Microfinance Services and Women Empowerment in Mogadishu, Somalia

[1] Abdikafar Khalif Ahmed & [2] Jude Bassey

[1] Master's Student, College of Economics and Management, Email: ahmed.abdikafar@studmc.kiu.ac.ug

[2] Assoc Prof, College of Economics and Management, Kampala International University, P. O. Box, 20000, Kansanga, Uganda

Abstract

The study examined the effect of microfinance services on women's empowerment in Mogadishu, Somalia. The research focused on three key services provided by microfinance institutions: financial education, microloans, and insurance products. The research was based on the Capability Approach Theory and was a descriptive cross-sectional in design that utilized both quantitative and qualitative methods. One hundred and seventy-two women entrepreneurs involved in micro-finance schemes in Mogadishu participated in the study. Data was analyzed both quantitatively – using Pearson correlation and regression analysis and qualitatively – through thematic analysis. The results showed that financial education ($r = 0.208$), microloans ($r = 0.260$), and insurance products ($r = 0.264$) were positively and significantly correlated with women's empowerment. These results indicate that access to financial education, credit services, and financial protection could enhance economic independence of women and their involvement in entrepreneurial activities. The research concludes after stating the significance of microfinance services in empowering women in Mogadishu, and recommends that financial literacy programmes be extended to cover a wider audience, that access to loan services be made more flexible and that availability of cost-effective micro-insurance products for women entrepreneurs be promoted.

Keywords: Microfinance services, Women empowerment, Financial education, Microloans, Somalia

Introduction

Microfinance has become an important tool for improving financial inclusion and supporting low-income populations, particularly women. Through services such as financial education, microloans, and insurance products, microfinance institutions provide opportunities for individuals who have limited access to formal banking services. These services help people start or expand businesses, improve income levels, and enhance their overall quality of life.

Women's empowerment is widely recognized as a key factor in economic and social development. Empowered women are more likely to participate in income-generating activities, contribute to household welfare, and take part in decision-making processes within their families and communities. However, many women in developing countries continue to face challenges related to limited access to finance, education, and economic opportunities.

In Somalia, women play a significant role in supporting household livelihoods and operating small businesses. Despite their contributions, many women face barriers such as limited access to credit, inadequate financial knowledge, and lack of protection against financial risks. These challenges often restrict business growth and reduce opportunities for economic independence.

Microfinance institutions seek to address these challenges by providing financial education, microloans, and insurance services tailored to the needs of low-income women. Financial education improves financial management and business skills, microloans provide capital for entrepreneurial activities, and insurance products help reduce vulnerability to unexpected financial losses. Together, these services can contribute to improving women's economic, social, and psychological well-being.

Although microfinance services have expanded in Mogadishu in recent years, limited research has examined how these services influence women's empowerment. Therefore, this study investigates the effect of financial education, microloans, and insurance products on women empowerment in Mogadishu, Somalia. The findings are expected to provide useful information for policymakers, microfinance institutions, and development organizations working to enhance women's empowerment and financial inclusion.

Objectives of the study

Purpose of the Study

The purpose of the study was to investigate the effect of microfinance services on women empowerment in Mogadishu, Somalia.

Specific Objectives

1) To examine the effect of financial education on women empowerment in Mogadishu, Somalia.
2) To assess the effect of microloans on women empowerment in Mogadishu, Somalia.
3) To evaluate the effect of insurance products on women empowerment in Mogadishu, Somalia.

Literature review

Theoretical review

This research on the impact of microfinance services on women's empowerment in Mogadishu, Somalia is based on three essential theories; namely Capability Approach, Resource-Based View (RBV) and Social Capital Theory.

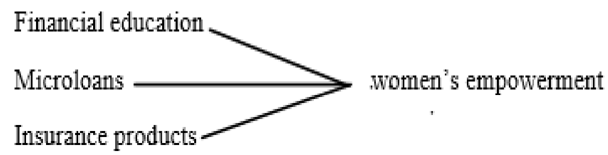
Capability Approach (CA) : Originating from Amartya Sen and Martha Nussbaum, CA promotes the expansion of individuals' capabilities (i.e. their real opportunities to be and do what they value in life) rather than concentrating on only one material good, such as resources or income. It differentiates among functionings (real achievements) and capabilities (set of potential functioning that can do or be) and defends that society has to promote social arrangements that expands freedom, justice and choice. When applied to microfinance, the CA provides a theoretical basis for understanding how men and women can increase agency, voice, and self-esteem through financial education, microloans, and savings products. However, its limitations range from the indefiniteness of the ranking order of capabilities to the neglect of exponential and non-linear interactions as well as consideration of culture-driven and gender-related structural obstacles.

Resource-Based View (RBV) : RBV which was proposed by Wernerfelt (1984) and developed further by Barney (1991) suggests that rare, valuable, and inimitable resources can be an organization's source for sustainable competitive advantage. In terms of women's empowerment, RBV conceptualizes skills, knowledge, and social networks as internal assets that can be empowered through microfinance to attain financial autonomy. Microloans are a vital means to start businesses and gain financial confidence.However, RBV has a tendency to ignore external factors, such as market trends, cultural norms, and legal systems, rendering it incomplete by itself.

Social Capital Theory Developed originally by Bourdieu (1986) and subsequently: through various forms of empirical investigation (e.g. Putnam, 2000), this theory articulates the importance of networks, trust, and reciprocity as resources for obtaining further resources, including access to information, resources, and support. In microfinance, women's group lending models help create social capital and facilitate knowledge-sharing as well as collective problem-solving and access to markets. Social capital empowers in fostering cooperation and participation in community. However, it can be uneven, and some women may be excluded from it on the bases of socio economic and cultural difference(s).

On the whole, although the three theoretical perspectives analysis may contribute valued informations, the most relevant theory for this study is the Capability Approach. Its comprehensive concentration on agency, choice and multidimensional empowerment is very close to the aim of the study, although the combination of RBV and SCT captures Issue more comprehensively and comprehensively how microfinancing contributes to women's empowerment in Mogadishu.

Conceptual framework



Methods

Research Design

This study applied a descriptive cross-sectional design, employing both quantitative and qualitative approaches to study empowerment. Quantitative data provided a measure of the degree of empowerment, while qualitative data were related to individual experiences, resulting in a holistic depiction. This protocol is suitable for and scalable to use in the evaluation of social, economic and psychosocial components of empowerment.

The study consisted of 309 women who were members of Mogadishu Microfinance and it covers the areas of handicrafts, agriculture, animal husbandry, services, textiles, and tourism. A sample of 172 women was drawn based on the guidelines of Krejcie and Morgan (1970). Using a mixed-methods data analysis approach, quantitative data on socio-economic indicators and qualitative data on respondents' perspectives on income generation and other issues were analyzed to specific findings of the study.

Study Population

The research was conducted on 172 women of Mogadishu Microfinance from different sectors. The purposive sampling technique was adopted. Based on Pearsons correlation and regression analysis, quantitative and qualitative methods were applied to the analysis of data to evaluate the analysis on socio-economic aspect and on-point empowerment of- and relevant to- women in all plasma levels.

Sample Size

A total of 172 women were selected from 309 members of a Mogadishu microfinance based on Krejcie and Morgan's formula to precisely represent and investigate the women's empowerment in microfinance and entrepreneurship.

Sampling Procedure

The research was based on cluster sampling; with simple random sampling being applied to the big clusters and a census survey for a small cluster (≤20) for better representation and more reduction of sampling bias.

Data Collection Instruments

Data was collected by a structured questionnaire for the survey and a semi-structured interview guide to obtain information in line with the objectives of the study.

Validity and Reliability

Data Validity: Two supervisors evaluated the research instruments and a CVI of 0.9 was obtained, which was higher than the acceptable value of 0.7, to this end, the items were deemed relevant. Eight invalid questions were revised or deleted according to suggestions from experts.

Data Reliability: A pilot study was conducted on 10% of the samples to determine the reliability. Cronbach's alpha results showed good internal consistency for all the variables: financial education (0.827), microloans (0.746), insurance products (0.700), and women empowerment (0.704) which implied that the instruments were dependable for this study.

Data Analysis

The data were analyzed quantitatively and qualitatively to give a full picture of women empowerment in the Mogadishu Microfinance program.

Results

Response Rate

The result was an excellent response rate of 97.7%, 168 questionnaires were returned out of 172, showing a high level of involvement of respondents which facilitated an accurate solid base to assess the impact of microfinance on women's empowerment in Mogadishu.

Demographic Information of Respondents

Table 4.2: Demographic Information of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
1. Age	18–24	45	26.8
	25–34	60	35.7
	35–44	30	17.9
	45–54	20	11.9
	55 and above	13	7.7
	Total	**168**	**100**
2. Marital Status	Single	50	29.8
	Married	80	47.6
	Divorced	20	11.9
	Widowed	18	10.7

	Total	**168**	**100**
3. Level of Education	No formal education	10	6.0
	Primary school	30	17.9
	Secondary school	70	41.7
	Tertiary education (Diploma/University)	58	34.5
	Total	**168**	**100**
4. Employment Status	Employed	70	41.7
	Self-employed	50	29.8
	Unemployed	20	11.9
	Not working but involved in household duties	28	16.7
	Total	**168**	**100**
5. Monthly Income	Less than \$100	25	14.9
	\$100–\$300	60	35.7
	\$301–\$500	50	29.8
	More than \$500	33	19.6
	Total	**168**	**100**
6. Do you have children?	Yes	90	53.6
	No	78	46.4
	Total	**168**	**100**

Source: Primary Data (2025)

The findings of the study showed that majority of the microfinance customers in Mogadishu are young women who are economically active, 35.7% were within the age limit of 25–34 and 26.8% were in between 18–24 years of age, which reflects on the good opportunities for them in taking up entrepreneurial activities and in bringing them towards economic empowerment. Concerning the marital status, 47.6% of them stated that they were married, which infers that women are able to use these services to contribute to household income and decision-making with positive spill-overs on household welfare.

With regards to educational background, 41.7% had completed secondary school and 34.5% had tertiary education. This indicates that most of the women have basic literacy knowledge needed to comprehend and utilise microfinance services. According to employment information, 41.7% of the participants were employed and 29.8% were self-employed, which reflects active economic involvement of the participants via microfinance schemes.

Percentages of income were 35.7% within the range of \$100–\$300, 29.8% within the range of \$301–\$500, and 19.6% beyond \$500 per month, an indication that microfinance helps in drastically improving the earning potential of women that allows them better access to basic amenities and improved standard of living. Lastly, 53.6% of the participants had children, indicating that the microfinance services enabled women to meet their caregiving obligations and improve household welfare, as well as invest in their children's education and health.

The findings overall signify that the Mogadishu microfinance service results in women's economic and social empowerment, enabled them to enhance their abilities, household control, and quality of life in line with the Capability Approach Theory Tenets.

Effect of Financial Education on Women's Empowerment

Descriptive statistics for the effect of Financial Education on Women's Empowerment

Table 4.3: Effect of Financial Education on Women's Empowerment

Question	SD (1) F (%)	D (2) F (%)	NS (3) F (%)	A (4) F (%)	SA (5) F (%)	Mean	Standard Deviation
I feel confident in my ability to manage my business effectively.	10 (5.9)	8 (4.8)	12 (7.1)	60 (35.7)	78 (46.4)	4.14	0.98
I have learned important strategies for growing my business through financial education.	9 (5.4)	7 (4.2)	11 (6.5)	62 (37.1)	79 (47.0)	4.15	0.97
I can make informed decisions regarding the operations of my business.	8 (4.8)	6 (3.6)	15 (8.9)	65 (38.7)	74 (44.0)	4.12	0.95
I understand basic financial concepts such as profit, loss, and return on investment.	11 (6.5)	9 (5.4)	10 (6.0)	64 (38.1)	74 (44.0)	4.10	0.96
Financial education has improved my ability to read and interpret financial statements.	7 (4.2)	5 (3.0)	12 (7.1)	61 (36.3)	83 (49.4)	4.22	0.92
I feel knowledgeable about the various types of financial products available to me.	6 (3.6)	10 (6.0)	15 (8.9)	63 (37.5)	74 (44.0)	4.08	0.94
I can create and maintain a budget for my business.	9 (5.4)	8 (4.8)	14 (8.3)	66 (39.3)	71 (42.3)	4.10	0.95
Financial education has helped me understand the importance of budgeting.	8 (4.8)	7 (4.2)	13 (7.7)	64 (38.1)	76 (45.2)	4.12	0.96
I regularly track my business expenses and income.	12 (7.1)	11 (6.5)	10 (6.0)	59 (35.1)	76 (45.2)	4.08	0.97
Average mean						4.11	0.95

Source: Primary Data (2025)

Interview Responses

A small-scale businesswoman shared her experience regarding the impact of financial education on her business management skills, stating, "Financial education has been a game changer for me. It has given me the knowledge to be resourceful and make educated decisions." She cited some of the concrete skills she learned including how to manage inventory and plan strategically — that are now helping her run a leaner operation and turn a higher profit. "Now I can look at my sales and know what to stock and I'm not wasting so much," she said. This transformation has not only transformed her business, but has also empowered her to guide other women in her community through with her. (Source: Small-Scale Business Woman, 2025)

A woman with a microfinance loan commented on her confidence in financial knowledge, "My knowledge of financial concepts is good, particularly after participating in the financial literacy training." She said the training enabled her to understand key ideas such as profit, loss and rate of interest, which are vital for keeping her business on the right track. "I used to have a hard time figuring out my profit before the training, but now I can easily calculate how much I make after my expenses," she acknowledged. This newfound knowledge has helped her to take better decisions financially and has given her more confidence running her business finances. (Source: Woman with Microfinance Loan, 2025)

Outsourced budgets are an integral part a microfinance institution's budgeting respondent attached importance to budgeting skills, ‘‘Our clients usually come budgeting with a sense of insecurity but financial education has improved their skills immensely.’’ They elaborated that many women who took microfinance loans have learned to develop budgets that complement their business objectives. "One client told me her budgets workshop helped her see where she was wasting money and where she could better use it," said the spokesperson. Due to this results good financial management and sustainability have been achieved for a significant number of women own businesses and this is the evidence that financial education positively influenced budgeting practice. (Source: MFIs Representative, 2025)

In general, the answers from the different stakeholders emphasize that financial education is a key element to improve business management, financial knowledge, and budgeting of women entrepreneurs. These findings reinforce the need for sustained support for financial education initiatives that enable women and promote economic growth in the region.

Table 4.4: Correlation Matrix for Financial education and Women empowerment in Mogadishu, Somalia

Correlations

		Financial education	Women empowerment
Financial education	Pearson Correlation	1	.208**
	Sig. (2-tailed)		.000
	N	168	168
Women empowerment	Pearson Correlation	.208**	1
	Sig. (2-tailed)		.000
	N	168	168

. Correlation is **significant at the 0.01 level (2-tailed)

Source: Primary Data (2025)

The result of hypothesis testing shows that there is a positive and significant association between financial education and women empowerment with a Pearson correlation coefficient value of 0.208 ($p < 0.01$) in Mogadishu, Somalia. This finding indicates that for higher levels of financial education, women's empowerment is also expected to be higher, thus affirming the importance of financial education in furthering women's economic autonomy, social participation, and psychological wellness. The positive meaningful correlation means that women can be more empowered by managing their money better and making informed decisions when they are given sufficient financial education. This result corroborates that of the literature and proves the need to address financial education in women as part of the programmes to enhance women empowerment particularly in Mogadishu and other similar situations.

Table 4.5: Regression analysis for financial education and Women empowerment in Mogadishu, Somalia

This study was set to test the first hypothesis for the regression analysis for the study whether there is no significant effect between financial education and Women empowerment in Mogadishu, Somalia

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.208[a]	.043	.041	.633

a. Predictors: (Constant), Financial education

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.594	1	10.594	38.935	.000[b]
	Residual	27.209	166	.272		
	Total	37.802	167			

a. Dependent Variable: Women empowerment
b. Predictors: (Constant), Financial education

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	β		
1	(Constant)	2.018	.188		10.728	.000
	Financial education	.364	.058	.208	6.240	.000

a. Dependent Variable: Women empowerment

Source: Primary Data (2025)

The result showed that there is a very weak positive relationship (r = 0.208) between women empowerment and financial education among women in Mogadishu and financial education accounted for 4.3% of the variance ($R^2 = 0.043$) in women empowerment. In spite of the small proportion of variance, the regression model was significant ($F = 38.935$, $p < 0.05$), which means that financial education had a significant influence on women's empowerment. The unstandardized beta coefficient ($B = 0.364$, $t = 6.240$, $p = 0.000$) reveals that with each unit increase in financial education, women empowerment increases by 0.364 units, illustrating a positive impact.

These results are in line with the Capability Approach Theory, which suggests that financial education increases women's agency, whose decision making and participation in economic activities is strengthened. While other factors also influence empowerment, improving financial literacy equips women with knowledge to make informed choices, access opportunities, and participate actively in household and community decisions, thereby expanding their real freedoms and capabilities.

Effect of Microloans on Women's Empowerment

Descriptive statistics for the effect of Microloans on Women's Empowerment

Table 4.6: Effect of Microloans on Women's Empowerment

Question	SD (1) F (%)	D (2) F (%)	NS (3) F (%)	A (4) F (%)	SA (5) F (%)	Mean	Standard Deviation
The amount of my microloan was adequate for starting or expanding my business.	12 (7.1)	10 (6.0)	15 (8.9)	65 (38.7)	66 (39.3)	4.06	0.98
Receiving a microloan has positively affected my business growth.	9 (5.4)	8 (4.8)	12 (7.1)	60 (35.7)	79 (47.0)	4.19	0.94
The loan amount I received has allowed me to purchase necessary inventory or equipment.	10 (6.0)	7 (4.2)	14 (8.3)	61 (36.3)	76 (45.2)	4.12	0.96
The repayment terms of my microloan are manageable for my business cash flow.	11 (6.5)	9 (5.4)	13 (7.7)	62 (37.1)	73 (43.5)	4.09	0.95
Flexible repayment options have helped me meet my financial obligations.	8 (4.8)	10 (6.0)	12 (7.1)	63 (37.5)	75 (44.6)	4.11	0.97
I feel comfortable with the duration of the loan repayment period.	9 (5.4)	11 (6.5)	10 (6.0)	64 (38.1)	74 (44.0)	4.10	0.96
Microloans have opened doors for me to access additional funding sources.	7 (4.2)	6 (3.6)	12 (7.1)	65 (38.7)	78 (46.4)	4.15	0.93
I feel more confident in seeking additional financial support after receiving a microloan.	8 (4.8)	7 (4.2)	13 (7.7)	62 (37.1)	78 (46.4)	4.12	0.94
Having a microloan has improved my creditworthiness in the eyes of other financial institutions.	6 (3.6)	10 (6.0)	15 (8.9)	64 (38.1)	73 (43.5)	4.08	0.95
Average mean						**4.10**	**0.95**

Source: Primary Data (2025)

The study findings indicate that women in Mogadishu highly agreed that microloans positively impact their business and empowerment, with item means ranging from 4.06 to 4.19 and an overall average mean of 4.10 (SD = 0.95). Most respondents reported that the loan amounts were adequate, facilitated business growth, allowed purchase of necessary inventory or equipment, and had manageable and flexible repayment terms. Microloans also facilitated access to additional loans, contributed to an increased confidence in dealing with financial institutions and led to better credit ratings. These findings illustrate that microloans strengthen women's economic agency, access to resources and business skills, and provide substantial evidence in support of the Capability Approach Theory by increasing real freedoms, opportunities, and functionings crucial for sustainable empowerment.

Interview Responses

A small-scale businesswoman recounted her experience with her latest microloan, noting, "Obtaining a $15,000 microloan has made a huge difference in the way I operate my business." She said the money helped her buy new equipment and add new products, resulting in higher sales and happier customers. "I was always behind with orders before this loan, but now I'm able to get more customers and expand my business," she added.This success story demonstrates how adequate financing can improve business performance and potential growth. (Source: Small-Scale Business Woman, 2025)

A microfinance borrower described the terms for repayment of her microloan as "doable and flexible." "The repayment schedule is fixed at two years with an affordable rate of 10% interest which helps me to plan my finances." She said that these conditions have helped her to better plan her finances and added, "Having the knowledge of how much I'm supposed to pay each month enables me to create a better budget and it also allows me to fulfill my responsibilities without any worry." This transparency on the repayment terms contributed to her feeling confident she could run the business' finances. (Source: Woman with Microfinance Loan, 2025)

A microfinance institution official spoke of how a microloan has led the way to other sources of funding. "Many of our clients say that once they have repaid their first microloan successfully, they can access larger loans from banks or other financial institutions," they explained. A customer related her experience, "When I repaid my first microloan, I applied for a second loan to grow my business more, and was approved because of my good repayment history." This highlights how small seed loans can enable women entrepreneurs to raise additional finance and scale up their businesses. (Source: MFIs Representative, 2025)

The insights from different respondents show that a microloan has the power to transform women and women entrepreneurs. From the small loan amounts for business expansion to the friendly loan repayment schedules that empower financial planning, microloans support women in Mogadishu. Moreover, the option to secure further funding on successful completion of a series of microloans highlights the significance of these financial products in promoting sustainable business growth.

Table 4.7: Correlation Matrix for Microloans and Women empowerment in Mogadishu, Somalia

Correlations

		Microloans	**Women empowerment**
Microloans	Pearson Correlation	1	.260*
	Sig. (2-tailed)		.000
	N	168	168
Women empowerment	Pearson Correlation	.260*	1
	Sig. (2-tailed)	.000	
	N	168	168

****.** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data (2025)

The findings in Table 4.7 indicate that there is a significant positive relationship ($r = 0.260$, $p < 0.01$) between women in Mogadishu's access to microloans and empowerment, suggesting that improved access to microloans increases financial independence, involvement in decision-making, and self-confidence, which led to good economics and, thus, it supports sustainable gender empowerment.

Table 4.8: Regression analysis for Microloans and Women empowerment in Mogadishu, Somalia

This study was set to test the second hypothesis for the regression analysis for the study whether there is no significant effect between microloans and Women empowerment in Mogadishu, Somalia

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.260[a]	.068	.062	.7142

a. Predictors: (Constant), Microloans

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.572	1	11.572	44.115	.021[b]
	Residual	26.231	166	.262		
	Total	37.802	167			

a. Dependent Variable: Women empowerment

b. Predictors: (Constant), Microloans

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	β		
1	(Constant)	2.010	.179		11.251	.000
	Microloans	.362	.055	.260	6.642	.000

Correlation is significant at the 0.01 level (2-tailed)

a. Dependent Variable: Women empowerment

Source: Primary Data (2025)

The regression analysis in Table 4.8 indicates a weak but positive relationship between microloans and women's empowerment in Mogadishu ($R = 0.260$, $R^2 = 0.068$, Adjusted $R^2 = 0.062$), with microloans significantly predicting empowerment ($F = 44.115$, $p = 0.021$). The unstandardized coefficient ($B = 0.362$, $p = 0.000$) shows that each unit increase in microloan access leads to a 0.362 unit increase in women's empowerment. Although the model explains a modest 6.8% of the variance, the results confirm that microloans significantly enhance women's economic and social capabilities, supporting the Capability Approach Theory by enabling women to pursue entrepreneurship, financial independence, and active participation in household and community decision-making.

Hypothesis Testing Three: There is no considerable association between insurance products and women empowerment in Mogadishu, Somalia

The hypothesis was analyzed using the Pearson correlation coefficient and the test results are shown in Table 4.10 below.

Table 4.10: Correlation Matrix for Insurance products and Women empowerment in Mogadishu, Somalia

Correlations

		Insurance products	Women empowerment
Insurance products	Pearson Correlation	1	.264**
	Sig. (2-tailed)		.000
	N	168	168
Women empowerment	Pearson Correlation	. 264**	1
	Sig. (2-tailed)	.000	
	N	168	168

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data (2025)

The results in Table 4.10 show a significant positive correlation ($r = 0.264$, $p < 0.01$) between access to insurance products and women's empowerment in Mogadishu, indicating that insurance enhances financial security, economic independence, and **confidence, thereby supporting women's active participation in economic and social activities**

Table 4.11: Regression analysis for Insurance products and Women empowerment in Mogadishu, Somalia

The regression analysis was conducted to test the third hypothesis on whether microloans have a significant effect on women empowerment in Mogadishu, Somalia.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.264[a]	.069	.065	.69812

a. Predictors: (Constant), Insurance products

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.468	1	16.468	77.191	.002[b]
	Residual	21.334	166	.213		
	Total	37.802	167			

a. Dependent Variable: Women empowerment

b. Predictors: (Constant), Insurance products

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	β		
1	(Constant)	2.092	.128		16.287	.000
	Insurance products	.372	.042	.264	8.786	.000

a. Dependent Variable: Women empowerment

Source: Primary Data (2025)

The regression analysis in Table 4.16 shows a positive and statistically significant effect of insurance products on women's empowerment in Mogadishu ($R = 0.264$, $R^2 = 0.069$, Adjusted

$R^2 = 0.065$; B = 0.372, p = 0.000, F = 77.191, p = 0.002), indicating that greater access to insurance enhances women's economic, social, and psychological well-being by providing financial security and reducing vulnerability, thereby supporting the Capability Approach Theory's emphasis on expanding real freedoms and enabling women to make empowered life choices.

Discussion of findings

The result of the study showed that microfinance significantly influence women empowerment at a 5% level of significance in Mogadishu. Financial knowledge was associated with better financial management among women, who made improved decisions about saving, budgeting, and investing In their businesses. Women who attended financial literacy classes were also more confident in their ability to run their businesses and plan for growth in the future.

In the same way, microloans were also found to facilitate the growth of income-generating activities. Many respondents said that loans helped them buy tools for the trade, stock up on supplies and become more productive. As a result, they earned more and were better able to contribute to household needs and family decisions.

Insurance products contributed positively to the enhancement of women's empowerment. Availability of micro-insurance mitigated financial risks related to enterprise activities and unforeseen circumstances. Women with insurance coverage expressed more confidence in investing in their businesses, because they were financially secure.

In general, the results of the study indicate that the financial services offered by MFIs for women are useful means for enhancing women's economic freedom and social participation. The findings confirm the Capability Approach Theory which focuses on increasing people's options and capabilities for enhancing their quality of living.

Conclusion

The findings indicate that microfinance services are crucial to enhance women empowerment in Mogadishu, Somalia. Women's financial literacy improves their financial management and economic decision making. Microcredit enables women to access the capital necessary to start or expand businesses, which increases their earnings and financial autonomy. Also, insurance products provide financial security that mitigates vulnerability to risks and uncertainties.

As a result, when women entrepreneurs are able to access these services, they see improved livelihoods, enhanced business performance, and increased engagement of women in economic and social life. Therefore, strengthening microfinance programs can be an effective strategy for promoting sustainable women's empowerment in Mogadishu.

Recommendations

Based on the findings of the study, several recommendations are proposed to strengthen women's empowerment through microfinance services in Mogadishu. First, policymakers should support programs that promote financial literacy among women entrepreneurs. Providing accessible training in financial management can help women improve their business skills and decision-making abilities.

Second, microfinance institutions should expand flexible loan services that are suitable for small-scale women entrepreneurs. Loan products with reasonable interest rates and manageable repayment schedules can encourage more women to participate in business activities.

Third, the development of affordable micro-insurance products should be promoted in order to protect women entrepreneurs from financial risks. Increasing awareness about insurance services will help women understand the benefits of financial protection for their businesses.

Finally, collaboration between government institutions, non-governmental organizations, and microfinance institutions is necessary to strengthen financial inclusion programs and ensure that more women can access these services.

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