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Examining age-wise perception of microfinance beneficiaries with regard to inclusive growth

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Abstract
The current study is undertaken to assess the age-wise perception of microfinance beneficiaries with regard to inclusive growth. To fulfil the objectives of the study, both primary and secondary data has been collected. The primary data has been collected from 510 microfinance beneficiaries of four microfinance institutions/ banks namely J&K Grameen Bank, Jammu Central Cooperative Banks, Citizen Cooperative Bank and Women Credit Cooperative Society functioning in Jammu region of Union Territory of Jammu and Kashmir. The technique of Exploratory Factor Analysis (EFA) and One-way ANOVA has been used for data analysis and scale purification. The results of the study indicates that there exits significant means difference between the perception of microfinance beneficiaries with regard to inclusive growth.

Keywords: microfinance, ANOVA, EFA, Grameen bank, access, perception

Introduction
Access to adequate and appropriate microfinance services to the deprived section of the society, especially those living in the bottom of the pyramid is one of the severe nuisance which every country all over the world is facing now a days (Oluwatayo, 2014) [11]. Access to microfinance service and inclusive growth are no longer just guiding principle, which would decide the long-term financial steadiness and sustainability of the socio-economic order, going forward. It is on the part of all the microfinance institutions to walk jointly extra mile and make certain that every household in the country would get an easy access to credit and other microfinance service at an affordable cost so that they can improve their socio-economic condition. Microfinance institutions with their huge network exposure are required to play an imperative function in ensuring access to basic financial products & services to financially excluded households of the country by promoting financial literacy among them (Jayakumari, 2015) [7]. Microfinance institutions should acts as a providers and facilitators in the credit delivery mechanism through their financial inclusion initiatives (Savitha & Jyothi, 2013) [9]. Generally farmers, agricultural and industrial labourers, unemployed, women, physically challenged and old age people are the most commonly financial excluded section of the society. This section of the society is greatly addressed by the microfinance institutions of the country (Ramji, 2013) [13].
The current study is undertaken to assess the age-wise perception of microfinance beneficiaries with regard to inclusive growth. After reviewing extant literature pertaining to microfinance, no systematic and empirical study has been found on the aforesaid topic. Most of the studies reviewed are conceptual in nature and few of them have been based on secondary information. The aforesaid gap in the existing literature necessitated the present work which shall prove to be an asset for the policy makers, researchers and academicians both at the national and international level.

Literature review
Access to microfinance services is essential for recuperating the living state of affairs of poor and other helpless sections of the society. In order to promote economic and social welfare of the weaker sections of the society microfinance institutions through their large network coverage are required to provide access to microfinance service to financial excluded sections of the society. In the present study, an attempt has been made to present the review of various studies carried on by scholars, academicians pertaining to microfinance.

At present, microfinance has been gained a momentum by providing basic financial services to deprived section of the society. In developing countries like India, microfinance institutions emerged as an exclusive opportunity which provides basic financial services to poor people who do not have access to formal financial institutions (Gebremichael & Gessesse, 2016) [6]. Access to affordable financial services by the underprivileged section of the society is considered as necessity for accelerating development and reducing income inequality (Divya, 2014) [4]. Josiah and Elizabeth (2012) [8] concluded that financial inclusion intervention measure should continue, the array of financial products that make up financial inclusion should be identified which includes both access and usage of microfinance services. They further added that the mainstream population of all over the globe is financially excluded. Those poor households who are financially excluded cannot partake in social and economic activities of the country leading to discrimination on the basis of caste, religion, income level etc. Access to reasonably priced microfinance services by the disadvantaged section of the society is considered as an obligation for accelerating development and reducing income inequality (Divya, 2014) [4]. Microfinance is recognised as the provision of micro credit to the low income people along with other financial services (Dowla, 2017). According to Ravichandran and Alkhathlan (2009) [14], very few people have access to microfinance services. There are number of factors affecting access to microfinance service by weaker section of society in India. The lack of awareness, low incomes and assets, social exclusion, illiteracy are the barriers from demand side. The distance from bank branch, branch timings, cumbersome banking procedure, over requirement of documents for opening bank accounts, unsuitable banking products / schemes, language, high transaction costs and attitudes of bank officials are the barriers from supply side. Microfinance is recognised as the provision of micro credit to the low income people along with other financial services (Dowla, 2017). It has been proved to be an essential growth strategy that is used by the various financial institutions, governments and non-governmental organizations to get rid of the problems faced by more than 2 billion disadvantaged section of the society (Abdelkader & Mansouri, 2019; Kumra & Sharma, 2018) [1, 10]. Assefa *et al.*, (2013) mentioned that microfinance institutions are considered as an imperative financial institution which enables poor people to take the advantage of financial services from formal financial institutions. Micro-financial institutions provide broad range of financial services to their beneficiaries such as savings, credit and insurance to poor households and their micro activity (Koveos & Randhawa, 2004). Abdelkader and Mansouri (2018) mentioned that MFIs not only provide financial services but also provide various types of non-financial services which include specialised training, technical assistance and education related to agriculture & health, etc. Microfinance Institutions have been proved as important organisations which work for social cause in developing countries by improving the economic prospects and standard of underprivileged section of society living at the bottom of pyramid (Boehe & Cruz, 2013; Khavul *et al.*, 2009) [3]. The main objective of microfinance institutions is to enable poor people to access affordable financial services by reducing their operating cost and achieve economic sustainability for long term growth (Rahman *et al.*, 2018).

As a result, these reviews provide knowledge about the financial aspects of microfinance institutions which would be of substantial help in measuring age-wise perception of microfinance beneficiaries regarding inclusive growth.

Objectives of the study

The present study is based on the following objectives:

1. To investigate the age-wise perception of microfinance beneficiaries with regard to inclusive growth.
2. To offers suggestions to policy makers to bring financially excluded poor households in the ambit of microfinance institutions.

Hypothesis

The present study is based on the following hypothesis:

H_0: Age -wise beneficiaries differs in their perception with regard to inclusive growth through microfinance

Research methods

Statistical techniques like Exploratory Factor Analysis (EFA) and One-way ANOVA are used for data analysis.

Results and Discussion

Exploratory Factor Analysis (EFA)

The technique of Principal Component Analysis (PCA) along with Varimax Rotation has brought the construct to the level of 11 statements out of 15 statements kept in the domain of inclusive growth. The KMO value (.814) and Barlett's Test of Sphercity (3019.170) and variance explained 68.361% (Table 1). The factor loading ranges from 0.518 to 0.859 and communalities from 0.584 to 0.859.

Table 1: Output from factor analysis with regard to inclusive growth*

Rounds	Variance explained	Items emerged	No. of factors extracted	Iterations	No. of items deleted	KMO	Bartlett test of spherecity
1	70.234	15	6	18	2	.896	3143.345
2	71.205	13	5	17	1	.875	2986.450
3	69.489	12	4	14	1	.853	2842.975
4	68.361	11	4	15	-	.814	3019.170

***Source:** Data analysis

A brief description of factors emerged are as under:

Factor 1: Life expectancy

This factor contains four items namely, 'MF has increased per capita income of your family', 'MF has led to increase in value of your assets', 'MF has increased the life expectancy of your family members' and 'MF has empowered the members of the society' which exhibits mean value ranges from 3.49 to 3.75, factor loadings between .589 to .846 and communalities from .584 to .820. This factor underlines that increased per capital income, enhanced life expectancy, increase in the value of assets and empowering the member of the society are the main signs of inclusive growth.

Factor 2: Financial Inclusion

This factor envisages three items namely, 'MF has increased the level of education in your area,' 'MF has brought the unbanked masses into the formal banking system' and 'MF has increased productivity in agriculture sector'. The mean scores arrived are 3.77, 3.86 & 3.87 respectively, factor loadings .518, .774 & .829 and communalities .715, .729 & .859 respectively. This factor envisages that financial inclusion plays an important role in increasing the level of education and productivity in rural areas.

Factor 3: Growth

This factor takes into consideration only two items namely, 'MF raises your living standard' and 'MF enables you to achieve inclusive growth' with significant mean value are 3.54 & 3.85 respectively. The factor loadings are .697 & .831 and communalities are .725 to .760 respectively. This factor underlines continuous progress is essential for growth.

Factor 4: Reduced stress

Two items included in this factor namely, 'MF has reduced the level of stress in your life' and 'MF has inculcated saving habits in your family members' which exhibits mean value are 3.59 & 3.87, factor loadings .763 to .859. and communalities .760 & .807. From this factor it is clear that increased saving habits among microfinance beneficiaries has reduced the level of stress among them.

Reliability

Four factors are obtained after purification of scale items regarding inclusive growth. As it is found that the Cronbach's reliability coefficients for all the 11 items underlying four factors ranges from .686 to .853. The alpha reliability coefficients for F1: Life expectancy (.853) and **F2:** Financial inclusion (.793) is above the prescribed limit of .77 obtained by Gordon and Narayanan (1984) indicating high internal consistency. With regard to inclusive growth such as F3: Growth (.686), F4: Reduce stress (.728), which is also more than the minimum accepted level of 0.50 as suggested by Brown *et al.* (2001) and Kakati & Dhar (2002), thereby obtaining satisfactory internal consistency. The adequacy and reliability of sample size to yield distinct and reliable factors is further demonstrated through Kaiser-Meyer-Olkin measure of sampling adequacy that is .814 and all factor loadings are greater than 0.50.

Validity

Four factors obtained alpha reliability, higher or equal to 0.50 and satisfactory KMO value at .814, which indicates significant construct validity of the construct (Hair *et al.*, 2009).

Output from One-way ANOVA

To verify the age wise significant mean difference between the perceptions of microfinance beneficiaries towards inclusive growth, One-way ANOVA has been applied. The ANOVA result are outlined as under:

Age-wise analysis

Table 2 depicts that age wise analysis shows significant mean differences exists among customers belonging to different age groups (F=3.13, Sig.=.014) with regard to inclusive growth. The ANOVA results for inclusive growth reflects that significant mean difference exists for life expectancy (F=3.64, Sig. =.006), financial inclusion (F=2.41, Sig. =.048), growth (F=3.67, Sig. =.006) and reduce stress (F=.312, Sig. =.814). Overall, the beneficiaries who belong to the age group of 18-25 years (4.00) are more satisfied followed by 45-55 years (3.95), 35-45 years (3.92), over 55 years (3.91) and 25-35 years (3.88) beneficiaries (Table 3) with regard to inclusive growth.

Table 2: Age-wise perception of beneficiaries (anova) with regard to inclusive growth*

Factors		Sum of Squares	Df	Mean square	F	Sig.
F1=Life expectancy	Between Groups	6.308	4	1.577	3.649	.006
	Within Groups	218.235	505	.432		
	Total	224.544	509			
F2=Financial Inclusion	Between Groups	4.140	4	1.035	2.419	.048
	Within Groups	216.025	505	.428		
	Total	220.165	509			
F3=Growth	Between Groups	6.151	4	1.538	3.675	.006
	Within Groups	211.347	505	.419		
	Total	217.498	509			
F4=Reduced Stress	Between Groups	.539	4	.135	.392	.814
	Within Groups	173.665	505	.344		
	Total	174.204	509			
Overall	Between Groups	3.236	4	.809	3.138	.014
	Within Groups	130.188	505	.258		
	Total	133.424	509			

***Source:** Data analysis

Table 3: Age-wise, factorial mean of beneficiaries with regard to inclusive growth*

Age	F1	F2	F3	F4	Overall
18-25 years	4.00	3.96	4.11	4.11	4.00
26-35 years	3.86	3.88	3.94	3.94	3.88
36-45 years	3.80	3.95	3.91	3.91	3.92
46-55 years	4.10	4.13	4.19	4.19	3.95
over 56 years	4.04	4.06	4.14	4.14	3.91

***Source:** Data analysis

Note: F1=Life Expectancy, F2=Financial Inclusion, F3=Growth, F4= Reduced Stress.

Table 4: Factorial mean score with regard to inclusive growth*

Factors	M	SD	FL	Eigen values	% of VE	Communality	Alpha(α)
Factor 1 Life Expectancy	3.91			5.254	23.180		.853
MF has led to increase in value of your assets	3.90	0.791	0.589			0.584	
MF has increased the life expectancy of your family members	3.82	0.800	0.846			0.811	
MF has empowered the members of the society	2.42	0.822	0.836			0.811	
MF has increased per capita income of your family	3.97	0.773	0.623			0.733	
Factor 2 Financial Inclusion	3.95			1.422	17.703		.793
MF has brought the unbanked masses into the formal banking system	2.69	0.748	0.518			0.715	
MF has increased the level of education in your area	3.96	0.835	0.829			0.859	
MF has increased productivity in agriculture sector	2.95	0.759	0.774			0.729	
Factor 3 Growth	3.99			1.150	17.504		.686
MF raises your living standard	3.98	0.772	0.697			0.725	
Overall, MF enables you to achieve inclusive growth	4.01	0.725	0.831			0.760	
Factor 4 Reduced stress	3.91			1.778	17.101		.728
MF has inculcated saving habits in your family members	3.90	0.596	0.859			0.807	
MF has reduced the level of stress in your life	3.93	0.714	0.763			0.760	
Total variance Explained					75.489		

***Source:** Data analysis

The finding of the study reveals that significant mean difference exists between the perceptions of microfinance beneficiaries with regard to inclusive growth as the value of p is less than 0.05. Hence the hypothesis "Age -wise beneficiaries differs in their perception with regard to inclusive growth through microfinance," stands accepted. It is suggested that the microfinance should take into consideration the age of its customers while designing financial products for its customers.

Limitations of the study

Ever since, all promising efforts are made to make the study more convincing and comprehensive, yet certain limitations could not be ruled out. These limitations are as under.

- The scope of the study is restricted to Jammu region only due to time and resource constraints
- The data is gathered from the beneficiaries of microfinance only.
- The study is based on cross-sectional data and further be extended on longitudinal data.
- Possibility of subjective interpretation in some cases cannot be ruled out.

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