small-scale trading often faces many challenges, such as a lack of market information and limited access to technology. Many women participating in the credit program are older and lack knowledge about business and new business models that require technological skills for implementation, research, market access, and expansion.

5. CONCLUSIONS AND RECOMMENDATIONS

The research findings indicate that microfinance has a positive and significant impact on empowerment, increased confidence, social relationships, asset accumulation, educational investment, income enhancement, and job creation for women and their families. It provides opportunities for women's development through various indicators such as income, savings, health care, self-confidence, skill enhancement, decision-making ability, and sustainable educational opportunities for their children and families. By joining microfinance organizations, women gain access to social, psychological, and political rights, including decision-making power, improved health care, increased confidence, and participation in community roles. The study reveals that microfinance models positively affect women's empowerment through various dimensions such as economic empowerment, social empowerment, and psychological confidence.

Significant impacts on the lives of women's households encompass various factors including loan duration, loan amounts, self-confidence, financial awareness, and market knowledge. These elements affect women to varying degrees. Research results demonstrate that women who engage more in social activities along with microfinance experience boosted confidence, communication skills, and decisiveness with their families and surroundings. External factors significantly impact women participating in microfinance and the local area, contributing greatly to their lives. Additionally, external factors also have a synergistic effect on internal factors within the families and women themselves, gradually enriching their knowledge and contributing to increased income. Microfinance is a powerful tool for empowering women, helping them escape poverty and positively contributing to community development. However, to achieve higher effectiveness, coordination from various stakeholders—including the government, financial institutions, communities, and women themselves—is warranted. Empowering rural women economically requires not only financial resources but also investment in capacity building, institutional frameworks, cultural changes, and improved financial and market access. To maximize the effectiveness of microfinance for women, the authors propose several solutions as follows:

Firstly, it is essential to expand the scale of access and enhance training and awareness programs about microfinance, especially in challenging regions. Ensuring that microfinance reaches all women, particularly those in difficult areas, is crucial, and strengthening training and outreach programs is of utmost importance. Secondly, diversifying service products to offer financial products that meet the varied needs of women is recommended. Diversifying microfinance products and services not only addresses the diverse needs of women but also facilitates their sustainable economic development. Thirdly, providing consumer capital through loans to meet essential household needs, such as home repairs and purchasing household items, is suggested. Combining savings services with other services such as insurance, money transfers, and financial counseling will assist women in better managing their assets and achieving their financial goals. Fourthly, supporting skill development by organizing training courses on business skills and financial management for women is advised. Supporting women in skill enhancement involves not only providing knowledge but also equipping them with necessary tools to confidently engage in life, manage businesses, and make positive contributions to the community. Fifthly, creating a favourable business environment to facilitate women's access to resources such as land, raw materials, and markets is important. Building a supportive and conducive business environment for

women is a long-term process that requires the collaboration of various stakeholders, including the government, non-governmental organizations, businesses, and communities. When women acquire the opportunity to develop businesses, not only do they benefit personally, but the entire community also becomes stronger and more prosperous.

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