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The Effectiveness of Microfinance Program on Women's Empowerment: Location as Moderator

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Abstract: Women are an engine for economic growth and a value creator for businesses. Though women contribute roughly 40-50% of all small business related in developing countries, they represent fewer than 20% of the world's landholders, and often their access and control of resources, particularly income, is comparatively lower than that of men. This prevents them from actively driving economic growth and productivity in the business chain. With the help of Amanah Ikhtiar Malaysia (AIM), this study will reach out to the participant of AIM to understand the issue of women's empowerment. This research focuses on 3 main components: the involvement of microfinance programs, social capital, and training. A survey designed for the participants of AIM was used to gather data from over 375 participants to study the effectiveness of Islamic microfinance in improving women's empowerment in business. A partial least square-structural equation (PLS-SEM) was used to analyze the research model. Subsequently, the research model was validated using Smart PLS 4 and proposed the study hypothesis. The findings confirmed that involvement in microfinance programs, and social capital, except training, positively influenced women's empowerment in business. Geographical location as moderator was also found to be non-significant towards women's empowerment.

Keywords: *Involvement in Microfinance Program, Social Capital, Training, Location, Women's Empowerment*

1. Introduction and Background

Women make significant contributions to economic growth, innovation, and job creation (Brush, De Bruin, & Welter, 2009). There were over 163 million women who founded or managed new businesses in 74 different economies worldwide (Kelley, et al., 2017). We can observe the effects of women in business when 111 million additional women who already own their firms are included. These women are well-respected members of the business sector, occasionally employ members of their community, and provide for their families financially. However, there are considerable regional differences in the number of women who start their businesses. (Basaffar, Niehm, & Bosselman, 2018) Claim that the proportion of female business owners in Islamic nations ranges from 23% in Kuwait to 12% in Bahrain to 9% in Oman and further drops to a low of 7% in Qatar and Saudi Arabia. Women hold many administrative roles (Islam, Shrabani , & Mahfuzur , 2023), however, men outnumber them due to the emergence of new businesses. Only 20% of Malaysia's business visionaries are women (Basit, Hassan, & Sethu, 2020). Potential causes of this low number of female entrepreneurs are thought to be related to cultural norms and the preferences of financial experts.

Furthermore, despite the advancements made by Malaysia and the changing societal roles of women, there continue to be significant disparities in various areas such as business, informal communities, education, and access to capital, which disproportionately affect Malaysian women. One organization established in accordance with the law to address these issues is Amanah Ikhtiar Malaysia (AIM). Registered under Act 258 of the Trust Act of 1952, with amendments made in 1981, The Ikhtiar Malaysia Trust Agreement Instrument was established on 17 September 1987. This trust entity, which is 24 years old, was founded through collaboration between the Malaysian Islamic Economic Development Foundation (YaPEIM), the Selangor state government, and Universiti Sains Malaysia (USM). It receives significant support from the Asia Pacific Development Centre. AIM plays a crucial role in reducing poverty in Malaysia by providing financial assistance to disadvantaged communities in rural areas, enabling them to engage in various income-generating activities. In doing so, AIM enables these individuals to start small-scale businesses. According to a report from 2019, Malaysia has a considerable number of households living below the poverty line, amounting to 8.9% (World Bank, 2019). The government aims to assist this segment of the population to mitigate the severe impact of economic instability. To date, numerous studies have focused on women living in poverty, revealing that many of them are heads of households due to widowhood, the death or separation

from a spouse (Ali & Aziz, 2014), or having an incompetent wedded partner.

The husband's lack of responsibility or failure to take responsibility for his obligations is evident (Nurasyiah, Miyasto, Mariyanti, & Beik, 2020). Moreover, the factors mentioned above still contribute to women's reliance solely on their spouses for income generation (Aktaruzzaman & Farooq, 2020). Additionally, older women are particularly susceptible to poverty due to a decline in their ability to earn income. In both Bangladesh (Aktaruzzaman & Farooq, 2020) and Indonesia (Nurasyiah, Miyasto, Mariyanti, & Beik, 2020), cultural beliefs play a significant role in perpetuating women's poverty. These beliefs assign women the responsibility of running household chores while denying them access to social rights such as education and financial literacy. The studies conducted identified various independent variables, including engagement in small-scale entrepreneurship and securing financial resources (Tammili, Mohamed, & Terano, 2017), implementation of educational programs (Misnan, Abdul, & Othman, 2015), and leveraging social connections and networks (Ado & Mata, 2020). These factors collectively affect the opportunity for women to have their independent source of income.

It has been demonstrated that participation in microfinance significantly enhances women's negotiating power and contributes to their empowerment (Mosley & Mayoux, 1999). The availability of training programs is extensively discussed as a valuable form of support, specifically for individuals who borrow (Geta & Tilahun, 2017). Another form of support, social capital, takes the shape of self-help groups or strong network connections, allowing individuals to assist and support one another through group formation and resource pooling, such as providing moral support (Hameed, 2019). Regarding the dependent variables, the present study centers on women's empowerment as a result of microfinance. This encompasses financial outcomes such as asset acquisition and nonfinancial outcomes like children's education (Al-Shami, et al., 2015), decision-making abilities, independent financial management, and participation in social activities (Misnan, Abdul, & Othman, 2015). The main objective of this study is to examine the impact of the microfinance program, including involvement in microfinance, training, and social capital, on the empowerment of women among AIM clients.

2. Literature Review

The purposeful model of the Theory of Change explores how an initiative program can lead to the desired outcome. The approach centers on achieving desired outcomes by aligning various initiatives such as policies, programs, strategies, or projects to assess the intended transformation. The utilization of the Theory of Change is motivated by several reasons: (1) it helps entities or groups to systematically understand the root causes or underlying reasons behind development challenges within the community and determine the focal points for effecting change; (2) it empowers users to express the underlying causes of development obstacles, such as poverty and gender-related social problems, and devise plans of action to accomplish the intended outcomes; (3) stakeholders have the ability to utilize it to standardize and optimize their strategic collaborations, guaranteeing that these partnerships are in line with overarching goals and desired results by unifying diverse viewpoints of the Theory of Change regarding specific issues (UNDAF, 2015).

Women's Empowerment: Women's empowerment is the process of enabling women to be self-sufficient, monetarily independent, and have a positive self-image (Kapila, Singla, & Gupta, 2016). This empowers them to deal with any challenging situations and to take part in various development projects. This process results in women having more control and power over a variety of resources, including human resources, intellectual resources (information, knowledge, and ideas), financial resources (money), and decision-making authority at the local, state, and federal levels (Jamal, Raihana, & Sultana, 2016). Female empowerment can be defined as an increase in women's capacity to decide for themselves about their own lives in situations where this was previously largely predetermined for them. They can actively contribute to their well-being since it improves their ability for decision-making (Bhumeeka, Kumari, Pallavi , Ahmed, & Pandey , 2023). Giving women the resources, they require to be in charge of and have control over their own life is a key component of empowering them. Women who are empowered enjoy freedom, equal opportunity, and the power to make decisions in all aspects of their lives. It is a process by which women experience independence but are unable to take on any jobs because of their fears, shyness, the social norm of male supremacy, and social ills like the purdah system. But the contemporary period has arrived, and powerful modern women now have the same

chances as males. Women in Malaysia have taken on a pivotal role in driving the economic growth of the nation, with a significant number of women emerging as business founders.

Nonetheless, on a global scale, women still lack representation, particularly in business and management positions. In addressing this, efforts are being made by government and social organizations at the federal, state, and local levels to enhance the status of women in various domains. Furthermore, policies focusing on empowering women, such as promoting their political participation, addressing issues of domestic violence and gender-based violence, and creating economic opportunities, have been implemented and will continue to be developed (Selvi, 2018). The economic component of empowering women has several advantages. For instance, economies expand when more women work. For instance, the US gross domestic product would increase by about 9%, the EURO zones by 13%, and Japan's by 16% if women's paid employment rates were elevated to the same level as men. By 2020 and 2030, per capita income in 15 significant developing economies would increase by 14% and 2%, respectively. Additionally, data from a number of nations demonstrates that shifting household expenditure in favor of children occurs when women control a larger percentage of household income, whether through their work or monetary transfers (Acosta, 2013). In addition, women's wages are typically between 70 and 90 percent of men's; with significantly lower ratios in various Asian and Latin American nations (Acosta, 2013).

Involvement in Microfinance Program: Microfinance is thought of as a way of giving the underprivileged and those without assets for collateral, financial records, or credit histories access to tiny sums of credit. Microfinance can be used to reduce poverty and promote the creation of livelihoods. As a result, people's health improves, and children have access to education, gain skills and assets, and engage in social activities. Women make up 95% of MFI borrowers, thus it's crucial to understand how credit is empowering these underprivileged women. It is claimed that MFIs and participants viewed the microfinance program as a handout and viewed their rights and what the government ought to give to the impoverished as the program's intended beneficiaries (Koveos, 2004). Such a notion has a detrimental influence on the microenterprise performance of the participant and the efficiency of the MFI's operations. As a result, MFIs have been passive and non-aggressive in their monitoring and have no desire to find out how participants are using microfinancing. Hence, it is concluded that the selection processes, participant screening, and funds that did not reach the target group were to blame for the failure of the government microfinance programs (Koveos, 2004). In this instance, the money was directed toward a group of struggling small businesses with ties to the borrowers' political party. In addition, (Chowdhury, 2007) noted that bureaucracy, opaque administration, uneven enforcement, a lack of accountability, experiences, and bribery were to blame for the program's weaknesses in administration and policy, which rendered the microfinance program unproductive.

In light of this claim, the study suggests that AIM is successful in raising participants' income and lifting them beyond the poverty line. Over the past three decades, microfinance initiatives have been seen as a crucial technique for solving development concerns in various countries. In the field of promoting economic development, microfinance has grown significantly in popularity across the globe. The goal of microfinance systems is to help the majority of the world's poor people escape poverty and become active participants in the social and economic development of their nations (Rhyne & Otero, 2006). Microcredit, an effective socioeconomic financial tool, helps a variety of organizations, both governmental and non-governmental, achieve their goals, including the Millennium Development Goals (Hossain & Knight, 2008). To help low-income households and their microbusinesses escape poverty, microfinance is the provision of a wide range of financial services such as deposits, loans, payments, money transfers, and insurance (Lazer, 2008). Microfinance has grown to be a crucial tool for economic growth in Malaysia (Tiwari & Thakkur, 2007). Empowering women has become a crucial requirement for any community's socioeconomic growth. Fostering women's involvement in nation-building has been a top priority for many governments worldwide. Therefore, it is hypothesized that:
H1: There is a significant relationship between involvement in microfinance and women's empowerment.

Social Capital: AIM has employed the analysis of social capital as a determining factor to assess the impact of the microfinance program on its participants (AIM, 2008). According to Kumar et al. (2018), social capital refers to a mechanism that enhances the effectiveness of microfinance programs by leveraging trust and reciprocity norms, thereby bolstering women's empowerment through social group activities. This definition

aligns with Nicholas (2021), who emphasizes the significance of trust and reciprocity as norms within regular social groups engaging in socioeconomic activities. Mayoux (2001) also examined social capital as a variable to understand its relationship with women's empowerment, and the findings indicated a positive impact. The primary objective of the microfinancing program is to assist individuals living below the poverty line in overcoming their circumstances. Therefore, AIM's role extends beyond merely providing financial assistance to borrowers.

They also offer crucial support such as training, motivation, and the establishment of social groups among participants to enhance the effectiveness of the program (Noor, Che Mat, & Abdul Hakim, 2013). This approach aligns with the positive findings on the correlation between social capital and business performance, as highlighted by Ado and Mata (2020). In the realm of Islamic microfinance, social capital is recognized as a significant element, encompassing trust, networking, and interpersonal relationships (Kamaluddin, Hadi, Alam, & Adil, 2015). Consequently, it provides individuals with a platform for learning and benefiting from the knowledge and experiences of others (Nugroho, 2010). Social capital encompasses various aspects, including networking, shared standards, trust, and reciprocity among individuals, and can extend to interactions between groups, communities, organizations, and business entities (Yusuff, Bakar, & Ahmad, 2018). Their study analyzed the impact of social capital based on four factors: norms and groups, trust and networking, economic equality, and volunteerism. Subsequently, it is hypothesized that:
H2: There is a significant relationship between social capital and women's empowerment.

Training: The microfinance institution (MFI) offers training to its borrowers, which has been found to have a positive impact on their business performance (Samer et al., 2015). These borrowers have received various types of training, such as financial literacy and business training, leading to more competitive income and successful business operations (Hansen, Huis, & Lensink, 2020). Research has supported these findings by showing that the MFI's business training program results in increased sales, income, assets, and rates of employment for borrowers (Haider et al., 2017). Additionally, other studies emphasize the significance of training in business in helping borrowers succeed in their businesses, particularly for women entrepreneurs (Misnan, Abdul, & Othman, 2015). AIM, as a component of the microfinance approval prerequisites, consistently provides a sequence of training initiatives to its participants. AIM's study in Kajian Impak 7 found that participants who joined the program organized by AIM tended to achieve greater production increases for their products (AIM, 2015). Type of training programs provided by AIM inclusive of entrepreneur character development; entrepreneurship basic knowledge; basic business skills; technical business skills and skills for business enhancement (Misnan, Abdul, & Othman, 2015). Thus, it is hypothesized that:
H3: There is a significant relationship between training and women's empowerment.

Location: The influence of the location of residential areas on women's empowerment through microfinance has been acknowledged (Norma & Jarita, 2010). However, existing studies do not clearly ascertain the relationship between the location of residential areas and the impact of microfinance on women's empowerment. Other studies primarily focus on assessing rural areas rather than urban areas (Al-Shami et al., 2015). Regarding women's accessibility to microfinance, the geographical location of microfinance institutions has been discovered to play a pivotal role. More specifically, longer distances to the institution cause more challenges for households in seeking microfinance, thus impeding the process of improving their livelihoods (Alimukhamedova, Filer & Hanousek, 2017). Furthermore, location also has an impact on the entrepreneurial activities carried out by business owners. Proximity to urban areas increases the chances of improving the quality of life by creating increased job prospects and improved household earnings, compared to locations that are farther away (Akingunola, Olowofela, & Yunusa, 2018). Based on these observations, the following hypotheses are proposed:
H4a: Location moderates the relationship between microfinance involvement and women's empowerment.
H4b: Location moderates the relationship between social capital and women's empowerment.
H4c: Location moderates the relationship between training and women's empowerment.

3. Research Methodology

The current study focused on Amanah Ikhtiar Malaysia (AIM)'s female clients. A standardized questionnaire

that was given to participants in the study was used to gather data. The questionnaire is divided into three sections, the first of which inquiries about the effectiveness of the microfinance program (including participation in microfinance, social capital, and training). The second section of the questionnaire includes questions about the empowerment of women. The third segment contains items that delve into the respondent profiles. The Likert scale has five possible responses for the first and second sections of the questionnaire. Great disagreement is indicated by a score of 1, whereas great agreement is indicated by a score of 5. 15 items were used to quantify the exogenous variables, which stand for participation in microfinance, education, and social capital. The endogenous variable, women's empowerment, was assessed using 5 items, on the other hand. 375 AIM consumers who identified as women received the questionnaire. The sample for this study was chosen based on purposeful sampling. The choice of appropriate responders to represent the companies is still up to the researcher (Awang, Afthanorhan, & Asri, 2015). June through August 2022 served as the study's data collection period. Female AIM users made up the target demographic for this study. The G-power software was used to establish the necessary minimum sample size.

The required power was set at 0.80, and the effect size was assessed to be modest (0.15). The performance of MFIs was predicted by up to seven different factors in the study model. Previous researcher asserts that social science needs to reach a minimum acceptable score of 80% (Gefen, Rigdon, & Straub, 2011). The acquired results were slightly greater than what was required because the sample size that was needed was 103. Only 236 of the 375 eligible respondents replied to the survey. This sample size represents a 62.9% response rate, which is considered satisfactory (Sekaran & Bougie, 2016). The model in Figure 1 was computed using Smart PLS 4, which focuses on modeling and bootstrapping (Sarstedt, et al., 2022). The structural model and the measurement model are the two phases of the partial lease square (PLS) analysis. The validity and reliability of the measurement model must be evaluated. The measurement model's validity is evaluated using convergent and discriminant validity, while the model's reliability is evaluated using the Composite Reliability Index (CR). After the measuring model was created, 500 resamples were used in a structural model test to investigate the relationship between the success of the microfinance program and women's empowerment.

4. Results

Data for the present study was exclusively gathered from participants affiliated with AIM in the southern region of Malaysia, specifically from the states of Johor, Melaka, and Negeri Sembilan. The data collection process, outlined in Table 1, involved the creation of 15 WhatsApp groups, each representing a branch of AIM in the aforementioned states. Additionally, each group comprised 25 participants who were carefully selected in collaboration with AIM officers. Before data collection, a meeting was conducted with those officers to provide them with an overview of the study's background, purpose, methodology, and expectations. The officers showed great cooperation, facilitating the data collection process. To comply with the required procedures, the university issued a supporting letter to request approval from the company to collect the data. Subsequently, the participants were provided with a link to an online questionnaire, which they completed within a specified timeframe.

Table 1: Data Collection According to States

State	Branch	Number of Questionnaire Distributed	Returned
JOHOR	Johor Bahru	25	19
	Kulai Jaya	25	9
	Kota Tinggi	25	17
	Batu Pahat	25	15
	Pontian	25	17
	Kluang	25	18
	Muar	25	16
	Segamat	25	24
Melaka	Melaka Tengah	25	15
	Jasin	25	15
	Alor Gajah	25	22

Negeri Sembilan	Senawang	25	17
	Seremban	25	8
	Kuala Pilah	25	12
	Rembau	25	12
TOTAL		375	236
PERCENTAGE		110%	62.9%

Profile of Respondents: A summary of the characteristics of all the clients who took part in the present study is depicted in Table 2. A total of 375 participants, primarily focusing on women clients, were targeted to complete the distributed questionnaires. Out of the 375 participants, only 236 questionnaires were answered, representing a response rate of 62.9%. Regarding the three regions examined in this study, the majority of participants were from Johor (135; 57.2%), covering eight areas. This was followed by participants from Melaka (52; 22%), covering three areas, and Negeri Sembilan (49; 20.8%), covering four areas. The specific areas can be found in Table 4.2. In terms of age distribution, the respondents were categorized as 25-30 years old (2.1%), 31-40 years old (32.2%), 41-50 years old (46.6%), 51-60 years old (17.4%), and 60 years old and above (1.7%). Among the total of 235 respondents, the majority were Malays with 234 respondents (99.2%), while one participant each was Chinese and Indian, accounting for 0.4% each. In terms of highest educational qualifications, most participants held an SPM certificate (164; 69.5%), followed by STPM/Diploma holders (37; 15.7%), secondary school graduates (19; 8.1%), degree holders (10; 4.2%), certificate holders from skills programs and polytechnic institutes (4; 1.7%), and primary school graduates (2; 0.8%). In terms of marital status, the respondents were mainly married (209; 88.6%), with 25 respondents being divorced (10.6%) and 2 respondents being single (0.8%). Regarding the residential area of the participants, the majority resided in rural areas (130; 55.1%), while 44.9% lived in urban areas.

Table 2: Demographic Profile

Variable	Frequency	Percentage
REGION		
Johor	135	57.2
Melaka	52	22.0
Negeri Sembilan	49	20.8
Total	**236**	**100%**
AGE		
25 - 30 years old	5	2.1
31 – 40 years old	76	32.2
41- 50 years old	110	46.6
51 - 60 years old	41	17.4
Above 60 years old/	4	1.7
Total	**236**	**100%**
EDUCATION		
Primary	2	0.8
Secondary	19	8.1
SPM	164	69.5
Certificate	4	1.7
STPM/Diploma	37	15.7
Degree	10	4.2
Total	**236**	**100%**
RACE		
Malay	234	99.2
Chinese	1	0.4
Indian	1	0.4
Others	0	0
Total	**236**	**100%**
MARITAL STATUS		
Married	209	88.6
Divorce	25	10.6

Single	2	0.8
Total	**236**	**100%**
GEOGRAPHICAL LOCATION		
Rural	130	55.1
Urban	106	44.9
Total	**236**	**100%**

Partial Least Square – Structural Equation Modeling (Measurement Model): Confirmatory factor analysis (CFA) was used to establish reliability, discriminant validity, and convergent validity measures. Factor loadings should be taken into consideration while evaluating convergent validity (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). However, composite reliability (CR) and average variance extracted (AVE) could be applied to measure convergent validity. The majority of item loadings are greater than 0.5 (significant at $p<0.01$), and all average extracted variances (AVE) are greater than 0.5, as shown in Table 3. Additionally, the composite reliability (CR) for all variables is greater than 0.7 (Ramayah, Cheah, Chuah, Ting, & Memon, 2018).

Table 3: Discriminant Validity

Construct	Items	Loading	CR	AVE
Involvement in Microfinance	INV1	0.786	0.866	0.565
	INV2	0.784		
	INV3	0.724		
	INV4	0.743		
	INV5	0.718		
Social Capital	SC3	0.883	0.894	0.737
	SC4	0.806		
	SC5	0.884		
Training	TR1	0.904	0.955	0.810
	TR2	0.897		
	TR3	0.944		
	TR4	0.868		
	TR5	0.884		
Women Empowerment	WE1	0.768	0.909	0.666
	WE2	0.838		
	WE3	0.829		
	WE4	0.856		
	WE5	0.785		

Note: SC1 and SC2 were deleted due to low loading.

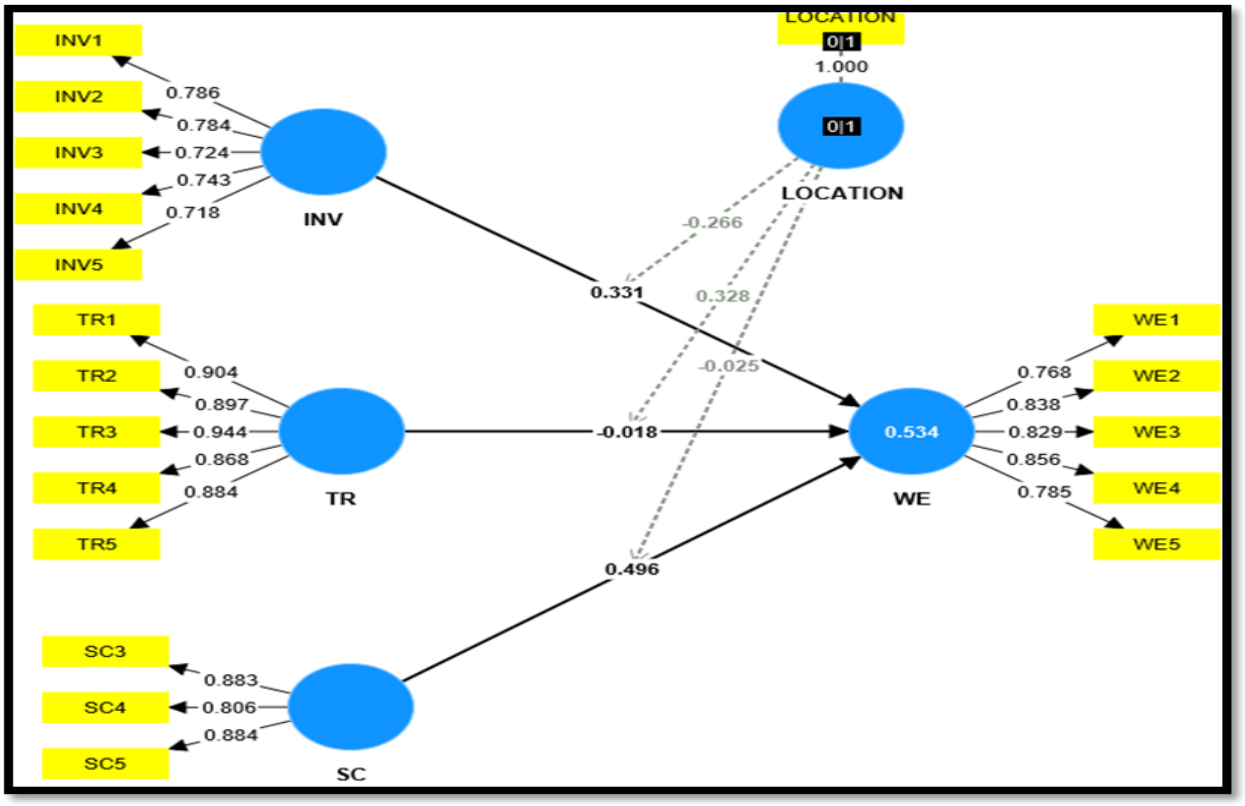
Additionally, the Heterotrait Monotrait (HTMT) was employed in the current investigation as the discriminant criterion for establishing discriminant validity (Henseler, Ringle, & Sarstedt, 2015). They claim that discriminant validity is achieved when there is a correlation value between constructs of less than one. However, a more conservative criterion of 0.85 implies a significantly sharper contrast between the ideas (Kline, 2016). Table 4 displays correlation estimates for HTMT evaluations. Less than 0.85 was the correlation coefficient between the tested constructs. As a result, this finding demonstrates that the requisite degree of discriminant validity was attained through the evaluation of HTMT.

Table 4: Heterotrait Monotrait (HTMT)

CONSTRUCT	INV	LOC	SC	TR	WE
INVOLVEMENT (INV)					
LOCATION (LOC)	0.127				
SOCIAL CAPITAL (SC)	0.636	0.056			
TRAINING (TR)	0.730	0.038	0.784		
WOMEN'S EMPOWERMENT (WE)	0.627	0.114	0.791	0.643	

Partial Least Square – Structural Equation Modeling (Structural Model): The endogenous variable's R^2 score is utilized to compute the explained variance. An R^2 value greater than 0.60 suggests a high value, 0.30 to 0.60 shows a moderate value, and less than 0.30 indicates a low value (Sandin, Sanchez-Arribas, Chorot, & Valiente, 2015). According to Figure 1, the R^2 value for all exogenous factors (INV, SC, TR, and LOC) might be responsible for 53.4% of women's empowerment.

Figure 1: Measurement Model



A hypothesis is represented by each connection between two constructs in the structural model. The researcher was able to test or refute each hypothesis and gauge the strength of the association between the independent and dependent variables through the structural model analysis. By contrasting the beta (β) values within the route model, the path coefficients of all the variables were evaluated. Based on the conclusion that high values indicated the strongest relationship between the exogenous constructs and the endogenous construct. The relationship between the independent and dependent variables was examined using the output of the Smart PLS to determine the strength of the relationships. To evaluate the significance level in partial least square structural equation modeling (PLS-SEM), however, t-statistics for each path were produced using the PLS-SEM bootstrapping method. Based on the t-statistics result, the significance level of each association has been established. Table 5 lists all of the predicted pathways' path coefficients, observed t-statistics, and significance levels.

According to recommendations made by (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014), the acceptable t-values for calculating the significance level for the one-tailed test were 1.28 (10% significance level at $p<0.10$), 1.645 (5% significance level at $p<0.05$), and 2.33 (1% significance level at $p<0.01$). Two of the paths did not support the hypotheses, according to the study of the path coefficients in Table 5, which indicates mixed results. The majority of the t-values were higher than the 0.05 or 5% cut-off for significance, which is the minimum value required (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). In terms of the endogenous construct of women's empowerment, INV (=0.331, t=3.705, $p<0.01$) and SC (=0.496, t=5.224, $p<0.01$) exhibit favorable and significant associations with it. In light of this, both hypotheses (H1: INV has a positive significant effect on women's empowerment and H2: SC has a positive significant influence on women's empowerment) are validated. However, neither LOC (=-0.111, t=1.107, not significant) nor TR (=-0.018, t=0.190, not significant) significantly affect the empowerment of women. H3 (TR and women's empowerment have a significant relationship) and H4 (LOC and women's empowerment have a significant relationship) are therefore not supported.

Table 5: Result of Hypotheses Tests Based on the Path Coefficients, T-Statistics, P Values, and Confidence Interval

Hypotheses	Relationship	Std Beta	Std Error	T-Values	P-Values	LL	UL
H1	INV -> WE	0.331	0.089	3.705	0.000**	0.185	0.470
H2	SC -> WE	0.496	0.095	5.224	0.000**	0.350	0.649
H3	TR -> WE	-0.018	0.096	0.190	0.425	-0.207	0.129
H4	LOC -> WE	-0.111	0.100	1.107	0.135	-0.267	0.074
H4a	LOC x INV -> WE	-0.266	0.138	1.921	0.028*	-0.476	-0.025
H4b	LOC x SC -> WE	-0.025	0.141	0.176	0.430	-0.252	0.197
H4c	LOC x TR -> WE	0.328	0.158	2.079	0.019*	0.054	0.579

Note: one-tailed: *p <0.05 (t ≥ 1.645), **p <0.01 (t ≥ 2.33). INV=Involvement in Microfinance, SC=Social Capital, TR=Training, LOC= Location, WE=Women Empowerment.

In addition, the analysis of moderating the effectiveness of microfinance also found that LOCa (β=-0.266, t=1.921, $p<0.05$) and LOCc (β= 0.328, t=2.079, $p<0.05$) have the ability to influence INV and TR respectively, thus supporting H4a (Location moderates the relationship between INV and WE) and H4c (Location moderates the relationship between TR and WE). However, H4b (Location moderates the relationship between SC and WE) is not supported.

Findings: The findings of the study align with H1, which states that there is a significant relationship between involvement in microfinance and women's empowerment. These findings are consistent with previous research that has demonstrated the positive impact of microfinance on women's empowerment, including indicators such as increased income, improved gender equality, expanded access to financial capital, and enhanced entrepreneurial success (Al-Shami et al., 2016; Faridi et al., 2022). Additionally, the data indicates a significant result ($p<0.05$) of 0.000, in line with previous studies emphasizing the importance of social capital in enhancing women's empowerment (Hameed, 2019). Social capital, characterized by trust and reciprocity, acts as an element to strengthen women's empowerment through microfinance programs, particularly through social group activities (Kumar et al., 2018). Previous research has also confirmed the positive and significant influence of social capital on women's empowerment (Widiyanti et al., 2018). However, the data reveals a negative relationship ($p<0.05$) of 0.429 between training and women's empowerment, which aligns with previous research suggesting that training programs have either a limited or insignificant impact on women's empowerment (Khan et al., 2017).

Previous studies have presented varying conclusions based on the collected data regarding the relationship between training and women's empowerment (Ul-Hameed, Mohammad, & Shahar, 2018). Some researchers have consistently found a positive association between training and women's empowerment, including studies by Samer et al. (2015) and Tammili, Mohamed, and Terano (2017). Besides, the outcomes of training programs have been shown to transform individuals' perception of opportunities and challenges, leading to increased motivation levels among entrepreneurs (Bembenutty, White, & DiBenedetto, 2016; Haider, Asad,

Fatima, & Zain, 2017). These programs also help women improve their ability to effectively utilize loans by educating themselves (Ul-Hameed, Mohammad, & Shahar, 2018). However, the data collected in the present study does not indicate a significant relationship between the location of microfinance borrowers and women's empowerment. Specifically, the focus is on urban areas. The p-value of 0.430 contradicts previous research suggesting that long distances to access microfinance or locating business activities far from urban areas may hinder the process of women's empowerment (Alimukhamedova, Filer, & Hanousek, 2017; Akingunola, Olowofela, & Yunusa, 2018).

According to a similar study conducted by Alimukhamedova, Filer, and Hanousek (2017), it is suggested that individuals residing in urban areas are not necessarily more empowered compared to those in rural areas. Urban residents face their own set of challenges, such as dealing with traffic congestion and the need to travel long distances to access microfinance services. On the other hand, accessing microfinance facilities in rural areas is more difficult due to the significant distances between locations, which hampers the optimal utilization of these services (Hussaini & Chibuzo, 2018). The participation rate in microfinance programs was also found to be lower in rural areas due to the vast geographical distances (Joshi, 2019). Furthermore, a study indicates that urban residents, who are typically in closer proximity to one another, have stronger social connections and are more likely to leverage the available social capital (Postelnicu & Hermes, 2018). Another argument put forth is that urban residents are generally more receptive to training programs due to their access to basic knowledge and education (Adhariani, 2022).

5. Managerial Implications and Recommendations

It is recommended to conduct further studies to investigate the relationship between variables, with a focus on geographical location as the moderator, among participants of AIM in the remaining states. This will help determine the level of women's empowerment in Malaysia and ensure the effectiveness of microfinance programs across different areas of residence. Considering that women's empowerment currently stands at 71.4% with a modest improvement of 0.5% (DOSM, 2022), it is crucial to sustain microfinance initiatives and bridge the gender equality gap. Besides, the content of training programs should be thoroughly analyzed to ensure their quality and effectiveness, enabling trainees to derive maximum benefits. Making participation in AIM's training programs mandatory for borrowers can contribute to enhancing their entrepreneurship skills. Maintaining equal opportunities to access microfinance under AIM is essential, ensuring that it is easily accessible to empower impoverished women in both rural and urban areas. A proposed collaboration between AIM and the Zakat institution aims to address issues of poverty. Given the limited availability of Zakat funds, AIM can assist by identifying potential borrowers from Zakat's ASNAF database, supporting them in becoming entrepreneurs and improving their economic status.

Conclusion: In assessing the relationship between participation in microfinance, social capital, and training in women's empowerment, the study has succeeded in achieving its research goals. The statistics demonstrate that microfinance was consistent with earlier research to increase women's empowerment, hence reducing poverty (Maulidia & Nur, 2022). The results of our research on this subject are therefore presented in this chapter. The variables used to assess the effectiveness of women's empowerment have been continuously employed in past research. For instance, the involvement in microfinance has been evaluated by researchers such as Joshi (2019) and Duvendack and Mader (2019). Meanwhile, the impact of social capital has been examined by Yusuff, Bakar, and Ahmad (2018) and Ado and Mata (2020). The role of training programs in enhancing entrepreneurship skills has been investigated by Ul-Hameed, Mohammad, and Shahar (2018) and Hameed (2019), while the importance of organizing these programs actively has been emphasized by relevant stakeholders, as noted by Norma and Jarita (2010). The geographic location and residential areas between urban and rural areas were also studied by (Omar, Supian, Noor, & Dahalan, 2012), and (Misnan, Abdul, & Othman, 2015). This study emphasizes how microfinance has a good impact on women's empowerment as one of the key goals of eradicating poverty.

AIM, TEKUN, and the financial inclusions provided by Islamic banking today have all served as markers of the dedication and commitment of the government and stakeholders to advance the United Nations' goals. AIM, the pioneering microfinance institution, consistently expands its scope and showcases exceptional achievements, as demonstrated by its consecutive recognition with the prestigious "Best Islamic Microfinance

Institution" international award for both 2020 and 2021. The AIM borrowers' track record of payback was emphasized as being above 99%, demonstrating their ability to be financially stable and raise their family's economic standing (Awani, 2022). Social capital was also discovered during the program to be a crucial aspect to increase microfinance's effectiveness. But contrary to the bulk of previous findings, this study indicated that the training was not significant. By examining the geographic location and comparing urban and rural locations, it was discovered that the location of microfinance borrowers had little bearing on the empowerment of women. Although it has been said that urban dwellers tend to be more educated and advanced (Hussaini & Chibuzo, 2018), this does not necessarily translate to a good impact on women's empowerment due to difficulties like difficult access and lengthy wait times in traffic (Alimukhamedova, Filer, & Hanousek, 2017).

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