

## Socioeconomics Indicators of Microfinance Borrowers in Sarawak

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### Abstract

Microfinance has been recognized as a vital instrument for poverty alleviation, particularly in contexts where access to formal financial institutions is limited. In Sarawak, Malaysia, agencies such as TEKUN Nasional have expanded outreach to marginalized households, yet questions remain regarding the extent to which these programs improve borrowers' socioeconomic well-being. This study investigates the relationship between microfinance services namely loans, non-financial support, access to financing, and repayment and six socioeconomic indicators: income, savings, consumption, healthcare, education, and employment. The results show that microfinance contributes positively to healthcare, savings, and education, while its effects on income, employment, and consumption are less consistent. Furthermore, repayment challenges and unequal access highlight structural limitations that constrain the transformative role of microfinance. These findings suggest that while microfinance provides important opportunities for livelihood improvement, it cannot fully address poverty in isolation. Integrating financial services with training, financial literacy, and supportive monitoring mechanisms is essential for enhancing long-term socioeconomic outcomes and reducing persistent poverty in Sarawak.

**Keywords:** Microfinance, Socioeconomic well-Being, Sarawak, TEKUN Nasional

### Introduction

In Malaysia, microfinance has been positioned as a critical strategy to address poverty, particularly in areas where access to formal financial institutions is limited. Agencies such as Amanah Ikhtiar Malaysia (AIM) and TEKUN Nasional have expanded financial access to poor households, providing small loans to support entrepreneurship, household needs, and income-generating activities. In Sarawak, TEKUN recently disbursed over RM13.76 million to 3,050 entrepreneurs under its SPUT scheme, reflecting the state's growing reliance on microfinance as a poverty alleviation tool (Bernama, 2023).

The microfinance program can be divided into two development spectrums, the village banking and soft loan provider and the modern microfinance institution. The latter was

first created by Muhammad Yunus of Bangladesh in 1974. The sustainability of microfinance institutions therefore must be taken into serious consideration where the poor rely on the financial services provided by these microfinance institutions, particularly soft loans to help them for at least to deliberate them from poverty (Kazemian, et al, 2016).

The role of microfinance is important in creating access to financial assistance for poor to alleviate their livelihood as formal bank institutions had literally sidelined the poor communities from being included to receive financial aid where banks and formal financial institutions often offered loans and microfinance assistance to established small businesses. Thus, the impact of microfinance programs must also take into consideration. For long, most microfinance institutions were struggling with clients' over-indebtedness and repayment problems from borrowers, leading the microfinance institution into the problem of maintaining its operational and goals in providing loans for the poor (Attanasio, Augsbur, Haas, Fitzsimon & Harmgart, 2015).

Microfinance has undeniably emerged as a powerful instrument in the global fight against poverty. Since the pioneering efforts of Muhammad Yunus and the Grameen Bank in Bangladesh, microfinance has been celebrated as a means of providing financial access to marginalized populations traditionally excluded from the formal banking system (Yunus, 2003). The central premise is that access to small loans and financial services enables poor households to initiate or expand income-generating activities, thereby improving their livelihoods.

Since late 1990s, the microfinance agencies had started in expanding their operation in Sarawak, somehow Sarawak is still one of the poorest states in Malaysia, recently rank the third poorest state in Malaysia. As the largest state in Malaysia and bless with plenty of natural resources, therefore microfinance in Sarawak must be revisited to identify whether the microfinance program held by AIM and TEKUN Nasional really does benefited clients in Sarawak. Sarawak government had since come with initiative in combating poverty, only the recent years under the current Premiership, the combating poverty initiative had been implemented locally without heavily reply on the strategies and programs to eradicate poverty by Malaysian federal government. It is known recently that 13,798 households manage to come out from the poverty circle categories as hardcore poor. The Statistics Department stated that the poverty line income in Sarawak is RM2860. The recent development of poverty in Sarawak shows Sarawak is still rank the third highest poverty rate in Malaysia with 10.8% after Sabah with 19.7% and Kelantan 13.2% in July 2024. Although Sarawak had recorded a dropping of eKasih registered individuals from 112,000 to 58,000 showing that the effort made by both Sarawak and federal government are fruitful in combating poverty.

The Sarawak Social Wellbeing Index (SWI) had improved from 6.21 in 2019 to 7.18 in 2023. The improved SWI depicts a significant improvement in the livelihood among the population in Sarawak. The Sarawak Development Institute (SDI) recently had tailored a Sarawak very own Multidimensional Poverty Index for more accurate poverty assessment. Somehow it is still in the early stage of employing this poverty assessment mechanism as the survey covers 137 Society for Kuching Urban Poor food aid recipients in selected 5 areas in

Kuching, in other words, focus on urban poverty. The institute also recommended a holistic mechanism of Multidimensional Poverty Index framework for both urban and rural areas.

Microfinance had no doubt emerged as a transformative tool in combating poverty globally, by empowering the low income and communities, offering small loans so that the poor will come out from the poverty circle. Somehow, it must be increasingly integrated into broader strategies particularly in terms of financial inclusion and economic growth (Lahnech & Chami, 2025). But somehow it must be revisited particularly in terms of its relationship with poverty, this is due to the complexity of human desire and activities.

The objective of the study is to investigate the relationship of microfinance on the socioeconomics indicators of microfinance borrowers in Sarawak. It is important to access the effectiveness of microfinance programs towards microfinance borrowers in Sarawak where microfinance institutions play a vital role in assisting acquiring financial inclusion for the undeserved population, alleviating poverty, supporting entrepreneurship and drive economic growth (Mishra, Rathore, Pandey, Singh & Katiyar, 2024). The scope of the study is the microfinance clients of the National Entrepreneurial Group Economic Fund or in Malay Tabung Ekonomi Kumpulan Usahawan Niaga (TEKUN Nasional) of Sarawak branches with respondents from 7 branches of TEKUN Nasional Sarawak branches of Kuching, Kota Samarahan, Serian, Sri Aman, Sibul, Mukah and Bintulu. The number of respondents is based on the convenient sampling deployed in this study. Sarawak was chosen as the scope of the study due to its rank amongst the third poorest state in Malaysia with high poverty incidence of poverty according to the Department of Statistics Malaysia (2022).

The remainder of this study is structured as follows. The next section reviews the relevant literature, followed by the data and methodology. Subsequently, the empirical results and discussion are presented, and the final section concludes the study.

### *Past Studies*

The theories identified relating to this study of the relationship of microfinance and socioeconomic indicators are the Capability Theory proposed by Armatya Sen and the Theory of Change of in Microfinance. The concept of the Capability theory is that it can offer an insight upon the welfare, economic, social and political policy. This approach is based on the views of living combinations of the does and beings with the assessment of the quality of life in terms of the capability to achieve the esthetical values (Sen, 2003), while the Theory of Change in Microfinance provides a practical framework for linking access to microfinance with poverty reduction outcomes. The Theory of Change in Microfinance depicts how interventions such as microfinance are expected to lead to short-term outcomes particularly in terms of increased income, improved consumption and long-term impacts such as reduced poverty, enhanced well-being (Jackson, 2013).

Numerous studies have affirmed that microfinance contributes positively to poverty reduction, particularly by improving household income levels, consumption patterns, access to education, and health outcomes. Early empirical evidence demonstrated that microfinance could enhance the socio-economic well-being of poor households (Khandker, 2005; Armendáriz & Morduch, 2010). More recent studies continue to reinforce this view, highlighting that microfinance participation leads to improved food security, increased school

attendance, and enhanced women's empowerment, especially in rural communities (Banerjee et al., 2019; Imai et al., 2010). Evidence from South and Southeast Asia further suggests that microfinance not only facilitates income diversification and resilience against shocks but also supports long-term improvements in non-monetary poverty dimensions such as health care access and housing quality (Mia & Lee, 2019; Rahman, Matsui, & Ikemoto, 2021). These findings collectively underscore the role of microfinance as a critical policy tool for advancing sustainable poverty reduction strategies, particularly when aligned with broader development agendas such as the Sustainable Development Goals (SDGs) and national poverty eradication programs.

In developing countries, microfinance institutions (MFIs) not only extend credit but also provide non-financial services such as training and business support, which enhance the borrowers' capacity to utilize resources effectively (Ledgerwood, 2013). This dual approach of combining financial and social intermediation has been shown to generate broader socio-economic impacts.

Microfinance institutions must be sustainable in their operation to obtain client's trust, the relationship between the management of the microfinance institutions and the clients/borrowers were very important in the sustainability of the microfinance organization (Kazemian, Rahman, Sanusi & Adewale, 2016). Often, microfinance assistance offered without any collateral, unlike assistance that was offered by banks, also the main lending mechanism were by group lending, in other words, a joint-liability or solidarity lending and the repayment were based on peer pressure (Wahab, Bunyau & Islam, 2017). This also may lead to social interactions and social outreach where leaders/lenders will be able not only provide loans and information regarding the microfinance program to the borrowers/clients but also may encourage, guide and advise them on matters that related to their income generation for household or individual and business (Huq, Azad, Masum, Wanke & Rahman, 2017).

Microfinance institutions should achieve two successful outputs which is social impact and financial stability dimensions (Efendic & Hadziahmetovic, 2017). The Consultative Group of Assist the Poor (CGAP) highlighted guidelines of 5 cores on measuring microfinance institutions namely: i) outreach (how many clients are being served?) ii) client poverty level (how poor are the clients?) iii) collection performance (how effective is the microfinance institution in collecting its loan?) iv) financial stability (is the microfinance institution profitable enough to maintain and expand its services without continued support from subsidized donor funds?) v) efficiency (how well does the microfinance institution control its administrative costs?) (Consultative Group to Assist the Poor, 2007).

Among all, the most superior performance of microfinance institutions was the Grameen Bank in Bangladesh, ACCION's BancoSol in Bolivia and the Bank Rakyat Indonesia's BRI Unit Desa Program or the village unit banking in Indonesia (Bhatt & Tang, 2001). These are among few examples of pioneers of the world's microfinance providers and institutions. The initial development of the microfinance was, focus on individual by providing small financial assistance for poor individual, it had become more significant when Muhammad Yunus had introduced microfinance program in Bangladesh with features of group lending mechanism and focusing on women as the recipient of the scheme.

The concept of microfinance typically involved several principles such as: small loans typically for working capital, informal appraisal of borrowers and investments, collateral substitutes particularly group guarantees and compulsory savings, access to repeat and larger loans which is based on the repayment performance of the clients, streamlined loan disbursement and monitoring and secure saving products (Samer, Majid, Rizal & Rashid, 2014). Most microfinance institutions provide services such as financial, non-financial and social services for clients. Financial services generally include savings and credit while social services include group formation, self-confidence development in financial literacy as well as management capabilities among the group members of the program joined. Though microfinance may not alleviate directly, it may have several important effects such as creating self-employed for the unemployed and also small business opportunity, this has been proved in today's development of microfinance where it does not only limit to saving mobility and credit disbursement but also active in a role as an instrument for initiating and creating employment which is an additional role from its traditional role (Khandker, Khalily & Samad, 2016).

### **Methodology**

The research design is consisting of plans of data collection, measurement and the analysis of data. Quantitative approach was employed to collect and analyse of data. the method in this study was single approach where the survey is based on questionnaire only for the data collection. The method use in this study were survey study which based mainly on questionnaire as a procedure for data collection. The quantitative approach was used in this study because its objective is to examine the relationship between microfinance variables and the socioeconomic variables of the microfinance borrowers. The importance of quantitative research is that it tests the objectives theories by examining the relationship between variables (Creswell, 2003).

The population for this study comprises microfinance borrowers registered under Tabung Ekonomi Kumpulan Usahawan Niaga (TEKUN Nasional) in Sarawak. TEKUN Nasional is a government-linked microfinance agency that plays a critical role in supporting entrepreneurial activities and poverty alleviation efforts in Malaysia, particularly in East Malaysia (Amin et al., 2019). The choice of TEKUN borrowers as the population is appropriate, given their direct involvement in microfinance programs and the alignment of their socioeconomic profiles with the objectives of this study.

The method used in this study is by distribution of questionnaires to respondents where the process taking place during the meeting of the branch officers visit and the clients (*Teman TEKUN*) which is held at the group leader's house or premisses. This study used the convenience sampling method. Convenience sampling is a form of non-probability commonly used for population, as it is a popular type of sampling method because convenience sampling is less costly and less time consuming (Stratton, 2021). The method used in this study is by distribution of questionnaires to respondents where the process will take place during the central meeting of the branch offices and the clients (*Teman Niaga TEKUN*).

Table 1

*Sample Size of the Study*

Estimated Population	Required Sample Size
10,000	370
75,000	382

Source: Krejcie and Morgan (1970)

Table 1 presents the sample size determination for this study, based on the widely used guidelines by Krejcie and Morgan (1970). Their statistical table provides the minimum sample size required for a given population size to ensure that the results of a study are reliable and generalizable within a 95% confidence level and a 5% margin of error. For a population of 10,000 respondents, the minimum required sample size is 370. When the population increases to 75,000, the required sample size rises slightly to 382. This demonstrates that for very large populations, the required sample size does not increase proportionally, since once a sample achieves statistical adequacy, additional cases contribute only marginally to precision. In other words, beyond a certain threshold, larger population sizes have a diminishing effect on the minimum required sample size.

In this study, the estimated population of TEKUN Nasional borrowers in Sarawak is above 10,000 individuals. Referring to Krejcie and Morgan's (1970) guideline, the minimum required sample size is 370 respondents. The study successfully collected 386 usable responses, which not only meets but also exceeds the recommended threshold. This enhances the statistical power of the analysis and ensures that the results are robust for hypothesis testing using Partial Least Squares Structural Equation Modeling (PLS-SEM), which requires adequate sample sizes to achieve reliable estimates (Hair et al., 2022). Therefore, Table 1 confirms that the sample size obtained is consistent with established statistical standards and is sufficient to draw valid inferences about the broader population of microfinance borrowers in Sarawak.

The study employed convenience sampling, a non-probability sampling method commonly applied in social science research due to time, cost, and accessibility constraints. Convenience sampling allows researchers to access respondents who are readily available and willing to participate, particularly in studies where the target population is geographically dispersed, as is the case with Sarawak (Stratton, 2021). While this method may introduce potential biases in terms of representativeness, it remains widely accepted in microfinance and poverty-related research, provided that the limitations are acknowledged (Etikan, Musa, & Alkassim, 2016).

A total of 417 questionnaires were distributed across selected TEKUN branches in Sarawak. Of these, 386 usable responses were returned, yielding a response rate of 92%. This high response rate demonstrates the willingness of respondents to participate and enhances the credibility of the data collected. Moreover, the number of usable responses exceeded the minimum sample size requirement determined using Krejcie and Morgan's (1970) sample size table. For populations larger than 10,000, the table recommends a minimum of 370 respondents to ensure sufficient statistical power at a 95% confidence level and 5% margin of error.

## Results and Discussion

Throughout this study, a total of 417 questionnaires were distributed and 386 were returned, which represents 92% of the questionnaires were returned while 31 questionnaires which represent 7% were unreturned or blank.

Table 2

### *Questionnaire Response Rate*

Questionnaire Administered	Frequency	Percentage (%)
Returned Questionnaire	386	93
Unreturned Questionnaire	31	7
Total	417	100

Table 2 presents the distribution of questionnaires administered and the corresponding response rate achieved in this study. A total of 417 questionnaires were distributed to microfinance borrowers under TEKUN Nasional in Sarawak. Out of these, 386 questionnaires were successfully returned and deemed usable for analysis, representing a response rate of 93%. Only 31 questionnaires (7%) were unreturned or incomplete, resulting in a relatively small proportion of missing data.

The high response rate of 93% is significant for several reasons. First, it exceeds the commonly cited acceptable threshold of 70% for social science survey research, which ensures that the findings are reliable and less susceptible to non-response bias (Babbie, 2020). Second, the achieved sample size of 386 respondents not only surpasses the minimum requirement of 370 respondents recommended by Krejcie and Morgan's (1970) sample size table for populations exceeding 10,000, but it also ensures adequate statistical power for Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis, which was employed in this study. According to Hair et al. (2022), PLS-SEM requires sufficient cases to assess both the measurement and structural models effectively, and this study comfortably meets those requirements.

Table 3

### *Branches of TEKUN Nasional Responses*

Branch	Frequency	Percentage
Kuching	30	7.8
Samarahan	72	18.7
Serian	51	13.2
Sri Aman	68	17.6
Sibu	50	13.0
Mukah	45	11.7
Bintulu	70	18.1
<b>n=386</b>		

Table 3 presents the distribution of respondents according to the branches of TEKUN Nasional from which they were selected. Out of the total 386 respondents, the largest proportion was drawn from the Samarahan branch (72 respondents, 18.7%) and the Bintulu branch (70 respondents, 18.1%), reflecting the significant presence and outreach of TEKUN Nasional in these areas. This was followed by Sri Aman with 68 respondents (17.6%), while other branches such as Serian (51 respondents, 13.2%), Sibu (50 respondents, 13.0%), and

Mukah (45 respondents, 11.7%) also contributed substantially to the sample. The smallest representation came from the Kuching branch (30 respondents, 7.8%), which may be due to the relatively lower number of active TEKUN clients in the area compared to other districts. The relatively higher participation from Samarahan, Bintulu, and Sri Aman suggests that these districts are more active in microfinance engagement, possibly due to larger populations, greater reliance on microenterprise, or more aggressive outreach programs by TEKUN Nasional. On the other hand, the smaller share from Kuching, despite being an urban area, may imply that borrowers in metropolitan settings have more access to alternative financial institutions, reducing their dependence on TEKUN loans.

### *Demographic of Respondents*

Table 4

#### *Demographic of Respondents*

<b>Demographic</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
<i>Gender</i>		
Male	87	22.5
Female	299	77.5
<i>Ethnicity</i>		
Malay	170	44.0
Iban	131	33.9
Melanau	68	17.6
Bidayuh	8	2.1
Kayan	2	0.5
Kenyah	2	0.5
Kedayan	1	0.3
Kadazan Dusun	1	0.3
Chinese (Sino-Dayak)	1	0.3
Bajau	1	0.3
Brunei	1	0.3
<i>Age</i>		
Less than 20	7	1.8
21 – 25	29	7.5
26 – 30	45	11.7
31 – 35	64	16.6
36 – 40	66	17.1
41 – 45	64	16.6
46 – 50	42	10.9
51 – 55	39	10.1
56 – 60	24	6.2
61 – 65	6	1.6
<i>Borrower's Education Level</i>		
Not schooling	15	3.9
Primary school	58	15
Secondary school	261	67.6
Certificate (Sijil Kemahiran Malaysia)	5	1.3
Diploma	34	8.8
Undergraduate Degree	13	3.4
<i>Spouse Education Level</i>		
Not schooling	13	3.4
Primary school	48	12.4

Secondary school	271	70.2
Certificate	2	0.5
Diploma	22	5.7
Undergraduate Degree	6	1.6
Not Applicable	24	6.2
<i>Marital Status</i>		
Married	327	84.7
Divorced	21	5.4
Widow/widower	15	3.9
Single Mother	2	0.5
Single	21	5.4
<i>Numbers of Children</i>		
No children	28	7.3
1 – 2	96	24.9
3 – 4	190	49.2
5 – 6	61	15.8
7 - 8	6	1.6
8 and above	5	1.3
<i>Household Size (Including Respondents)</i>		
1 – 5	207	53.6
6 – 10	166	43.0
11 – 15	10	2.6
16 and above	3	0.8

Table 4 depicts the demographic distributions of respondents based on their basic details. The male microfinance borrowers are consisting of 87 (22.53%) of the sampled population while female microfinance borrowers are consisting of 299 (77.46%). Females participate are more than male in the microfinance loans because most of the male have job apart from doing small businesses while their spouse, which is the female participants in making microfinance loans may work as small businesses players. In other cases, several female borrowers had become the '*pipeliner*' for the spouse as they are responsible in managing their loans and repayment back for the microfinance loans that they had made.

As for the ethnicity, the Malay community made up most of the microfinance borrowers 170 (44.0%) while Iban community comes second highest of the microfinance borrowers with 130 (33.9%). Melanau community made up of 68 (17.6%) borrowers in this study while Bidayuh community made up of 8 borrowers (2.1%), Kayan and Kenyah which also called as 'Orang Ulu' consist of 2 person (0.3%) each. Kedayan, Kadazan Dusun, Sino-Dayak, Bajau and Brunei made up of the smallest numbers of microfinance borrowers 1 person (0.3%) each.

Range of age 36 – 40 made up majority of the borrowers with 66 person (17.1%) while range of age 31 – 35 and 41 – 45 share the same amount of borrowers with 64 person (16.6%). The least number of borrowers are from the range age of 61 – 65 with only 6 person (1.6%). Range of age less than 20 made up of 7 respondents (1.8%), range age of 21 – 25 made up of 29 respondents (7.5%) while range age of 26 – 30 years of age made up of 45 respondents (11.7%). The large number of borrowers consist of those adults because of the policy of the

microfinance agency to encourage more younger people to be involved in entrepreneurship. The age limit for borrowers is of age 70, therefore, only few borrowers are from the range age of 60s.

On the aspect of borrower's education, most of the borrowers studied until secondary with 261 person (67.61%) followed by 58 person (15%), diploma with 34 person (8.8%) and obtain undergraduate degree with 13 people (3.37%). There are also 15 borrowers who have not attended school with 3.9% of total loan borrowers. The other borrowers had obtained certificate and vocational training are Sijil Kemahiran Malaysia with 5 person (1.3%). This shows that awareness in terms of education had gradually increased and the interest in entrepreneurship had increased.

As for the spouse education level, 13 respondents (3.4%) did not attend schooling, 48 respondents (12.4%) had attended until primary school. 271 respondents (70.2%) made up of the largest portion of spouse education. Only 2 respondents (0.5%) had obtained certificate in their respective field training and 22 respondents (5.7%) studied until diploma level while 6 respondents (1.6%) had attended universities and obtained undergraduate degree. 24 respondents (6.21%) are respondents who either had no spouse or are single mother with less information regarding their spouse.

Most of the respondents are married, which made up of 327 respondents (84.45%) from total respondents. 21 respondents (5.4%) divorced which share the same portion of single respondents with 21 respondents (5.44%) are divorced. 15 respondents (3.88%) are widow or widower who had lost their spouse, and 2 respondents (0.5%) are single mother.

Most of the respondents which is 190 respondents (49.2%) had 3 – 4 children followed by 96 respondents (24.9%) had 1 – 2 children. 61 respondents (15.8%) had 5 – 6 children and only 6 respondents (1.6%) had 7 – 8 children while 5 respondents (1.3%) had more than 8 children. 28 respondents (7.25%) had no children. Majority of the respondents had a household of 1 – 5 members of household which include the respondent with 207 respondents (53.6%) while 166 respondents (43.0%) had an average of 6 – 10 household members. 10 respondents (2.6%) had an average of 11 – 15 household members and 3 respondents (0.8%) had more than 16 household members including respondents

### *Socioeconomics of Respondents*

Table 5

#### *Socioeconomics of Respondents*

<i>Household Size</i>		
1 – 5	207	53.6
6 – 10	166	43.0
11 – 15	10	2.6
16 and above	3	0.8
<i>Occupation of Borrowers</i>		
Unemployed	23	6
Government Servant	11	2.8
Private Workers	32	8.3
Self-employed	317	82.1
Others: Volunteers	3	0.8

<i>Spouse Occupation</i>		
Unemployed	20	5.2
Government Servant	29	7.5
Private Workers	85	22
Self-employed	226	58.5
Not Applicable	26	6.7
<i>House Ownership Status</i>		
Own House	225	58.3
Renting House	78	20.2
Inheritance	41	10.6
Parents/In Law House	24	6.2
Stay at Relative/Friends House	12	3.1
Private/Factory Quarters	6	1.6
<i>Individual Monthly Income (RM)</i>		
Less than 500	18	4.7
501 – 1000	92	23.8
1001 – 1500	105	27.2
1501 – 2000	70	18.1
2001 – 2500	42	10.9
2501 - 3000	31	8.0
>3000	28	7.3
<i>Monthly Household Income (RM)</i>		
Less than 500	17	4.4
501 – 1000	48	12.4
1001 – 1500	79	20.5
1501 – 2000	59	15.3
2001 – 2500	78	20.2
2501 - 3000	31	8.0
3000 and above	74	19.2
<i>Monthly Household Spending on Essential Goods (RM)</i>		
Less than 500	42	10.9
501 – 1000	127	32.9
1001 – 1500	105	27.2
1501 – 2000	75	19.4
2001 – 2500	28	7.3
2501 - 3000	5	1.3
3000 and above	4	1.0
<i>Household Monthly Saving (RM)</i>		
<500	240	62.2
501 – 1000	66	17.1
1001 – 1500	38	9.8
1501 – 2000	25	6.5
2001 – 2500	8	2.1
2501 - 3000	1	0.3
>3000	8	2.1

Most of the respondents are self-employed with 317 respondents which made up of 82.1% of the respondents, the largest portion in the occupation of borrowers. 32 respondents (8.3%) are private workers followed by 23 respondents (6%) who are unemployed. 11 respondents (2.8%) are working in government sectors while 3 respondents (0.8%) are

volunteers with charitable organizations. As for the spouse occupation, self-employed made up of largest portion of respondents with 226 respondents (58.5%) followed by 85 respondents (22%) are private workers. 29 respondents are working with government sectors, 26 respondents (6.7%) are respondents who had no spouse or divorced while 20 respondents (5.2%) are unemployed.

On the house ownership, 225 respondents (58.3%) have their own houses while 78 respondents (20.2%) rent houses. 41 respondents (10.6%) stay in their inheritance home while 24 respondents (6.2%) stay in their parent's or in law house and 12 respondents (3.1%) stay with their relative or friend's house. A small portion of 6 respondents (1.6%) stay in quarters.

On the individual monthly income, 18 respondents (4.7%) had less than RM500, 92 respondents (23.8%) had an income range of RM501 to RM1000. 105 respondents (27.2%) had monthly income range of RM1001 to RM1500 while 70 respondents (18.1%) had monthly income of RM1501 to RM2000. 42 respondents (10.9%) had a range monthly income of RM2001 to RM2500, 31 respondents (8%) had monthly income of RM2501 to RM3000 while 28 respondents (7.3%) had monthly income of RM3000 and above.

Regarding the monthly household income, 17 household (4.4%) had incomes less than RM500 per month followed by 48 household (12.4%) had a monthly income range of RM501 to RM1000. 79 households (20.5%) had monthly income of RM1001 to RM1500 while 59 household (15.3%) had monthly income range of RM1501 to RM2000, 78 household (20.2%) earn monthly income in the range of RM2001 to RM2500. 31 household (8%) earned between RM2501 to RM3000 while 74 household (19.2%) had monthly income range of RM3000 and above.

On the category of monthly household spending on essential goods, 42 households (10.9%) spend less than RM500, 127 household (32.9%) spend between RM501 to RM1000 for essential goods. Several 105 households (27.2%) make a spending between RM1001 to RM1500 of essential goods for their families, while 75 household (19.4%) spend around RM1501 to RM2000 and several 28 household (7.3%) spend RM2001 to RM2500 for essential goods. A small portion of households in this study, 5 households (1.3%) and 4 households (4%) spend in the range of RM2501 to RM3000 and RM3000 and above respectively for essential goods.

A large portion of respondents, with 240 respondents, had monthly savings of less than RM500 which made up 62.2% of the total respondents. 66 respondents (17.1%) had a monthly saving between RM501 to RM1000 while 38 respondents (9.8%) had a monthly saving between the range of RM1001 to RM1500. 25 respondents (6.5%) had a monthly income of RM1501 to RM2000. A monthly saving range of RM2001 to RM2500 and RM3000 and above shared the same portion of the respondents with 8 respondents (2.1%) each and only 1 respondent had a saving of range between RM2501 to RM3000.

The demographic profile of respondents, presented in Table 8, highlights important characteristics of TEKUN borrowers in Sarawak. A significant majority of respondents were female borrowers (77.5%), which aligns with the global microfinance trend of targeting

women as primary beneficiaries due to their higher repayment discipline and greater likelihood of channeling loans towards household welfare (Littlefield et al., 2003). This reflects microfinance's role as a tool for women's empowerment, particularly in rural areas.

Furthermore, the education profile reveals that 68% of respondents had only secondary schooling, with very few attaining tertiary education. This finding is consistent with studies that note lower educational attainment as a barrier to entrepreneurial growth among microfinance clients (Ledgerwood, 2013). It suggests that while microfinance can improve access to capital, borrowers may still face challenges in business management due to limited skills.

Household size and income levels also indicate the socioeconomic vulnerabilities of respondents. Many borrowers came from large households with limited income diversification, a common characteristic of rural poverty in Sarawak (Economic Planning Unit, 2021). These demographic insights are not merely descriptive but reflect the structural conditions within which microfinance operates.

Table 6  
*Microfinance Profile of the Borrowers*

<i>Purpose of Microfinance Loans being made</i>	Frequency (n)	Percentage (%)
Pipeline	23	6.0
To be working on my own	266	68.9
Sharing and working with spouse	97	25.1
<i>Loans</i>		
TEKUN Nasional	317	82.1
Also borrow from AIM	67	17.4
Also borrow from MARA	2	0.3
Bank Rakyat i	1	0.3
<i>Process of Accessing and Acquiring Microfinance Loans</i>	Frequency	Percentage
Easy	264	68.4
Moderate	115	29.8
Difficult	7	1.8
<i>How Long have you made Microfinance Loans</i>		
1 year	108	28.0
2 years	222	57.5
3 years	38	9.8
4 years	5	1.3
5 years	12	3.1
More than 5 years	1	0.3
<i>Microfinancing receive from microfinance loans are invested in the following field</i>		
Grocery	116	30
Food and Beverages	79	20.5
Manufacturing	57	14.8
Agriculture and Farming	45	11.7

Service	23	6
Fishery	18	4.7
Tailoring	9	2.3
Baking	8	2.1
Poultry	7	1.8
Clothing	5	1.3
Construction	3	0.8
Cosmetics	5	1.3
Others	11	2.8

Table 6 depicts the microfinance profile of the borrowers which includes the important components of microfinance ranging from the purpose of the microfinance loans, name of microfinance loans, the process of accessing and acquiring microfinance loans, period of microfinance loans financing and the invested field from microfinance loans. In this study, most of the borrowers make microfinance loans for own use which comprises of 266 respondents (68.9%) followed by 97 respondents (25.1%) who share the loans with their spouse. 23 respondents or 6% make microfinance loans as the 'pipeliner' for their spouse or family members.

Most of the respondents are participants of Tabung Ekonomi Usahawan Nasional or known as TEKUN Nasional with 317 respondents which also comprises 82.1% of the respondents while several 67 respondents also borrowed microfinance loans scheme from Amanah Ikhtiar Malaysia or the AIM which comprises of 17.4% of the total respondents. There are 2 respondents had also borrowed from Majlis Amanah Rakyat (MARA) and 1 respondent also borrowed from Bank Rakyat I scheme.

Regarding the process of accessing microfinance loans, the process involves application until the approval of microfinance loans saw several 264 respondents which comprise of 68.4% of total respondents finding the process of accessing and acquiring microfinance loans was easy while a number of 115 respondents with 29.8% respondents feels that the process of accessing and acquiring microfinance loans are moderate. 7 respondents, which comprise 1.8%, find it difficult to access and acquiring microfinance loans.

In terms of borrowing for microfinance loans, majority of the borrowers had made microfinance loans for a period of 2 years with 222 respondents (57.5%) followed by microfinance borrowers who had made loans for 1 year with 108 respondents (28%) and microfinance borrowers who made loans for 38 respondents (9.8%). Respondents who borrowed for 5 years consist of 12 respondents which comprise of 3.1% of total borrowers. The least numbers of microfinance borrowers making loans is 4 years with 5 respondents (1.29%) and one respondent (0.25%) had made microfinance loans for more than 5 years (as mentioned by the respondent herself approximately 12 years).

Microfinance borrowers had been making loans in investing in various fields and sectors, as in this study, 116 respondents (30%) had invested in grocery shops, 79 respondents (20.5%) operated food and beverages business, 57 respondents (14.8%) invested in the manufacturing sector while 45 respondents (11.7%) invested in agriculture and farming. 23 respondents (6%) involved in the service sector, 18 respondents (4.7%) involve in fishery industry while 9 respondents (2.3%) make loans and involve in tailoring, 8 respondents (2.1%)

invested in baking, others include 7 respondents (1.8%) invested in poultry while 5 respondents (1.3%) involved in clothing which includes selling of cloth and bundle, another 5 respondents (1.3%) invested in cosmetics selling and consultation. 3 respondents (0.8%) were involved in the construction sector. For the sectors of handicraft, artisan, transportation and direct selling, 2 respondents invested in each of the sectors which comprise of 0.5% each. Only a small portion of respondents of 1 (0.3%) are involved in hawker, trading and barber business.

Table 7

*Descriptive Statistics of Socioeconomics Variables*

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Loans	386	3	5.00	3.924	0.7652
Non-financial Services	386	4	5.00	4.156	0.6078
Access to Microfinance	386	2	5.00	3.157	0.985
Repayment	386	3	5.00	3.380	0.8441
Income	386	3	5.00	3.726	0.7850
Saving	386	3	5.00	3.849	0.7432
Consumption	386	3	5.00	3.606	0.8031
Healthcare	386	4	5.00	4.012	0.7004
Education	386	3	5.00	3.836	0.8331
Employment	386	3	5.00	3.841	0.7751
Monitoring	386	3	5.00	3.957	0.7334

Table 7 presents the descriptive statistics for the main variables used in this study, based on responses from 386 microfinance borrowers. The results show that the mean values of the variables are generally above 3.0 on a 5-point scale, suggesting that respondents reported moderate to high levels of agreement or experience across most dimensions. Among the variables, Non-financial Services recorded the highest mean score (M = 4.156, SD = 0.6078), reflecting that training, entrepreneurial support, and advisory services provided by microfinance institutions were well-received and widely accessible to the participants. Similarly, Healthcare (M = 4.012, SD = 0.7004) and Monitoring (M = 3.957, SD = 0.7334) also showed relatively high mean values, indicating that respondents perceived improved access to healthcare services and close supervision or follow-up by microfinance agencies as important aspects of their participation.

Loans (M = 3.924, SD = 0.7652) and Saving (M = 3.849, SD = 0.7432) were also positively rated, highlighting the role of financial assistance in enabling borrowers to access credit and accumulate savings. The dimensions of Employment (M = 3.841, SD = 0.7751) and Education (M = 3.836, SD = 0.8331) similarly reflected positive outcomes, though with slightly higher variability, suggesting that the impact of microfinance on these indicators may differ across respondents depending on personal or household circumstances.

On the other hand, Access to Microfinance recorded the lowest mean score (M = 3.157, SD = 0.985), with a relatively higher standard deviation, indicating greater disparities among respondents in terms of accessibility and affordability of microfinance services. This result may be due to geographical, economic, or administrative challenges faced by borrowers

in more remote areas. Consumption ( $M = 3.606$ ,  $SD = 0.8031$ ) and Repayment ( $M = 3.380$ ,  $SD = 0.8441$ ) also scored relatively lower compared to other variables, suggesting that while loans supported household expenditure, some borrowers faced difficulties in repayment, possibly due to income fluctuations or competing financial obligations.

Overall, the descriptive statistics highlight the strengths of microfinance in providing non-financial services, healthcare support, and monitoring, while also pointing to challenges in accessibility and repayment performance. These results provide important insights into the multidimensional role of microfinance in poverty alleviation, where both financial and non-financial dimensions contribute to improving the socioeconomic well-being of borrowers.

## Conclusion

This study provides evidence on the role of microfinance in shaping the socioeconomic well-being of borrowers in Sarawak. Drawing on survey data from 386 TEKUN Nasional clients, the analysis reveals that while microfinance contributes positively to certain dimensions such as healthcare access, savings, and education, its overall impact remains constrained. Accessibility and repayment challenges highlight the limitations faced by borrowers, particularly those from vulnerable households with limited income diversification. These findings suggest that microfinance alone cannot fully address poverty; rather, it must be integrated into broader development policies that account for structural inequalities.

For Sarawak, where poverty incidence remains among the highest in Malaysia despite progress in recent years, the implications are clear. Strengthening the microfinance framework requires not only expanding access to loans but also enhancing non-financial services such as training, entrepreneurship support, and monitoring. Policy interventions should also focus on improving financial literacy and designing more flexible repayment mechanisms to reduce borrowers' vulnerability to over-indebtedness.

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