JKKNIU Journal of Social Sciences Volume 6, Number 1 p-ISSN: 2521-3105 e-ISSN: 3135-7989

MICROFINANCE AND ENTREPRENEURSHIP FOR PEOPLE WITH DISABILITIES: EVIDENCE FROM RURAL BANGLADESH

Md. Alomgir Hossan[1]

Bibi Morium[2]

ABSTRACT

This study examines the role of microfinance in promoting entrepreneurship and enhancing financial support and security for people with disabilities (PWDs) in rural Bangladesh. A mixed-methods approach was employed to identify the barriers and enabling factors influencing access to microcredit and related financial services. Primary data were collected from PWDs in rural areas using a structured questionnaire (N=50), while secondary data were obtained from published journal articles, books, newspapers, and government documents. The findings indicate that microfinance access (MF scale) is strongly and positively associated with entrepreneurship (ENT scale) ($r = 0.717$, $p < 0.01$). Regression analysis further showed that microfinance access was a significant positive predictor of entrepreneurship among PWDs ($\beta = 0.713$, $p < 0.001$), explaining 51.5% of the variance in entrepreneurship. The inclusion of perceived impact improved the model's explanatory power ($R^2 = 0.705$); however, because the perceived impact scale may partly reflect outcomes associated with entrepreneurial success, this relationship is interpreted as associative rather than causal. The study also identifies the types of business activities undertaken by PWD entrepreneurs and highlights the major barriers and enabling factors affecting their entrepreneurial success. Based on these findings, the study recommends that policymakers and microfinance practitioners adopt a holistic approach that goes beyond loan disbursement, integrating training, business development support, and social inclusion initiatives to promote sustainable entrepreneurship among PWDs in rural Bangladesh.

Keywords: Microfinance; Entrepreneurship; People with disabilities (PWDs); Financial inclusion; Bangladesh

INTRODUCTION

In Bangladesh, there are over 1200 microfinance institutions (MFIs) in operation. The sector is dominated by four sizable MFIs that serve about 11.5 million people, or 90% of all MFI clients: BRAC, Grameen, ASA (Association for Social Advancement), and Proshika. With 0.7 million consumers, Swarnivar Bangladesh is the third biggest NGO after the "big four," followed by (Zaman, 2004). There are likely only 10 NGOs with more than 100,000 borrowers. In the end, four MFIs provide the majority of microcredit access, and most of them are tiny (fewer than 5,000

---

[1] Department of Political Science, University of Rajshahi, Bangladesh

[2] Department of Political Science, University of Rajshahi, Bangladesh

Corresponding Author's Email: alomgirhossan101@gmail.com

Article History: Received 31 May 2026; **Accepted** 24 July 2026; **Published online** 25 July 2026

DOI: https://doi.org/10.67120/jkkniujss.v6.i1.a70

borrowers). Though they have succeeded in many ways, these institutions have failed to utilize grassroots support from all levels of Bangladesh to avoid the risk of capital. Consequently, People with disabilities (PWDs) in Bangladesh constitute a significant yet marginalized segment of the population, facing intersecting challenges of poverty, exclusion, and limited access to services. Microfinance provides PWDs with a great opportunity to alleviate poverty by enabling them to start small and medium-sized businesses. Still, potential constraints remain in accessing financial support from financial institutions (Sarker & Khan, 2024a). But recently, particularly since the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) and its Optional Protocol (A/RES/61/106) were adopted in 2006, member states have been obligated to address the issue of inclusion and empowerment of people with disabilities (Rasmussen & Lewis, 2007). Government and non-governmental institutions have taken further initiatives and programs to empower people with partial or total disabilities to participate in financial activities. Additionally, all member states, including the global South, have made the economic and social empowerment of individuals with disabilities a top policy priority due to the UN Sustainable Development Goals' (SDGs) commitment to "leave no one behind" (United Nations, 2019). Microfinance has been a viable instrument for reducing poverty in recent years and has also helped individuals living in poverty worldwide become more economically and socially empowered (Nuwagaba et al., 2012). But microfinance could not directly influence financial benefits; rather, it provides additional training and assistance (Sarker, 2022). Furthermore, there are several reasons why PWDs fail to gain access to mainstream business, i.e., insufficient training programs and a lack of financial support from institutions. According to Bwire et al. (2009), hardly 0.5% of microfinance institutions' clients are disabled. According to Barron and Ncube (2010) and Cramm and Finkenflugel (2008), very few PWDs have access to microfinance. It is inconsistent with the United Nations Convention on the Rights of People with Disabilities (2008), where PWDs are guaranteed equal chances. Citizens in Bangladesh face multifaceted complexities when new businesses or enterprises are established due to the strict role of credit transfer institutions. An enterprise's size and scope are typically impacted by finance (Ciaian et al., 2012). Financial organisations seek the potential of debt receivers to confirm that their capital is returned. Consequently, the PWDs are interrupted at the beginning of a new journey to start a small or medium-sized business.

To find the heartbreaking causes why people are unable to get financial support, despite the thousands of NGOs and institutions remaining in our country. In this study, we will use a mixed-method approach to scrutinize the failures and prospects of the formal and informal money lenders' authority. Why has microfinance been untouchable for disabled people? Our main question is how microfinance can serve as a leading authority in engaging people with disabilities in income-generating activities. Furthermore, why are PWDs stuck in disproportionate disparities when getting financial support? To answer these questions, we had to build a Structured questionnaire, and we included face-to-face interviews in our paper to investigate the root causes. Policy makers are highly recommended to keep deep insight into the people with disabilities in rural and urban Bangladesh.

LITERATURE REVIEW

Action research conducted in the late 1970s by academics and practitioners in organisations established to address the relief and rehabilitation needs of post-independence Bangladesh is where the present microcredit concept got its start. The 1980s saw an increase in the number of non-governmental organisations (NGOs) experimenting with various methods to provide credit to the underprivileged. Around the start of the 1990s, the many models converged to create a fairly standard "Grameen model" for microcredit delivery. The availability of microcredit has significantly increased over the past ten years. Additionally, the conventional Grameen model has been further refined in recent years to accommodate various life-cycle scenarios and specific markets. Zaman (2004) investigated how microfinance reached people and how it affects vulnerabilities by analysing major financial institutions in Bangladesh. According to the LCT nomenclature, Bangladesh's microfinance industry exhibits traits that are generally consistent with the saturation phase (2006-2015), which may have negative effects on microfinance institutions and clients. Microfinance's mature period (1996-2005) was marked by competition and some innovations, both financial and non-financial (Mia et al., 2019). When someone takes steps to move forward, they need to start moving. In our populous country, women make up a large proportion of the population; without their contributions, economic prosperity remains in the dark. Government and microcredit institutions adopt suitable approaches for women because women are not equally equipped as men (Ahmed, 2009).

Globally, including in Bangladesh, governments and development organisations have made women's empowerment one of their main goals. Microfinance has received considerable attention from governments, academics, international aid funders, and other development specialists as a means of reaching women and including them in the development process. However, up until now, women's empowerment in the development process has been seen as the attainment of a "better deal" for women, with a primary focus on women's welfare (Tungodden, 2001). The genuine impact on beneficiaries is not given sufficient priority by microfinance institutions in Bangladesh, which appear to evaluate the performance of their programs primarily on repayment rates and self-sustainability. The long-standing problems of gender inequality and helplessness have not been addressed, even though long-term microfinance recipients have somewhat better opportunities for social mobility and feel more valued. Thus, the relationship between women's commission and minimalist microfinance isn't as significant as is generally allowed (Ali & Hatta, 2012). They aligned their findings with women’s empowerment. But a disabled or partially impaired person is excluded from their observation. Microfinance is a powerful and effective instrument for empowering women. Poor economic standing, illiteracy, unskilled labour, unemployment, limited access to land, housing, transportation, and energy, and family decision-making are just a few of the obstacles that stand in the way of women's empowerment. It is regarded as one of the best strategies for reducing poverty. Microfinance services are seen as a means of empowering women. Members of microfinance institutions (MFIs) contribute more to household decision-making, saving and income-generating activities, and activities outside the home sector (Lamichhane, 2020). Furthermore, Microfinance has a significant impact on women's economic standing, decision-making authority, knowledge, and self-worth, as well as community activities and self-help group initiatives.

Over the past few decades, microfinance has grown, primarily serving the impoverished who lack access to traditional banking services by offering financial products such as credit and savings. The poorest of the poor have not been touched by microfinance providers, despite the sector's enormous growth. According to Cramm & Finkenflugel (2008) research, people with disabilities had a worse likelihood of obtaining microfinance than people without impairments, which is consistent with the pervasive prejudice seen in other contexts.

Even though addressing the economic and social empowerment of people with disabilities is selective and limited, there is room for greater coverage through the introduction of several enabling interventions and institutional adjustments (Chaudhry, 2016). Microfinance has the potential to help people with disabilities in a tradition-bound developing country like Bangladesh. Women who are physically challenged, abandoned, widowed, divorced, or do not have family support were largely disregarded by microfinance institutions, depriving them of the opportunity to improve their circumstances and their chances of achieving self-reliant livelihood opportunities. Traditionally, poor, non-disabled women have participated in microfinance.

Microfinance institutions (MFIs) failed to fulfil their obligation to integrate individuals with disabilities into their mainstream programs. People with disabilities experience severe hardship and prejudice from their families, communities, organisations, and the government. Despite the assertion that microfinance reduces poverty, the empowerment of impoverished people and vulnerable individuals; however, there aren't many instances of microfinance helping persons with disabilities. People with disabilities are engaged in the economy, according to trials conducted globally by MFIs and donor-funded initiatives (Sarker, 2013). Additionally, disabled persons seem to be the best clients, as they are independent, self-sufficient, and self-assured. Nonetheless, these individuals make up a favourable market niche for MFIs.

Mallick (2012) argued that formal and informal money transactions have positive and negative effects on money recipients. There won't be as much demand for informal credit if certain borrowers can get all the money they need from the formal sector at cheaper interest rates. This would put downward pressure on interest rates under perfect competition and complete information. Formal institutions offer few opportunities to start a business due to rigorous policies, but informal moneylenders put unbearable pressure on borrowers.

Several papers have been written on microfinance and PWDs, but empirical analyses of the disabled entrepreneurship model are rare. We have gathered data from local people with disabilities (PWDs) and analysed lived conditions. Our findings reflect on living conditions, social status, financial stability, and self-income-generating ability among the most vulnerable group in our country. Furthermore, the direct impact of formal and informal funding methods has been analysed by observing. Why do microfinance institutions (MFIs) treat them unfairly? Our findings reveal real-life experience and present implacable proposals for policymakers in our country.

STATEMENT OF THE PROBLEM

Despite Bangladesh's global recognition as the birthplace of modern microfinance, the benefits of microfinance have not been distributed equitably across all marginalized populations, particularly people with disabilities (PWDs) (Yunus, 2007). Although microfinance has been widely acknowledged as an effective instrument for poverty reduction, financial inclusion, and livelihood development, empirical evidence suggests that PWDs continue to face significant barriers in accessing financial services and entrepreneurial opportunities (Krahn, 2011). Existing lending practices often prioritize repayment capacity and perceived business potential, unintentionally excluding individuals with disabilities because of social stigma, limited collateral, inadequate institutional support, and discriminatory lending practices (Sarker, 2015). Consequently, many PWDs remain dependent on informal credit sources or are entirely excluded from income-generating activities. Previous studies have primarily examined the relationship between microfinance and poverty alleviation, women's empowerment, or rural development

(Montgomery et al., 1996), while the entrepreneurial experiences of PWDs have received comparatively little scholarly attention. Moreover, the limited research that exists has largely focused on descriptive accounts of financial exclusion rather than empirically examining whether access to microfinance contributes to entrepreneurship among PWDs or identifying the barriers and enabling factors that shape this relationship (Rana & Sanderse, 2020). This represents a significant knowledge gap, particularly in the context of rural Bangladesh, where disability and poverty frequently reinforce one another. Therefore, this study investigates the role of microfinance in promoting entrepreneurship among people with disabilities in rural Bangladesh. Specifically, it examines the relationship between access to microfinance and entrepreneurship, identifies the major barriers and facilitating factors influencing entrepreneurial participation, and provides evidence-based policy recommendations to strengthen inclusive financial systems and sustainable livelihood opportunities for PWDs.

RESEARCH OBJECTIVES

(a) To examine the role of microfinance institutions in promoting entrepreneurship among people with disabilities (PWDs) in rural Bangladesh.
(b) To identify the barriers and challenges faced by PWDs in accessing and utilizing microfinance for business development.
(c) To formulate policy recommendations for enhancing financial inclusion and sustainable enterprise growth among PWDs through effective microfinance interventions.

RESEARCH METHODOLOGY: MIXED APPROACH

Quantitative and Qualitative Component

This study employed a mixed-methods research design to examine the relationship between microfinance and entrepreneurship development among people with disabilities (PWDs). A descriptive and explanatory research design was adopted to investigate the characteristics of the respondents and the relationships among the study variables. The study population comprised individuals with disabilities who had either accessed or applied for microfinance services. Using purposive sampling, 50 respondents were selected for the quantitative survey.

Quantitative data were collected using a structured questionnaire based on a five-point Likert scale. The questionnaire measured five principal constructs: Microfinance Access (MF), Entrepreneurship Development (ENT), Challenges (CH), Perceived Impact (IMP), and Policy Support (SUP), and collected demographic information, including gender, age, education, disability type, income, and occupation. The Perceived Impact (IMP) scale measured respondents perceived social and economic outcomes associated with participation in microfinance programs, including improvements in living standards, financial independence, social inclusion, family status, and confidence. Because these outcomes may partially overlap with entrepreneurial development, an additional regression model including only microfinance access as a predictor was estimated as a robustness check.

The quantitative data were analysed using R version 4.5.1. Descriptive statistics were computed using the psych package, while data manipulation and table preparation were performed using **dplyr.** Pearson correlation and multiple linear regression analyses were conducted using base R, and graphical visualizations were generated using ggplot2. Descriptive statistics were used to summarize respondents' demographic characteristics and response patterns. The internal consistency of the measurement scales was evaluated using Cronbach's alpha. Pearson correlation analysis was employed to examine the associations among the study variables, and multiple linear regression analysis was conducted to assess the influence of microfinance and related factors on entrepreneurship development. To evaluate the robustness of the findings, two regression models were estimated. Model 1 examined the effect of microfinance access on entrepreneurship development, whereas Model 2 included both microfinance access and perceived impact as predictors of entrepreneurship development. Model performance was assessed using the coefficient of determination (R^2), adjusted R^2, F-statistic, and corresponding p-values. Scatter plots were also generated to illustrate the relationships among the principal variables.

Ethical principles were strictly observed throughout the research process. Participation was voluntary, and informed consent was obtained from all respondents before data collection. Confidentiality and anonymity were ensured, and all personal information was treated in accordance with accepted research ethics. To complement the quantitative findings, the study incorporated qualitative methods. Extensive document analysis and consultations with key informants were conducted prior to the field investigation to identify appropriate research tools and develop interview strategies sensitive to the specific needs of people with disabilities. The qualitative component followed a case study approach, which allows "in-depth, multi-faceted explorations of complex issues in their real-life settings" (Crowe et al., 2011). This approach is widely recognized in qualitative health and social science research (Polit & Beck, 2010). Interview procedures were carefully adapted to accommodate local cultural contexts and the communication needs of participants with different types of disabilities (Sarker & Khan, 2024b).

Interview Selection

The qualitative component included both individuals with disabilities who had successfully obtained microfinance and those whose applications had been unsuccessful. Including both groups enabled a comprehensive assessment of the opportunities and limitations of microfinance in promoting entrepreneurship and economic empowerment among people with disabilities. Microfinance providers, particularly non-governmental organisations (NGOs), generally target individuals with disabilities who are living in poverty and are considered economically active. Consequently, financing is typically provided to applicants who demonstrate the physical capacity and entrepreneurial potential to undertake income-generating activities and are regarded as creditworthy.

Profile of Participants

The study was conducted in rural areas of Bangladesh. The Shishu Niloy Foundation (SNF), a non-governmental organisation operating in the Khulna Division, facilitated access to potential participants through its local networks. After identifying eligible participants according to the inclusion and exclusion criteria, the research team conducted face-to-face interviews with assistance from a trained research assistant. Before each interview, participants received an information sheet and signed an informed consent form. For participants with hearing impairments, family members assisted in explaining the study and, where necessary, in facilitating the consent process.

TABLE 1: SOCIO-DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS (N=50)

VARIABLE	CATEGORY	FREQUENCY (N)	PERCENTAGE (%)
SEX	Male	31	62.0
	Female	19	38.0
	Total	**50**	**100.0**
AGE GROUP (YEARS)	18-29	9	18.0
	30-44	27	54.0
	45-59	11	22.0
	60+	3	6.0
	Total	**50**	**100.0**
RESIDENCE	Rural	50	100.0
	Total	**50**	**100.0**
TYPE OF DISABILITY	Physical	15	30.0
	Visual	12	24.0
	Hearing	7	14.0
	Speech	5	10.0
	Intellectual	6	12.0
	Multiple/Other	5	10.0
	Total	**50**	**100.0**
EDUCATION LEVEL	No formal education	14	28.0
	Primary	21	42.0
	Secondary and above	15	30.0
	Total	**50**	**100.0**

Source: Field Survey, 2025

In addition to interviewing people with disabilities, interviews were conducted with representatives of microfinance NGOs to explore their experiences in serving people with disabilities and to identify the opportunities and challenges associated with existing microfinance programs, which have traditionally been designed for economically active and physically capable borrowers.

Participant observation was also employed to gain a deeper understanding of the social and cultural contexts in which people with disabilities live. This approach facilitated a richer understanding of family relationships, community perceptions, and everyday experiences of disability (Walshe et al., 2012).

Qualitative Data Management

All interviews were conducted in Bangla, the researchers' native language, and each interview lasted approximately 30-35 minutes. To protect participants' privacy, hard-copy materials were stored securely, while electronic files were maintained on password-protected computers. Pseudonyms were assigned to all participants to ensure anonymity. Photographs were taken only with participants' explicit permission for use in academic publications and conference presentations. Because the study involved a vulnerable population, additional efforts were made to facilitate participation through family support where appropriate. Family members often assisted participants during interviews by providing communication support and reassurance. At the conclusion of each interview, participants received a modest token of appreciation for their time and valuable contributions to the research. Throughout this article, all participant names are pseudonyms to preserve confidentiality.

RESULT AND DISCUSSION

Quantitative Aspect of Respondents

We have developed a well-designed questionnaire to conduct quantitative analysis of our data. Quantitative data analysis has been the decision-making parameter in our study. We used variables, i.e., Microfinance access, Entrepreneurship, Challenges, Impact, and Policy support throughout the research.

TABLE 2: RELIABILITY TEST RESULTS

Scale	Items	Cronbach Alpha
MF scale	5	0.71
ENT scale	5	0.73
CH scale	4	0.45
IMP scale	5	0.71
SUP scale	5	0.68

Source: Field Survey, 2025

Reliability analysis was conducted using Cronbach's alpha. The results indicate that Microfinance Access, Entrepreneurship, Impact, and Support scales achieved acceptable to high internal consistency, with alpha values above 0.70. However, the Challenges scale showed lower reliability ($\alpha \approx 0.45$). This happened due to the multidimensional nature of challenges faced by respondents, including social, financial, and structural barriers. Despite the lower reliability, all items were retained for further analysis due to their theoretical relevance.

TABLE 3: THE TABLE SHOWS THE MEAN AND SD (STANDARD DEVIATION)

Variable	Mean	SD
MF scale	4.01	0.43
ENT scale	3.91	0.42
CH scale	2.99	0.29
IMP scale	3.98	0.43
SUP scale	3.77	0.40

Source: Field Survey, 2025

The descriptive statistics indicate moderate to high average scores across the measured constructs. MF scale (M = 4.01, SD = 0.43) and IMP scale (M = 3.98, SD = 0.43) show the highest mean values, suggesting a relatively stronger presence among respondents. ENT scale (M = 3.91, SD = 0.42) and SUP scale (M = 3.77, SD = 0.40) also demonstrate moderately high levels. In contrast, the CH scale (M = 2.99, SD = 0.29) reflects a comparatively lower mean. Overall, the small standard deviations indicate low variability and consistent responses.

TABLE 4: THE TABLE SHOWS THE CORRELATION MATRIX OF KEY VARIABLES

Variables	MF scale	ENT scale	CH scale	IMP scale	SUP scale
MF scale	1	0.717**	-0.099	0.675**	0.267
ENT scale	0.717**	1	-0.188	0.806**	0.123
CH scale	-0.099	-0.188	1	-0.070	-0.031
IMP scale	0.675**	0.806**	-0.070	1	0.044
SUP scale	0.267	0.123	-0.031	0.044	1

Source: Field Survey, 2025

*Note: **$p < 0.01$, *$p < 0.05$ (based on correlation significance test)*

The correlation analysis indicates that microfinance (MF scale) is strongly positively related to entrepreneurship (ENT scale) ($r = 0.717$, $p < 0.01$). Likewise, the perceived impact of microfinance (IMP scale) is strongly and positively associated with entrepreneurship ($r = 0.806$, $p < 0.01$). However, because the impact construct reflects respondents perceived social and economic outcomes, this relationship is interpreted as an association rather than evidence of a causal effect. Microfinance is also positively associated with impact ($r = 0.675$, $p < 0.01$), indicating that increased financial access enhances program effectiveness. However, challenges (CH scale) and support (SUP scale) show weak and statistically insignificant relationships with other variables.

TABLE 5: THE TABLE SHOWS REGRESSION RESULTS

VARIABLE	**COEFFICIENT (B)**	**STD. ERROR**	**T-VALUE**	**P-VALUE**
Constant	0.308	0.389	0.790	0.434
MF scale	0.317	0.120	2.630	0.012*
IMP scale	0.587	0.120	4.880	<0.001***

Source: Field Survey, 2025

($R^2 = 0.705$, Adjusted $R^2 = 0.689$, $F = 44.14$, $p < 0.001$, Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$)

The findings suggest that both access to microfinance and its impact significantly contribute to the development of entrepreneurship among people with disabilities. Perceived social and economic impact was strongly associated with entrepreneurship. However, as the impact scale reflects outcomes that are partially determined by entrepreneurial success, the estimated relationship is interpreted as associative rather than causal. Consequently, these findings do not establish the direction of causality between the variables.

TABLE 6: HIERARCHICAL MULTIPLE REGRESSION MODELS PREDICTING ENTREPRENEURSHIP AMONG PEOPLE WITH DISABILITIES

VARIABLES	**MODEL 1: MF → ENT**	**MODEL 2: MF + IMP → ENT**
Constant	1.050 (0.453), t = 2.32, p = 0.026	0.308 (0.389), t = 0.79, p = 0.434
MF scale	0.713 (0.112), t = 6.35, p < 0.001***	0.317 (0.120), t = 2.63, p = 0.012*
IMP scale	---	0.587 (0.120), t = 4.88, p < 0.001***
R^2	0.515	0.705

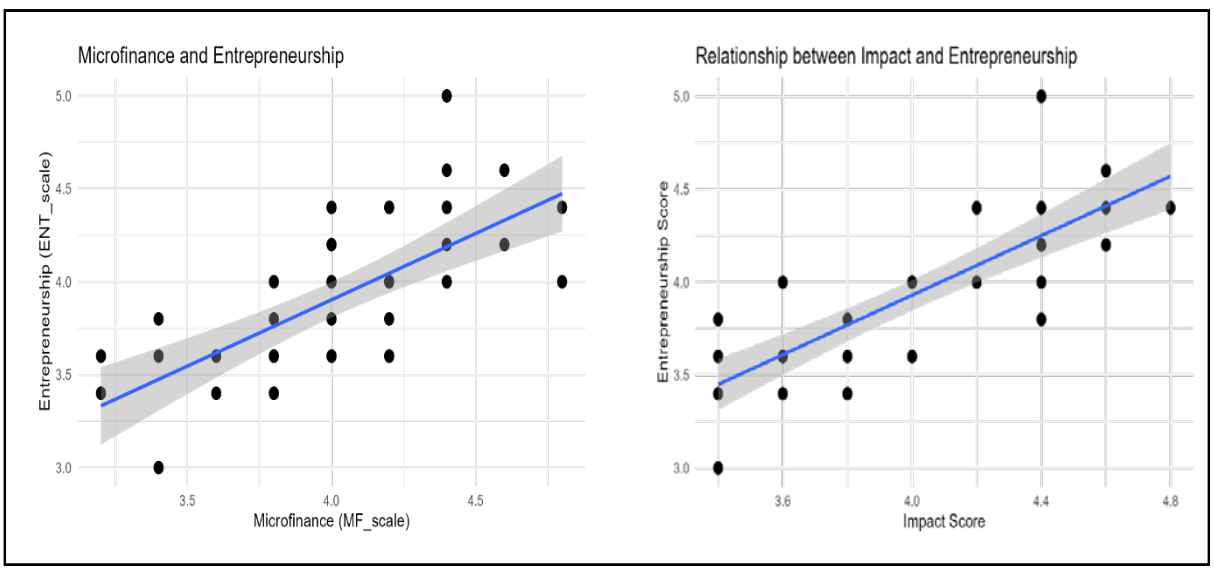
VARIABLES	MODEL 1: MF → ENT	MODEL 2: MF + IMP → ENT
Adjusted R^2	0.502	0.689
F-statistic	40.29*	44.14*
N	50	50

Source: Field Survey, 2025

Notes: Standard errors are shown in parentheses. $p < 0.05$*, $\mathbf{p} < 0.01$**, $p < 0.001$.

Although the inclusion of the perceived impact variable increases the model's explanatory power, this construct reflects respondents perceived social and economic outcomes, which partially overlap with entrepreneurial development. Therefore, Model 2 is interpreted as an associative model rather than evidence of a strictly causal relationship. **Model 1** examined the effect of microfinance access on entrepreneurship. The results indicate that microfinance access significantly and positively predicts entrepreneurship ($\beta = 0.713$, SE = 0.112, $t = 6.35$, $p < 0.001$), explaining 51.5% of the variance in entrepreneurship ($R^2 = 0.515$). **Model 2** added the perceived impact of microfinance as an additional predictor. Both microfinance access ($\beta = 0.317$, SE = 0.120, $t = 2.63$, $p = 0.012$) and perceived impact ($\beta = 0.587$, SE = 0.120, $t = 4.88$, $p < 0.001$) were positively associated with entrepreneurship. The model explained 70.5% of the variance ($R^2 = 0.705$), indicating improved explanatory power compared with Model 1. Overall, the comparison of the two regression models indicates that microfinance access is a significant predictor of entrepreneurship among people with disabilities, while the inclusion of perceived impact substantially improves the model's explanatory power. However, because the perceived impact construct may partially overlap with entrepreneurial outcomes, these findings are interpreted as statistical associations rather than evidence of a causal relationship.

FIGURE 1: RELATIONSHIP BETWEEN MICROFINANCE AND ENTREPRENEURSHIP VARIABLES



Source: Field Survey, 2025

Microfinance has an extra phenomenal power to enhance entrepreneurship among PWDs. In our observation, we found that vulnerable people, notably the disabled, are not so happy getting financial support without hardship. Strict rules and regulations back them in taking action. If microfinance reaches a high level, entrepreneurship will definitely increase, as our variables strongly support this. On the other hand, the impact score shows more positive outcomes on entrepreneurship in our study area. Microfinance success and failure depend highly on the success of people who earn high returns on their investment. Consequently, Greater access to microfinance enhances entrepreneurship among people with disabilities (PWDs).

Qualitative Aspects of Respondents

This study has been conducted using a mixed-methods approach (Quantitative and Qualitative). We have also conducted face-to-face interviews in our study area. Both male and female respondents were treated fairly to ensure the quality of the research. Beyond the questionnaire, we apply the direct observation method to realize the realistic circumstances of the vulnerable groups. Microfinance has its roots in Bangladesh, with a prestigious history of success, yet its drawbacks also impede improvements for vulnerable people (Hulme and Moore, 2007). MFI-NGOs in Bangladesh targeted individuals with disabilities who were in poverty and met the criteria to be considered "economically active," those with mild disabilities who could manage businesses, those who were previously disabled but became disabled due to illness or accident, or those who had shown the ability to run companies independently. These are the groups of individuals with disabilities that the MFI-NGOs targeted; they were also the ones that excitedly responded, applied for microloans, and, for the most part, benefited.

In our study, we found that people who are not rich but have the potential to run a small or medium-sized business could empower themselves with MFI-NGOs' support. One respondent mentioned.

> “People think the vulnerable condition of a physically challenged individual cannot change their fate. But I firmly believe that someone who is self-confident can make something remarkable. I left my secondary school in 2020 during the COVID-19 pandemic. Though I’m a physically challenged person, my family supported me to do something. I take microloans with the special support of my father. Then I made a small shop in my village. I started providing mobile recharge and bKash services in my village. Now, I’m supporting my family and maintaining my business. People respect me and ask for advice.”

Only financing is not the ultimate solution to poverty reduction in poor villages; logistic support and a long-term monitoring approach can enhance the chance of success. NGOs provide practical training in rural villages to take steps forward to build a business, like one of our respondents, Mst. Rizia Khatun, as stated.

> "My husband is a day labourer. He is suffering from a chronic disease. So, he could not go out working in the field under heavy, hot weather. Our 5-member family fell into an economic crisis. First of all, I spoke to my neighbour to get financial support, but failed. Then, I decided to get training in the sewing service provided by an NGO in my village. Now, I'm always busy delivering my services. My family is now happy, and my children go to school regularly. I have also hired a woman to help with my work for a monthly payment."

Women make up half of our country's population. Their empowerment reflects on family advancement. Though MFIs in our country basically target women to empower their insights. According to Kabeer (2005) and Banerjee et al. (2015), social empowerment through microfinance includes aspects such as higher social participation, better decision-making ability, and increased self-confidence. Furthermore, due to the economic crisis, early marriage occurs in the grassroots region. Furthermore, physically challenged people are not just a burden on our human wealth; they could be entrepreneurs by taking financial support from formal and informal sources of funding. A cross-sectional research study argues that Islamic-inclined nations are succeeding over the rest of the world (Ashraf et al., 2014). There should have much potential ideas to improve by using financial support from different NGOs. Individual success rates are more significantly dependent on the implementation of revenue.

TABLE 7: ACCESSIBLE BUSINESS IDEAS FOR PWD ENTREPRENEURS IN RURAL BANGLADESH

BUSINESS IDEA	STARTUP CAPITAL (TK)	KEY ADVANTAGES FOR PWDS	TARGET MARKET
GROCERY/KIRANA SHOP	50,000-1,00,000	Home-based, steady daily demand, minimal movement	Neighbourhood households
TAILORING/SEWING SERVICES	20,000-40,000	Home operation, high margins on uniforms	Students, local women
MOBILE RECHARGE/BILL PAY	10,000-20,000	Digital kiosk from home, commission-based	Village bKash/Nagad users
POULTRY/GOAT REARING	30,000-60,000	Backyard farming, short 6-week cycles	Local markets, hotels

FISH/VEG DRYING-PACKAGING	25,000-50,000	In low-skill processing, women excel	Local traders, exporters
DATA ENTRY/FREELANCING	20,000 (laptop)	Computer-based, growing online demand	Local businesses, NGOs
ONLINE TUTORING	10,000-15,000	Home-based Zoom classes	School/college students
HOMEMADE SNACKS/PICKLES	15,000-30,000	Family labour, village-to-village sales	Local shops, events
STATIONERY/PHOTOCOPY SHOP	30,000-50,000	Fixed location, student demand	Schools, local offices

Source: Author Formation.

One of our respondents stated that appreciating NGOs has made her family stable after getting a loan and starting a small business in his village. Sometimes, poverty hinders social cohesion. In poverty reduction policy, it should not include only poor people but also people with physical disabilities. As **Table 7** presents numerous business ideas, these are not only easy but also eco-friendly and budget-friendly. Anyone from anywhere could start a small business by getting financial support from formal or informal sources of MFIs. As Saiful Islam, a poor, physically challenged person. He took a loan from an NGO and started a business, Poultry Rearing, in his house, making a wooden poultry farm. He stated, mentioning,

> "From my childhood, I have lost my left leg, but I was fully dedicated to doing something for my family. I could not walk without a stick. Villagers and relatives used negative words to humiliate me. After a few years, I thought of starting a small business, but I did not have enough money to buy materials. My wife always supports me, and she advised me to start a poultry business. Then I communicate with a neighbour to get financial support. He did not support, but helped advise on getting money from a local NGO to start up. Now, Alhamdulillah, I'm successful in my business. Villagers are happy with my success. And many of them come to visit my small poultry farm for ideas and logistical support."

Behind the success, there are also some alarming concerns in the villages. The prevalence of informal moneylenders in villages is high. When poor people can take financial support at a low rate of interest from MFIs. Furthermore, there are informal moneylenders in our villages who give money at a high rate of interest. They give a tight schedule to return the money with interest. If borrowers fail to generate revenue, they must bear the interest rates. Thus, the financial crisis increases rather than eliminates poverty. In our study, we found several cases where borrowers lost their land to secure loans.

CASE 1

Tufazzal Haque is a landless farmer. He works in the fields to run his family. He has 7 members in his family. His two sons are married and separated. His sons never help him provide money or any household support. Only labour work does not provide sufficient financial support. So, he decided to borrow money and land from someone. But without interest, no one agreed to give money. He tried to get money from a lender (locally called “Mahajan” or “Sudir Babu” (SB)) at a low interest rate. But he managed to borrow 50,000 takas from a lender (SB) at a 25% interest rate. There are no chances to apologize for any losses in his profit generation, but he must return the money with interest within one year. He agreed to all conditions.

He borrowed land to cultivate vegetables and short-term crops. Across the years, he lost his capital due to agricultural losses and fell into debt, including fertilizer purchases, medicines, chemicals, and oil. After the end of the year, he fell into a great financial crisis. Lenders from SB and others ask him to pay his debt. So, he talked to SB to give him another chance to repay the total amount with interest. SB compromise providing a chance this year, for only taking the interest rates. Due to his family's high expenses, he had to sell the extension land of his household to pay off the existing debt. Finally, he fell into a difficult situation in a debt cycle. This felt like a bitter experience falling into a high-interest rate. Now, he is serving as an auto rickshaw driver to manage his family's expenditure.

CASE 2

Rabeya Khatun is a woman with a physical disability. Her husband was a construction worker. He has lost his two legs in a road accident. So, her husband cannot get out of work. So, Rabeya and her husband decided to set up a Grocery shop, which is more suitable for her husband. They were unable to manage finances to start a small or medium-sized business. Then her husband talked to an SB to borrow some money. Neighbours suggest that they manage money from NGOs. Then Rabeya tried to get money immediately, but the NGO's manager refused to give money without a proper investigation. They said that if you assure us that you can repay our debt on time, we will give you. But we need a proper investigation of your business circumstances. After a few days, the NGO gave them money to start a business with Goat rearing. They bought two goats and made a shop for her husband in front of their house. Rabeya also works in local paddy and vegetable fields with other women in her locality.

They are to pay the weekly payment to the NGO. So, Rabeya and his husband work hard to make savings from their little investment. Recently, they have returned all their debt and have begun maintaining a good relationship with the NGO by continuing to make monthly savings. Though their journey was not easy, it was successful. They decided to take money from the NGO rather than from local lenders. NGOs are safer than local lenders (SB), who never consider the betterment of the borrowers.

CONCLUSION & RECOMMENDATION

Bangladesh, widely recognized as the birthplace of modern microfinance, has played a pioneering role in expanding financial inclusion for economically disadvantaged populations. Since their inception, microfinance institutions (MFIs) have contributed to improving the economic and social well-being of low-income households by providing access to financial services that are often unavailable through the formal banking sector. However, evidence from this study suggests that people with disabilities (PWDs) continue to face substantial barriers in accessing microfinance and other financial support mechanisms, limiting their opportunities to engage in entrepreneurial activities.

Using both quantitative and qualitative approaches, this study examined the relationship between microfinance and entrepreneurship among PWDs in rural Bangladesh. The quantitative findings indicate a strong positive association between access to microfinance and entrepreneurial development. In addition, the social and economic benefits derived from microfinance are significantly associated with higher levels of entrepreneurial engagement among PWDs. Nevertheless, because some impact measures may partially reflect outcomes of entrepreneurial success, these relationships should be interpreted as associative rather than strictly causal. The qualitative findings further reveal that many PWDs experience difficulties in obtaining loans from formal financial institutions and often rely on informal moneylenders, where high interest rates and unfavourable lending conditions undermine business sustainability and borrower confidence. Participants also emphasized that limited access to flexible financial products, business training, and institutional support constrains their ability to establish and expand income-generating activities.

These findings underscore the need for more inclusive and disability-sensitive microfinance policies in Bangladesh. The Government, MFIs, NGOs, and other relevant stakeholders should strengthen financial inclusion by simplifying lending procedures, expanding accessible financial products, providing entrepreneurship training and mentoring, and ensuring that credit schemes are responsive to the specific needs of PWDs. Reducing dependence on high-interest informal lending through affordable and flexible financing mechanisms would enhance self-reliance, promote sustainable entrepreneurship, and contribute to poverty reduction. Ultimately, improving equitable access to microfinance for people with disabilities will not only foster their economic empowerment but also support broader national goals of inclusive development and sustainable economic growth.

One limitation of this study is that the sample size was limited to 50 respondents from a single division, which may restrict the generalizability of the findings to the broader population of people with disabilities across Bangladesh. Future research should include a larger and more geographically diverse sample to examine the issue at the national level.

Microfinance institutions must ensure policies that are interrelated with PWDs to improve entrepreneurship. Social stigma should be reduced through outreach and policy dialogue. **Table 8.** Presents potential policy recommendation which are mandatory for poverty alleviation among the PWDs.

TABLE 8: POLICY RECOMMENDATIONS FOR DISABILITY-INCLUSIVE MICROFINANCE AND ENTERPRISE DEVELOPMENT IN BANGLADESH

AREA	POLICY RECOMMENDATION	EXPECTED EFFECT FOR PWD ENTREPRENEURS

Regulatory & institutional framework	Require MFIs and banks to adopt disability-inclusive policies, set outreach targets, and report on PWD clients; promote MFI-DPO partnerships for program design and monitoring.	Greater accountability and systematic inclusion of PWDs in financial services.
Financial products	Develop tailored loan products with flexible collateral, grace periods, and repayment schedules; bundle loans with savings, micro-insurance, and emergency funds.	Improved access to suitable finance and better protection from income and health shocks.
Capacity building & enterprise support	Provide accessible entrepreneurship, financial literacy, and vocational training, plus mentoring and market linkage support for PWD-run enterprises.	Stronger business skills, higher survival, and growth of PWD enterprises.
Physical & digital accessibility	Make branches, meeting venues, ATMs, and digital channels physically and digitally accessible; offer reasonable accommodations (sign language, accessible formats).	Reduced transaction barriers and more independent use of financial services by PWDs.
Social protection–microfinance linkage	Align disability allowances and graduation programs with microfinance so transfers can serve as start-up capital or guarantees instead of being withdrawn when PWDs take loans.	Smoother transition from welfare dependence to sustainable self-employment and enterprise growth.

Source: Developed by Researcher

Acknowledgement

We cordially appreciate the respondents in our existing research paper for their valuable responses and voluntary participation.

Conflict of Interest

The authors ensure that there are no conflicts of interest.

Funding

This study does not receive any financial support from any institutions or organisations.

About the Authors

Md. Alomgir Hossan is an MSS (Thesis) student in the Department of Political Science at the University of Rajshahi. His research interests encompass political development, Bangladesh politics, political participation, and parliamentary democracy. He can be contacted at alomgirhossan101@gmail.com. **Bibi Morium** is an Associate Professor in the Department of Political Science at the University of Rajshahi. She earned her BSS (Honours), MSS, MPhil, and PhD degrees in Political Science from the University of Rajshahi. Her research interests include political participation, parliamentary democracy, political parties, and elections in Bangladesh. She can be contacted at morium@ru.ac.bd

REFERENCES

Ahmed, S. (2009). Microfinance institutions in Bangladesh: achievements and challenges. Managerial Finance, 35(12), 999-1010. https://www.emerald.com/mf/article-pdf/35/12/999/1937684/03074350911000052.pdf

Ali, I., & Hatta, Z. A. (2012). Women's empowerment or disempowerment through microfinance: Evidence from Bangladesh. Asian Social Work and Policy Review, 6(2), 111-121. https://onlinelibrary.wiley.com/doi/full/10.1111/j.1753-1411.2012.00066.x

Ashraf, A., Kabir Hassan, M., & J. Hippler III, W. (2014). Performance of microfinance institutions in Muslim countries. Humanomics, 30(2), 162-182. https://www.emerald.com/ijoes/article/30/2/162/69928

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2015). The miracle of microfinance? Evidence from a randomized evaluation. American economic journal: Applied economics, 7(1), 22-53.

Bwire, F. N., Mukasa, G., & Mersland, R. (2009). Access to mainstream microfinance services for persons with disabilities-lessons learned from Uganda. Disability Studies Quarterly, 29(1). https://hal.science/hal-05217816/

Chaudhry, V. (2016). Living at the edge: Disability, gender, and neoliberal debtscapes of microfinance in India. Affilia, 31(2), 177-191. https://journals.sagepub.com/doi/full/10.1177/0886109915622525?casa_token=7bYibb_eHsEAAAAA%3AKeGiRwxI14b1UueaWS6XEVhm4aM8WaUXwgyjhIMWsHZ23h8mbglBQ_vDS2CB3daSqf13qMsxz1M1aw

Ciaian, P., Fałkowski, J., & Kancs, D. A. (2012). Access to credit, factor allocation and farm productivity: Evidence from the CEE transition economies. Agricultural Finance Review, 72(1), 22-47.

https://www.emerald.com/afr/article-pdf/72/1/22/353877/00021461211222114.pdf

Cramm, J. M., & Finkenflügel, H. (2008). Exclusion of disabled people from microcredit in Africa and Asia: A literature study. *Asia Pacific Disability Rehabilitation Journal*, *19*(2), 15-33. https://pure.eur.nl/en/publications/exclusion-of-disabled-people-from-microcredit-in-africa-and-asia--2/

Crowe, S., Cresswell, K., Robertson, A., Huby, G., Avery, A., & Sheikh, A. (2011). The case study approach. BMC Medical Research Methodology, 11, 100.

Hulme, D., & Moore, K. (2007). Why has microfinance been a policy success in Bangladesh? In *Development success: Statecraft in the south* (pp. 105-139). London: Palgrave Macmillan UK.

Kabeer, N. (2005). Is microfinance a'magic bullet'for women's empowerment? Analysis of findings from South Asia. Economic and Political Weekly, 4709-4718.

Krahn, G. L. (2011). WHO World Report on Disability: a review. Disability and Health Journal, 4(3), 141-142.

Lamichhane, B. D. (2020). Microfinance for women empowerment: A review of best practices. Interdisciplinary journal of management and social sciences, 1(1), 13-25.

Mallick, D. (2012). Microfinance and moneylender interest rate: Evidence from Bangladesh. World Development, 40(6), 1181–1189. https://doi.org/10.1016/j.worlddev.2011.12.011

Martinelli, E., & Mersland, R. (2010). Microfinance for people with disabilities. In T. Barron & J. M. Ncube (Eds.), Poverty and disability (pp. 215–256). Leonard Cheshire Disability.

Mia, M. A., Lee, H. A., Chandran, V. G. R., Rasiah, R., & Rahman, M. (2019). History of microfinance in Bangladesh: A life cycle theory approach. Business History, 61(4), 703-733.

Montgomery, R., Bhattacharya, D., & Hulme, D. (1996). Credit for the Poor in Bangladesh. Finance against poverty, 2, 94-176.

Nuwagaba, E. L., Nakabugo, M., Tumukunde, M., Ngirabakunzi, E., Hartley, S., & Wade, A. (2012). Accessibility to micro-finance services by people with disabilities in Bushenyi District, Uganda. Disability & Society, 27(2), 175-190.

Polit, D. F., & Beck, C. T. (2010). Generalization in quantitative and qualitative research: Myths and strategies. International journal of nursing studies, 47(11), 1451-1458.

Rana, D., & Sanderse, J. (2020). International Labour Organization: a short history. In Decent work and economic growth (pp. 611-620). Cham: Springer International Publishing.

Rasmussen, M., & Lewis, O. (2007). United Nations Convention on the rights of persons with disabilities. *International Legal Materials*, *46*(3), 441-466.

Sarker, D. (2013). Microfinance for disabled people: How is it contributing? Research Journal of Finance and Accounting, 4(9), 118-125.

Sarker, D. (2015). Inclusion of Disabled People in Microfinance Institutions: Where does Bangladesh stand? International Journal of Innovation and Economic Development, 1(1), 67-79.

Sarker, D. (2022). Experiences of people with physical disabilities when accessing microfinance services in Bangladesh: A qualitative study. Alter. European Journal of Disability Research, (16-3), 41-55.

Sarker, D., & Khan, M. A. (2024b). Adjustments to and innovations in the implementation of qualitative research with people with disabilities: The case of Bangladesh. *Development in Practice*, 34(3), 300–310. https://doi.org/10.1080/09614524.2023.22861

Sarker, D. & Khan, M. A. (2024a). Microfinance and economic and social empowerment of people with disabilities: Lessons from Bangladesh. Development Policy Review, 42, e12799. https://doi.org/10.1111/dpr.12799

Tungodden, B. (2001). A balanced view of development as freedom. In Forum for Development Studies (Vol. 28, No. 2, pp. 241-261). Taylor & Francis Group.

United Nations DESA. (2019). Disability and development report: Realizing the sustainable development goals by, for and with persons with disabilities. Stylus Publishing, LLC.

Walshe, C., Ewing, G., & Griffiths, J. (2012). Using observation as a data collection method to help understand patient and professional roles and actions in palliative care settings. Palliative Medicine, 26(8), 1048–1054. https://doi.org/10.1177/0269216311432897

Yunus, M. (2007). *Creating a world without poverty: Social business and the future of capitalism*. Public affairs. New York: PublicAffairs.

Zaman, H. (2004). Microfinance in Bangladesh: growth, achievements, and lessons. *Scaling Up Poverty Reduction*, *47*.