Amalgamated Theory of Microfinance, Microcredit and Empowerment

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ABSTRACT

This study examined the application of microfinance, microcredit and empowerment variables in Microfinance Institutions (MFI) studies. The study also evaluated the application of microfinance theory, microcredit theory and empowerment theory to determine if a single theory unifies the concepts of microfinance, microcredit and empowerment. The paper used a systematic literature review methodology and analysed 56 articles to substantiate the theories and their related variables. The review showed that most studies used the terms microfinance and microcredit interchangeably. Moreover, the study exposed that scholars link microfinance and microcredit to various forms of empowerment. The assessment further revealed that there were scant studies that have assessed how microfinance and microcredit influenced all empowerment categories. Moreover, studies have not integrated microfinance, microcredit and empowerment into one theory. As a result, this study proposes a unified theory that incorporates microfinance, microcredit and empowerment concepts.

Keywords: *Microfinance theory, Microcredit theory, Empowerment theory, Microfinance Institutions*

INTRODUCTION

Microfinance and microcredit are essential tools for empowerment (Rahman, 2022; Al-Shami et al., 2018). However, there needs to be a theory integrating the three variables. A single theory combining the three concepts could expose the power of microfinance and microcredits on empowerment. Microfinance provides financial services such as; microinsurance, microcredit, microsavings and remittance to poor and excluded individuals. Microfinance also offers non-financial services such as; training, market linkages, health, wellness and social support (Awaworyi, 2014; Gupta & Sharma, 2021). Microcredit is a small loan targeted at poor rural and urban individuals who cannot access formal and regulated financial services (Gutiérrez-Nieto & Serrano-Cinca, 2019). Among microfinance services, microcredit is the most popular (Al-Shamiet al., 2021). Microfinance services empower women, youth, disabled people and the elderly (Kevcla & Magali, 2022). Empowerment theory describes the application of resources to improve an individual's livelihood. Hence, microfinance services empower the disadvantaged and excluded. Organisations that offer microfinance services are called microfinance institutions (MFIs). Savings organisations, construction societies, savings and credit cooperative societies/credit unions, Non-governmental organisations, insurance companies and commercial banks are examples of MFIs (Fouillet et al., 2013). The provision of small loans by MFIs is simple. It does not follow formal loan appraisal procedures such as assessing creditworthiness and collateral. Individual and group are the major MFI lending models. Group lending is more common among MFIs than individual lending (Said et al., 2019).

MFI studies focus on the different variables such as; the application of MFI services, livelihood, poverty, empowerment, performance, efficiency, sustainability, outreach and loan repayment (Gutiérrez-Nieto & Serrano-Cinca, 2019). Many scholars have revealed that MFIs influence poverty alleviation positively (Miled et al., 2015; Gupta & Sharma, 2021). Metrine (2019) revealed that microcredit enormously reduced poverty among self-help MFI group participants in Kisumu, Kenya. Kevela and Magali (2022) revealed that microcredit positively influenced female-headed households' economic, social-cultural and political empowerment in Njombe Region-Tanzania. Furthermore, Haldar and Stiglitz (2014) demonstrated that microfinance lending overcomes capital constraints for the poor in India. Mersland (2005) bared that access to microcredit improved livelihood of people with disabilities in developing countries. The microfinance scholars articulate that Muhammad Yunus is the one who established microfinance and the microcredit theory in 1983 (Haque, 2012). Microfinance theory suggests that giving the poor access to financial services promotes economic growth and reduces poverty. The microcredit theory asserts that providing a small loan to the poor improves their economic conditions. Microcredit theory promoted Muhammad Yunus to receive the Nobel Peace Prize in 2006(Agyemang et al., 2019). Haque (2012) argued that the development of the microcredit theory was manifested when Mohammad Yunus initiated the Grameen Bank, which provided financial services for the poor. The achievements of the Grameen Bank promoted the establishment of various microcredit programmes in Bangladesh and globally. From then on, microcredit programmes were recognised as essential tools for alleviating poverty. The use of group lending at Grameen Bank is regarded as the foundation of modern microfinance. Group lending is a prerequisite for the Grameen Bank. Grameen bank borrowers are divided into groups of 5–10 people. The Grameen Bank's group lending practice replaces the collateral and gathers borrowers of the same economic status, those living closer, but discourages individuals with blood ties. These conditions promote higher loan repayment rates (Haldar & Stiglitz, 2014). Scholars associate microfinance and microcredit theories with the role they play in improving livelihood, reducing poverty and empowering the poor and disadvantaged population. Microfinance theory elucidates the role of microfinance in assisting the poor and excluded. The poor, particularly in Third World countries, were previously denied access to formal financial services (Gutiérrez-Nieto & Serrano-Cinca, 2019).

Therefore, microfinance theory was initiated to overcome the challenges of capital inaccessibility and perpetual poverty for the poor in Third World countries (Khandakar & Danopoulos, 2004). The microfinance theory encourages the poor' access to capital for promoting productivity, income generation, the growth of microenterprises and the acquisition of assets (Awaworyi, 2014). Moreover, the theory explains how microfinance fosters investment and asset accumulation. The microfinance theory mitigates the effects of sickness, poor production and inaccessibility of social services (Lensink & Pham, 2008; Fouillet et al., 2013; Kevcla & Magali, 2022). Microcredit theory expresses how the poor benefit from microloans provided by MFIs. The microloans promote social performance, particularly the accessibility of education, clean water, health and women empowerment (Shakir et al., 2021). Microcredit theory delineates how local communities access funds for operating self-employment activities. The theory explains how the marginalised and the poor borrow small loans to support their livelihoods. Microcredit theory promotes collectivism and sustainable development (Yunus, 2007). Karlan and Zinman (2011) associate microcredit theory with small loans ranging from 100-500 United State Dollars given to businessmen and women to fight poverty. A loan also promotes entrepreneurship and the economy (Partal & Gönel, 2020). Though microfinance theory uses several MFI services to improve livelihoods, microcredit is considered a principle tool (Mader, 2016). This is why scholars claim the existence of the microcredit theory. Agyemang et al. (2019) confirmed the application of the microcredit theory to poultry keepers in Ghana. The study portrayed that small farmers preferred microcredits over large farmers. The findings further demonstrated that farmers' microsavings, level of schooling, experience in farming, knowledge of machinery, technology and gender (being female) positively influenced microcredit borrowing. Hence, the microcredit theory was better explained by smallholder farmers than by larger farmers. The study affirmed that microcredit theory is associated with providing a small loan to a poor population. Studies such as those by Mayoux (2005), Al-Shami et al. (2018), Amran and Mwasiaji (2019), Debnath et al. (2019), Singh (2021), Akter et al. (2021), Maganga (2021), Kevela and Magali (2022), Ali et al. (2022), Baskaran et al. (2022) and Rahman (2022) have used microfinance and microcredit theory to confirm the role of microfinance and microcredit on clients' empowerment and livelihood improvement. Nonetheless, the studies do not explicitly articulate the variables of microfinance and microcredit theories. Scholars only link the theory with the functions of microfinance and microcredit in fostering the production and availability of social services such as; assets, income, health, education and the empowerment of the disadvantaged groups.

Empowerment is the process by which an individual or group gains the power to influence events or outcomes (Foster-Fishman et al., 1998; Huis et al., 2017). Empowerment helps people gain essential skills for solving problems and making decisions. Empowerment occurs when individuals critically understand their environment and gain control of their resources and lives (Rappaport, 1987). Julian Rappaport established empowerment theory in 1984. According to Rappaport (1984), empowerment is associated with individual competencies, strengths, natural assistive systems and proactive actions to foster social or policy change. Rappaport (1984) viewed empowerment as a process in which communities, organisations and people control their lives. According to Foster-Fishman et al. (1998), empowerment is observed at the individual, organisational and community levels. At an individual level, empowerment is achieved through gaining resources, accessing efforts and understanding the sociopolitical environment. At the organisational level, empowerment is attained through organisational structures and processes that promote continuous improvements in achieving organisational goals. At the community level, empowerment is realised when collective efforts among community members promote life quality (Foster-Fishman et al., 1998). Empowerment theory identifies capabilities, explores environmental effects on social difficulties, provides opportunities and develops knowledge and skills. The theory articulates that activities, actions or structures enhance empowerment (Rappaport, 1984). The empowerment theory comprises both processes and outcomes (Zimmerman, 1995). Empowered outcomes describe the effects an individual, organisation or community must follow to be empowered. For the individual, the empowerment consequences may be reflected through applying skills gained, self-control and preemptive conduct. At the organisational level, empowerment may be realised through joining organisational networks, effectively acquiring resources and policy influence. At the community level, empowerment manifests through promoting diversity, coalitions and the accessibility of community resources (Zimmerman, 2000). Therefore, empowerment theory claims that empowerment is achieved when resources and opportunities are accessible. Also, when individuals participate in decision-making and when self-efficacy and a supportive social-physical environment are created. Moreover, empowerment is achieved when resources, training and education opportunities are provided and when an individual critical consciousness is enhanced (Turner & Maschi, 2015; Ranabahu & Tanima, 2022; Abebe & Kegne, 2023). MFI empowerment studies examine a wide range of variables, such as individuals, organizations, communities and broader aspects. Empowerment dimensions also include; economic, social, cultural, psychological, political, interpersonal and legal variables (Malhotra et al., 2002).

Some authors regard each variable as an independent theory. Therefore, the psychological empowerment theory is based on psychological aspects of empowerment, such as self-efficacy, self-esteem and control over one's life (Kratzer & Kato, 2013). The sociological theory of empowerment examines social and structural factors that contribute to empowerment, such as educational opportunities, availability of resources and access to opportunities (Ranabahu & Tanima, 2022). Empowering communities by building individuals' and groups' capacity is a key component of community empowerment theory (Huis et al., 2017). Organisational empowerment theory explains how organisations empower individuals by providing various opportunities (Abebe & Kegne, 2023). Economic empowerment theory describes how individuals and communities access livelihood improvement opportunities such as training, employment and financial services (Rahman, 2022). Mayoux (2005) developed feminist empowerment theory to explain how empowerment should consider gender differences. Scholars use feminist empowerment theory to address gender inequality and foster women's empowerment. According to the theory, women must have the tools and resources to overcome unequal power dynamics. The feminist empowerment theory promotes women's self-esteem, confidence, assertiveness, education, training and economic opportunities for women (Turner & Maschi, 2015). Some scholars call the empowerment theory women's empowerment theory

(Grabe, 2012). This is because women are more targeted for empowerment than other disadvantaged groups. Huis et al. (2017) classified empowerment into three stages: micro, middle and macro contexts. The first context occurs when actions and beliefs foster individual empowerment. At the middle level, the interpretation of individual actions and beliefs by others is essential for empowerment to occur. Moreover, to attain a macro level of empowerment, society must interpret individuals' beliefs and actions (Huis et al., 2017). Ideally, all three levels should be practiced to promote the empowerment of any group in the community. The lack of empirical testing of the empowerment constructs has restricted adequate understanding of the theory (Zimmerman et al., 1992). This study assessed the application of microfinance, microcredit and empowerment variables in MFI studies. Moreover, the studies assessed the application of microfinance theory, microcredit theory and empowerment theory to ascertain if there is a single theory that integrates the concepts of microfinance, microcredit and empowerment.

Methods

A systematic literature review was applied to extract articles from databases. The systematic literature review (SLR) identifies, selects and critically appraises studies to answer a formulated question (Rudnicka & Owen, 2012). The articles were retrieved from Google Scholar, Taylor & Francis, Emerald and Sage Publishers to address the research objectives. Google Scholar contains many articles and sometimes other databases confirm articles retrieved from Google Scholar (Gutiérrez-Nieto & Serrano-Cinca, 2019). The Sage database was used because it consistently publishes microfinance articles (Gupta & Sharma, 2021). Taylor and Francis and Emerald are reputable publishers that publish detailed articles (Levinson & Amar, 1999). The search process consisted of three phases. In the first phase, the researcher typed "Microfinance theory," "microcredit theory," "empowerment theory," "microfinance and empowerment theory," "empowerment theory" and "microfinance institutions" in each database. Initial searches for microfinance, microcredit and empowerment theories yielded 1,370 results in Google Scholar, 46 in Emerald, 25 in Taylor and Francis and 12 in Sage publishers. During the second search process, the researcher excluded essays, books, duplicate articles, theses, dissertations, reports and articles written in languages other than English. In the second step, 125 results were gathered from Google Scholar, 25 from Emerald, 16 from Taylor & Francis and 7 from Sage databases. Finally, only articles that included microfinance theory, microcredit theory, empowerment theory, or combinations of these theories were selected for review. The final screening yielded 53 articles from Google Scholar, 2 from Emerald and 1 from Taylor and Francis. Sage's database did not contain any articles that met the inclusion criteria. This technique was also applied by Pham et al. (2022). Therefore, the study analysed 56 articles. Based on Gupta and Sharma (2021), only articles published in English from the finance, humanities, development, economics, and social science fields were taken for the final review. The study also consulted only rigorous, peer-reviewed articles that contained microfinance, microcredit and empowerment theories. A manual search process and content analysis were applied to classify the variables of microfinance, microcredits and empowerment theories into themes. The themes of the study were the application of microfinance, microcredit and empowerment variables in MFI studies and the application of microfinance theory, microcredit theory and empowerment theory in MFI studies.

Results and Discussion

The study assessed the application of microfinance, microcredit and empowerment variables to ascertain if there was a single theory that integrates the concepts of microfinance, microcredit and empowerment.

Application of Microfinance, Microcredit and Empowerment Variables in MFI Studies

Most microfinance studies delineate the role of microfinance in empowerment. The studies contextualise empowerment at personal, community and broader levels. Likewise, interpersonal, economic, social-cultural, psychological, political and legal aspects are used to categorize empowerment dimensions (Malhotra et al., 2002). Most scholars have assessed the role of microcredit and microfinance on social and economic empowerment variables. For instance, Rahman (2022), Al-Shami et al. (2018) and Li et al. (2011) showed that microcredits promoted economic empowerment, particularly income increases in Bangladesh, Malaysia and China. Scholars further uncover that microcredit promoted social empowerment in decision-making, mobility, self-efficacy, self-esteem, autonomy and violence reduction in China, Ghana and Bangladesh (Li et al., 2011; Norwood, 2014; Debnath et al., 2019; Rahman, 2022). The review of the literature exposes that scanty studies have assessed the role of microcredits and microfinance on interpersonal, political and legal empowerment (Ali et al., 2022; Debnath et al., 2019; Kevela & Magali, 2022). Scholars assert that microcredit has played an eminent role in empowering the disadvantaged group of the population. Disadvantaged groups comprise of women, youth, elders and people with disabilities. Even so, the studies concentrate more on women's empowerment. Ilavbarhe and Izekor (2022) revealed that microcredit increased women's savings and income in Nigeria. Al-Shami et al. (2018) found out that microcredit increased women's monthly income and households' expenditure in Malaysia. It also fostered household mobility and decision-making. Norwood

(2014) articulated that microcredits in Ghana fostered autonomy for women with high levels of education, small wealth and long borrowing experience. The findings further revealed that long borrowing experiences and a small number of children reduced the violence and promoted reproductive control for women borrowers. In Bangladesh, microcredit promoted legal awareness and decision-making for women (Debnath et al., 2019). Rahman (2022) revealed that microcredit activities in rural Bangladesh improved women's income, decision-making and reduced domestic violence. Li et al. (2011) confirmed that microcredit had positive and significant influence on economic, social and legal empowerment in China. Ali et al. (2022) reported that microfinance empowered women economically, socially and interpersonally in Djibouti. Baskaran et al. (2022) established that microfinance promoted clients' education, children marriage, investment, savings and the power for making decisions in Myanmar. Akter et al. (2021) revealed that MFIs promoted economic decision-making, household dynamism, mobility, property ownership, social and political awareness for women in Bangladesh. Rehman et al. (2020) revealed that women microfinance clients in Pakistan improved their purchase decisions. Chale and Medard (2020) uncovered that community banks empowered women economically in Tanzania. Lubis (2020) linked psychological empowerment theory and the role of youth locus of control to explain their financial conduct.

The study disclosed that youth with an internal locus controlled their behaviour well than those with an external locus. However, the study linked psychological empowerment theory with locus of control and not with empowerment variables. Moreover, this was a non-microfinance study. Some studies deny the role of microfinance and microcredit in enhancing empowerment. Basumatary et al. (2022) found out that the microcredit programme did not empower women in India. The empowerment was measured by time used for wages and non-market activities. Al-Shami et al. (2021) portrayed that although microcredit fostered entrepreneurship and income generation, it did not promote decision-making in Arabian countries such as; Yemen because of the patriarchal system's dominance. Busingye and Kazooba (2018) exposed microcredit influenced insignificantly income and domestic purchases for Ugandan MFI clients. Awaworyi (2014), through a meta-analysis, found out that neither MFIs promoted the growth of microenterprises nor poverty alleviation. Nonetheless, the study found positive and weak influences of MFIs on asset acquisition. Parwez and Patel (2022), through a systematic review, argued that even though microfinance has not completely empowered women; there is some positive evidence that manifests in its potential. The literature indicates that microfinance or microcredit may not necessarily promote all categories of empowerment.

However, no study examined all of the variables of empowerment in a single study. Scholars such as Agyemang et al. (2020) named microfinance institutions as microcredit institutions. It should be noticed that microcredit institutions do not offer only microcredit but other services such as; savings, microinsurance and remittance. The microfinance also offers to non-financial services including training, market linkages, health, wellness and social support. Therefore, most authors use the terms "microfinance” and "microcredits” interchangeably. Hence, sometimes microfinance scholars regard microcredit and microfinance services as microcredit theory and microfinance theory respectively. However, most scholars concentrate more on the role of microcredits in empowerment, livelihood and poverty reduction than on the role of other microfinance services. The study concludes that microfinance theory covers microcredit theory because microcredit is part of microfinance. Scholars are indifferent when ascertaining the role of microfinance and microcredit on empowerment. The majority of the scholars (such as Debnath et al. (2019), Rehman et al. (2020), Rapando et al. (2021), Ali et al. (2022), Rahman (2022), Ilavbarhe and Izekor (2022) agree that microfinance and microcredit have promoted empowerment. However, some scholars such as; Awaworyi (2014), Busingye and Kazooba, (2018), Al-Shami et al. (2021), Basumatary et al., (2022), Parwez and Patel (2022) have reported a negative influence of microfinance and microcredit on livelihood improvement or empowerment This study revealed that no study has included all variables of empowerment in one study. Hence, the study perceives that introducing microfinance or microcredit is associated with at least one type of empowerment, if not all.

Application of Microfinance theory, Microcredit theory and Empowerment Theory in MFI Studies

Scholars who use the concept of microfinance claim to use the microfinance theory, while the microcredit theory is applied when the concept of microcredit is used. The findings from the literature disclose that there are needs to be a clearly stated theory of microfinance or microcredit. However, most scholars regard microfinance or microcredit as a theory when they explain how microfinance services reduce poverty, improve livelihood or empower the disadvantaged. Microcredit theory assumes that microcredit has a positive livelihood or empowerment impact on the poor and disadvantaged communities in the population. Microfinance theory expresses how the services offered by microfinance are used mostly to improve livelihood, empower clients and reduce poverty. Microfinance scholars use the empowerment theory to assess how microfinance services are used as resources to promote client empowerment. Therefore, microfinance scholars link microfinance services and empowerment variables. Omondi and Jagongo

(2018) assessed the role of financial services on the performance of youth SMEs in Kenya. The study revealed that microcredits, savings and financial skills training promoted positive performance of youth Small and Medium Enterprises (SMEs). The study proclaimed to use the women's empowerment theory. However, the study concentrated on the role of MFI on performance and not empowerment. Similarly, Rapando et al. (2021) assessed how Bunge Savings and Credit Cooperative Societies economically empowered youth. The findings disclosed that only microcredit promoted youth empowerment. The authors contended using the empowerment theory, even though it concentrated only on the economic empowerment variable. Hameed (2019) asserted that women's vulnerability restrained the MFI clients in Pakistan to realize the Mayoux's feminist empowerment theory. However, the study concentrated on the vulnerable factors that discourage the empowerment of women. The study assessed how economic, environmental, political and health-vulnerable factors moderated microfinance institutions and women-empowerment. Therefore, the concentration was on vulnerability and not the role of MFIs in women's empowerment. Bharti (2021) asserted that cooperative MFIs are the sources of denied resource access and power gaining and hence are essential components of the empowerment theory. However, only the economic empowerment variable was covered and the linkage between microfinance and empowerment theory was unclear.

Omeje et al. (2021) linked the empowerment theory with Nigeria's youth empowerment and entrepreneurship growth. The study argued that entrepreneurship development programmes helped to develop skills, acquire assets and motivate youths, thereby empowering them. Again, this is among many studies that applied the empowerment theory beyond the scope of microfinance. Ranabahu and Tanima (2022) asserted that though MFIs services promote entrepreneurship and empowerment, they are sometimes sources of exclusion and discrimination for women. Full empowerment is not achieved in this case because MFI services lead to segregation. The study claimed to use microfinance theory, although the theory's variables were not explicitly articulated. Mayoux (2005) linked savings and microcredits with women's economic, social and political empowerment. This is widely known as Mayoux's feminist empowerment theory. The study considered gender equality as a vital variable that promoted women's empowerment through microfinance. However, the theory did not cover interpersonal and legal variables. Moreover, the study focused more on the role of microfinance in eliminating gender inequality and did not confirm the variables of the empowerment theory. Using Mayoux's feminist theory of empowerment, Akula and Singh (2021) suggested that MFI credit, insurance and savings services promoted entrepreneurship and women's empowerment during the COVID-19 pandemic. Nevertheless, the study focused only on how microfinance promoted decision-making; other empowerment variables were not captured. Many microfinance studies integrate either microcredit or microfinance variables with empowerment variables. However, the studies usually use either microfinance theory, microcredit theory or empowerment theory. In this case, they fail to link well the role of microfinance or microcredit on empowerment. Kevela and Magali (2022) noted this problem and claimed to use microcredit empowerment theory to assess the role of microcredits on the economic, social- cultural and political empowerment of female headed households in Tanzania. Despite the study's claim to use the microcredit empowerment theory, the statement of theory and its variables were not stipulated. The study interprets this as a microfinance scholars' attempt to propose an integrated theory of microfinance, microcredit and empowerment. Many MFI scholars who link microfinance, microcredit and empowerment theory, they do not expose explicitly the variables of the theories. For instance, Amran and Mwasiaji (2019) demonstrated that the accessibility of financial services and knowledge promoted small-scale enterprises' performance in Kenya. The study claimed to apply the women's empowerment theory to examine how financial services empowered women.

The women's empowerment theory was linked to interest rates, financial self-sustainability, financial services and poverty alleviation. The role of MFIs in promoting gender equality and human rights for women was regarded as a vital aspect of feminist empowerment theory. Despite the study using the empowerment theory, to link the microfinance services and performance of women-owned SMEs, it did not explicitly depict the variables of the empowerment theory. Maganga (2021), using an empowerment theory, found out that village savings and loan associations (VSLAs) increased the economic and social welfare of women clients in Malawi. However, nothing was reported on the role of empowerment theory in the livelihood improvement of the women MFI clients. This is one of the many studies that linked microfinance and microcredit theory with empowerment theory without recognizing them. The literature review shows that, despite many microfinance and microcredit studies that have applied the empowerment variables, not all studies have stipulated whether they have applied the empowerment theory. Moreover, the analysis revealed that some MFI studies (such as Drolet, 2011; Omeje et al., 2020; Ilavbarhe & Izekor, 2022) have used empowerment variables, while others have not (such as Haldar & Stiglitz, 2014; Amran & Mwasiaji, 2019; Ranabahu & Tanima, 2022). Moreover, scholars have unveiled that the MFIs have promoted livelihood improvements in income, expenditure, savings, asset acquisition, investment, production, education, health services and housing for their clients. Most studies consider women's empowerment, while few targets other disadvantaged groups, such as youth or physically challenged people. Since no study has applied all the empowerment variables, the study concludes that it is impossible to introduce microfinance or microcredit without realizing any empowerment for MFI clients. The literature exposes that MFI empowerment studies cover diverse variables classified into individual, organisational, community and broader levels. The variables are also categorized into economic, social-cultural, psychological, political, interpersonal and legal dimensions. However, the analysis reveals that despite many studies concentrating on economic and social empowerment, none have applied all empowerment variables. Furthermore, the study reveals that microfinance studies that assessed the role of microfinance and microcredit on empowerment or livelihood improvement have applied both microfinance and empowerment theory, though they have not stated so. The analysis reveals that none of the studies have provided the assertion of the microfinance-microcredit-empowerment theory. Therefore, this study proposes the assertion of the microfinance-microcredit-empowerment theory, which is written as follows:

"*Offering microfinance or microcredit services to the poor or disadvantaged group of the population is associated with a particular type of empowerment. It can be on an individual, organisational, community or broader level. Empowerment may also be classified into economic, social-cultural,* p*sychological, political, interpersonal and legal contexts*".

The analysis reveals that microcredit or microfinance services are the resources to foster empowerment. Nonetheless, it is inadequate for microfinance theory or microcredit theory to explain the influence of microfinance or microcredit on clients' livelihood improvement or empowerment without integrating it with empowerment theory. Therefore, this study proposed the amalgamated microfinance-microcredit-empowerment theory to embrace the variables of microfinance, microcredit and empowerment.

Conclusion

The findings exposed that most scholars demonstrated various types of empowerment brought about by microcredit and microfinance. The study further found out the positive and negative impacts brought by microfinance. However, the review indicated that no studies have assessed all types of empowerment variables, and no theory has integrated the concepts of microcredit, microfinance and empowerment. The literature review also demonstrated that microcredit/microfinance promotes at least one category of empowerment if not all. For instance, it can promote social empowerment but not economic or other empowerment categories. Therefore, the study proposed a single amalgamated theory that explains the role of microfinance and microcredit on empowerment: "Microfinance-Microcredit-Empowerment Theory." The contribution of this study was based on a theoretical perspective. Mainly, the study contributed to microfinance theory, microcredit theory and empowerment theory by suggesting a single theory that embraces microfinance, microcredit and empowerment concepts. The study guides scholars in the microfinance field to apply one theory that integrates the concepts of microfinance, microcredit and empowerment. Most of the previous microfinance scholars had independently applied microfinance theory, micro credit theory or empowerment theory, which made them unable to capture the three concepts explicitly. The major study's limitation was based on using the systematic literature review approach. Through this methodology, relevant articles might have been skipped.

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