

Critical Analysis of Microfinance in Perspective of Empowerment of Women: A Case Study of District Matiari

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Abstract

This study aimed to analyze out the role of microfinance in perspective of women empowerment in socio-economic aspects, and also reviewed some of the past studies relevant to the impact of microfinance in empowering the women. Microfinance is the basic tool to reduce poverty- provide a better livelihood to women and improve social, economic and personal lives of women. As women are always considered as a poor segment of society because mainly do not participate directly in income generating activities. This study has been conducted in the district Matiari. Both quantitative and qualitative methods of data collection have been used, for sample selection; multistage random sampling method as employed for such the research task. The sample as selected from two microfinance institutions for instance; Sindh Agriculture Forestry Worker Cooperation (SAFWCO), and National Rural Support Program (NRSP), total 288 samples of women beneficiaries selected in this way. This study has concluded that micro finance has significant impact to empower rural women economically and socially by increasing income and sustain their improved livelihood in future. Further, it is recommended by this study that MFIs should arrange the training programs of small enterprises for women as they can get expertise and set of skills to run their own business.

Keywords: Microfinance; Socioeconomic conditions; Women empowerment; Income; Saving.

1. Introduction

Microfinance is the provision of modest amounts of loans to people who do not have access to the established financial institutions such as banks (Makombe, 2006). It is the provision of loan services to the impoverished in the form of small sums of money on the various things. Loans, savings, insurance, transfer services, and other financial products and services are the overall included. As a result, microfinance has proven to be one of the most important financial tools for the impoverished people to escape poverty and better their social and economic lives (Zaidi, 2013). The goal of microfinance is to focus on a variety of concerns, including rural poverty reduction, rural women's empowerment; and gender equality (Sinclair, 2012).

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Furthermore, by providing the financial security; microfinance enables women to contribute independently to the household economy. Women become economically empowered as a result of microfinance, and become more competent in household problems and in society. Thus, women are more respected as a result of financial skills (Gobezie, 2011). However, it has been determined that involvement in microfinance activities leads to women's social and economic empowerment (Narayan, 2002). The bulk of microfinance organizations targets women since women are always regarded a disadvantaged sector of a society, and microfinance providers feel that providing loans to women enables them to escape poverty. Microfinance is seen as a successful strategy for improving the socioeconomic status of rural women (Mayoux, 1998).

As an empowerment entails increasing women's decision-making authority in a variety of areas including: economic, social, political, cultural, spiritual, and psychological. Women's empowerment entails being able to comprehend the social, cultural, economic, and psychological inequities that occur in the society, particularly among rural women. Women's empowerment promotes gender equality and growth in society. Women's empowerment improves when they are treated equally with men in the home- have more decision-making ability, and embraced by their family members. Decisions regarding buying; home articles, purchasing products for children; purchasing personal items; freedom to go anyplace inside or outside the family, and decisions concerning children's health and education must be recognized in order to increase women's empowerment in rural areas (Basu, 1992).

According to economic surveys, women outnumber males in Pakistan; thus, empowering women is critical to the country's economic and social development as a whole. Despite the fact that Pakistani society is well-cultured, with breakthroughs in science and technology, women continue to be denied their rights (Bloom, 2011). In this regard, some studies are being undertaken to determine the effects of small loans and changes brought about by small loans on the family's lifestyle and the overall transformation. Because there are so many successful examples from throughout the world. Further, it is necessary to focus research on this feature in relation to microfinance as a dominant functioning tool for poverty alleviation in a variety of methods. This study followed in the footsteps of prior studies, but it also concentrated on determining the effects of microfinance on women empowerment in the District Matiari. Whereas it is commonly noted that the women population in Matiari district is impoverished in this perspective. Hence, such the study concentrated on this district to determine the effects of microfinance on poor women. Women borrowers from two microfinance institutions- Sindh Agricultural, Forestry Workers Corporation (SAFWCO) and National Rural Support Program (NRSP), as chosen for this study's sample. The study samples acquired from these organizations due to their increased outreach and a significant number of female borrowers from their microfinance programs in the district.

2. Literature Review

Microfinance is critical to empowering women in the impoverished countries. Most research indicated that women in poor nations are denied loans by official financial organizations. As a result, microfinance institutions give people with credit with no collateral. Much research on microfinance to empower rural women have been undertaken in poor nations, particularly in Bangladesh, because this area was the first to offer microfinance loans by Muhammad Yunus' Grameen bank in 1970 (Norman, 1997). It is also established that women confront the numerous challenges while applying for loans. According to Maclsaac (1997), "women have little control over the loan, as the loan is mostly used by male members of the house." Because women do not have direct interaction with businesses in rural areas while male households in their family have authority over loans; yet, this does not mean that credit plays no role in women's empowerment. Microfinance institutions play an important role in encouraging and strengthening women by providing them with training to run small scale businesses at home, and increasing their social status at home and in society.

Microfinance, according to (Pitt, Khandker, & Cartwright, 2006) that plays a vital part in conducting and strengthening economic activities and lead to women's empowerment. Indicators of women's empowerment indicate that economic interventions can provide benefits on a variety of scales. It has been discovered that women's participation in microcredit programs increases empowerment in a variety of ways including: a superlative position in decision- making; greater access to financial and economic resources; improved access to social networks; negotiated power compared to male partners, and personal flexibility of mobility within society.

Nanda (1998) discovered a higher demand for women's formal health care as a result of the favorable impact of microcredit initiatives. Microfinance also has a favorable impact on women in terms of increased mobility, increased access to knowledge, and empowerment in other mechanisms as a result of economic empowerment of women. (Basher, 2009), found that the role of microfinance in increasing borrowers' engagement in income-generating activities or switching to more productive resources leads to higher livelihood.

The numerous studies on microfinance and its impact on women's empowerment as undertaken all around the world. In Pakistan, there are a number of studies in this subject too. According to the findings of the research study (Muhammad Luqman, 2005), microfinance does not empower all women in society; some women achieve less empowerment. Because the goal of women's empowerment is to bring about the changes in their economic, social, and personal lives, the changes would vary in intensity from a place to place and culture to culture. Some women, despite taking out loans, do not use them on their own, particularly in the case of agricultural loans. It has been observed that in the majority of situations, women hand over the sum of the microfinance loan to their family leaders and do not get the full benefits.

The researchers created a framework based on women empowerment in the current study while the framework by which women can empower themselves by acquiring credit facilities- means poor women are encouraged to use their potential that leads to empowerment in all economic, social, and personal grounds. The studies covered in the literature review above- have laid the groundwork for women's economic empowerment and continued well-being in their livelihood. The primary goal of this study was to focus on female microfinance respondents in terms of empowerment in rural areas. This study also sought to ascertain the effects of microfinance in encouraging the underprivileged women to employ their skills in income-generating enterprises.

3. Problem Statement

Women in Pakistan's rural areas confront the innumerable challenges as comprised of a lack of education, respect, limited decision-making power within the household and society, investment as well employment. The situation of rural women in Sindh is comparable to that of other regions (Rehman, 2007). Women are confined to their homes, and their mobility in terms of job and business restricted in the majority of locations (Maria, 2005) . Due to a male-dominated society, there is always discrimination and inequality between men and women in rural areas. This is the primary reason behind women's lack of empowerment. Further to address the issue of female literacy and inequality in earnings and mobility: there is a need to empower women economically, socially, politically, and individually (Laila, 2006) . Women's empowerment is regarded as critical to the growth of society and the country whereas microfinance plays a vital role in this process. Microfinance assists in providing the people with a good earning environment, and allowing them to enhance their livelihoods and reduce the ratio of inequality in society (Ablorh, 2011).

Given the lack of empowerment of women in rural areas meanwhile this study focused on women's empowerment through microfinance in one district of Sindh province. The study focuses on women empowerment through microfinance because it is thought that working women play an essential part in home income generation; they also contribute to the national income of the country, and they maintain their families sustainable. As women are always regarded a vulnerable component of society in poor nations, particularly in rural areas, because women are not free to face financial challenges in life. Henceforth, this study focuses on determining the level of empowerment; they have after participating in microfinance programmes.

4. Research Methodology

A research is a process of scientific way to collect and analyze the data. Hence, the qualitative and quantitative approaches as employed for this research task in this pattern. However, the quantitative methodology covers the numerical analysis whereas qualitative methodology includes analysis non-

numerical values. The logistic regression model used to analyze the data in order to find out inferential results of this study.

4.1. Sample Selection

For the purposes of this study; the respondents were chosen using a multi-stage random sampling process. The district Matiari as selected for the investigation in the first stage. In the second step, two Talukas from the district Matiari taken for, along with two UCs and seven villages from each UC. In the third step, 9 households chosen from each village. A total of 144 samples of women beneficiarie obtained from each Taluka, and a total of 288 samples as chosen from the entire district. Figure 1 depicts the sample selection procedure.

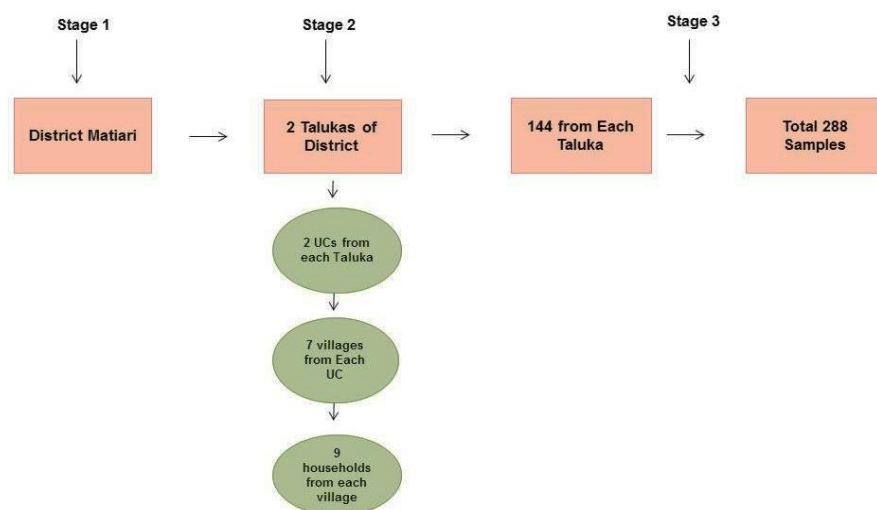


Figure 1. Sample Selection

4.2. Theoretical Framework

This study focused on social, economic and personal empowerment - leads to the overall empowerment of the women. This study further discussed critically the impact of microfinance on poverty alleviation factors especially for social, economic and personal empowerment of women. This has designed and followed below theoretical framework as in figure 2.

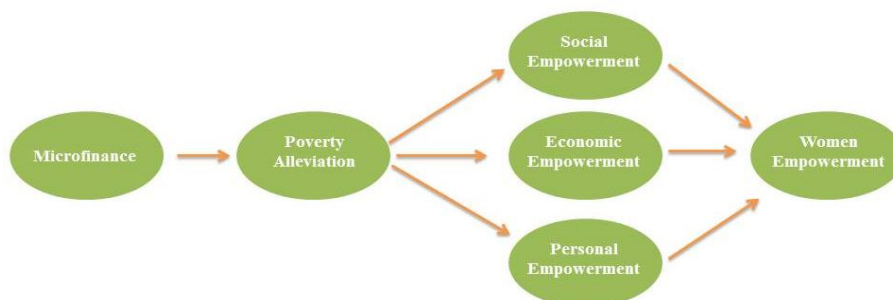


Figure 2. Theoretical Framework

4.3. Questionnaire Design

The questionnaire designed with the research study's aims in mind and covering the demographic questions related to gender, age, education, family size, and living standards, as well as questions relating to women's economic and social status. The economic status of women as concerned with income, saving, expenditure, and household employment status, whereas the social status of women concerned with education, health, freedom of movement, and other issues concerning women's empowerment. To collect information from respondents; a questionnaire with the multiple choice questions, numeric and non-numeric questions, and some dichotomous questions employed in this respective.

4.4. Source of Data Collection

The primary and secondary sources of data employed for this study while the respondents taken from microfinance institutions for data collection facts for this research work. However, Two hundred and eight respondents from two Talukas in the district Matiari were among these sources. Data covered by employing a rural women's questionnaire and interview approaches whereas the secondary data sources comprised of the research papers, reports, articles, books, and online sources.

4.5. Analyzing the Data

SPSS statistical package for data analysis and some statistical tools as employed to test the results for such the research study. Empowerment of women is increasing the decision- making ability of women, therefore; decision -making ability of women as categorized through three different categories including: decision on her personal issues, decision on children affairs and decision regarding household affairs. Thus, the qualitative data as discussed with support of percentages. Henceforth, women empowerment also categorized to economic, social and personal empowerment. Thus, women empowerment analyzed by using the binary logistic regression model.

5. Results and Discussions

5.1. Women's Decision on the different Affairs

As concluded from the relevant field literature empowerment of women focused on the increasing in decision- making ability of women within the household. The study analyzed decision of women in three categories:-

1. Women's Decision in the personal affairs
2. Women's Decision in children's affairs
3. Women's Decision in household affairs

The primary data of the above mentioned categories of decision- making of women uttered as below Table 1.

Table 1. Women's Decision on different Affairs

n=288

Decision on Personal Affairs	Yes		No	
	No: of cases	Percent	No: of cases	Percent
Decision for purchasing personal goods	212	73.6	76	26.4
Decision for family planning	198	68.8	90	31.3
Decision for medical treatment	128	44.4	160	55.6
Decision for personal issues	172	59.7	116	40.3
Decided to stay the night at parent's home	131	45.5	156	54.2
Decision on children Affairs				
Decision for purchasing children's goods	218	75.7	70	24.3
Decision for education of children	160	55.6	125	43.4
Decision on health of children	206	71.5	78	28.5
Decision on marriages of children	144	50.3	143	49.7
Decision on household Affairs				
Decision on purchasing household goods	216	75.0	72	25.0
Decision for borrowing money	179	62.2	109	37.8
Decision for running existing or new business	179	62.2	109	37.8

Source: Survey Data, 2016.

As discussed the facts in Table 1 above pertaining to women's decision-making power in several matters. According to this table, respondents' purchasing power increased after receiving microfinance. 212 respondents agreed that having credit allowed them to buy their own items of their selection, while 76 disagreed that their decision power to acquired personal goods and stays the unchanged after having microfinance. According to the table, 68 percent of women agreed that possessing microfinance credits boosted their ability to make reproductive health decisions and contribute to family planning concerns. However, 31% of respondents disagreed. Furthermore, the table showed that 54 percent of women agreed that their ability to stay at their parents' house for more than one night as risen. They readily obtain the permission to stay at their parents' home, but 45 percent disagreed with the statement.

Further, the table 1 also demonstrated that after credit, women can now buy products for their children of their own selection. 75.7 percent of women's purchasing power for products for their children increased, whereas 24.3 percent of women's purchasing power remained the unchanged after credit. The education of children is a critical decision in the home. Women's decision to send their children to school - increased as their income after credit increased. 55.6 percent of women agreed that they are now sending their children to school as their income increased. However, 43.4 percent of women disagreed on this point. The findings also revealed that when respondents' income improved as a result of credit, so did their decision-making power

regarding their children's health. Women are now more concerned about the health of their children. 71.5 percent of women felt that they can now devote greater attention to child health, while 28.5 percent disagreed. Marriages are mostly arranged by male members of society. Some respondents agreed that their husbands took their inputs into child marriage decisions, while others disagreed. According to table 1, 50.3 percent of women agreed while 49.7 percent of women disagreed in this way. The figures in table 1 also indicated that 75 percent of women's spending power for household items increased meanwhile 25 percent of women's purchasing power remained constant in this perspective. Furniture, refrigerators, televisions, and kitchen-related equipment counted as the instances of household products. The findings also suggested that respondents' decision-making capacity about borrowing money from MFIs increased in this perspective. Thus, 62.2 percent of women agreed that their decision-making authority as borrowed from MFIs increased, while 37.8 percent disagreed in this perspective. According to the findings, the decision to manage an existing or new business increased even with 62.2 agreeing while 37.8 disagreeing in this manner.

5.2. Distribution of Respondents by Indicators for Women Empowerment

This study employed the various women empowerment indicators including: the change in family behavior, change in society's behavior, open opportunity for the other women, change in decisions regarding personal issues, increase political awareness and barriers by family. The below table 2 showed the results of the primary data of women empowerment indicators.

Table 2. Distribution of Respondents by Indicators for Women Empowerment
n=288

Indicators for women empowerment	Yes		No	
	No: of cases	Percentage	No: of cases	Percentage
Change in Family Behavior	193	67.0	95	33.0
Change in society's behavior	225	78.1	55	19.1
Open opportunity for other women	223	77.4	65	22.6
Change in decision regarding personal issues	159	55.2	129	44.8
Increased political awareness	223	77.4	65	22.6
Family become your against	57	19.8	231	80.2

Source: Survey Data, 2016.

The above table 2 illuminated the results of respondents against the different indicators of women empowerment. The data disclosed in the above table that 67 percent women agreed that the change in the family's behavior figured out while 33 percent disagreed in this perspective. It is also found from the data that the majority of women (78 percent) agreed that the behavior of society towards them change after credit and indicating the positive impact in terms of society's behavior for women.

The data also showed that 77.4% agreed that microfinance open opportunities for other women too, while 22.6 percent women disagreed with this perspective. It also leads them to inspire their guardians allow them to get credit facilities from microfinance institution in order to engage themselves in income generation activities. Further, it is found by the data in above table 2 that 55.2 percent women agreed upon the change in the decision concerning to the personal issues after microfinance while 44.8 percent disagreed. There are 77.4 percent women as per results who believed that political awareness also increased after being part of microfinance programs whereas 22.6 percent disagreed with this fact. The study highlighted that 19.8 faced the barriers by family to be the part of microfinance programs or to get micro credit while 80.2 percent did not face such the thing. The overall analysis showed that the empowerment level of women in all above mentioned factors of this study increased among women.

5.3. Binary Logistic Regression Model for analyzing Women Empowerment

The logistic regression model as employed for prediction of outcomes (Waston, 2012). Here, logistic regression is used to predict the women empowerment through economic, social and personal aspects. Therefore, women empowerment selected as a dependent variable and increase in income increase in saving and decision- making ability selected as independent variables. The binary logistic regression model applied while the dependent variable is dichotomous. Here, the dependent variable counted as women empowerment, 1 for if women empowered, 0 for if women are not empowered. Independent variables in the binary logistic regression model can be dichotomous, continues or numerical. In this study, the independent variables also noted dichotomous.

Logistic Regression Equation

$$Y = B_0 + B_1 x_1 + B_2 x_2 + B_3 x_3$$

Where

Y= depended variable

1= for women empowered

0= otherwise

B₀= Intercept / constant

b₁, b₂, b₃ = co-efficient

X₁ = increase in income

X₂ = increase in saving

X₃ = increase in Decision- making power within the household

Model

WE = ($\beta_0 + \beta_1 \text{IIN} + \beta_2 \text{ISV} + \beta_3 \text{DM} + \mu$), where $E \mu \approx 0$ and $\text{var of } \mu \approx \sigma^2$

Y = $-.785 + 3.873(\text{increase in income}) + 1.200(\text{increase in saving}) + 3.925(\text{Decision making power})$

Table 4. Binary Logistic Regression for Economic Empowerment

Variables in the Equation							
		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1 ^a	IIN	3.873	.638	36.804	1	.000	48.097
	ISV	1.200	.459	6.845	1	.005	1.44
	DM	3.925	.521	56.697	1	.000	50.634
	Constant	-.785	.299	6.869	1	.005	.456
a. Variable(s) entered on step 1: IIN, ISV, DM.							
-2 Log likelihood		Cox & Snell R Square		Nagelkerke R Square		Chi-square	
159.457 ^a		.486		.690		191.720	

Source: Survey Data, 2016.

The above tables showed the results of binary logistic regression model. The results of binary logistic regression model presented the positive relationship between dependent and independent variables. The value of minus two log likelihood (159.457) noted as higher that resulted the goodness of the model. R² indicates the variation in the model, in this model, a 69 percent variation of the dependent variable is shown in this way. The value of constant pointed out the expected value of the dependent variable, when all the independent variable's value noticed as zero (Verbeek, 2004). The minus sign of a constant (-.785) indicated the less probability of women empowerment when all independent variable found as zero. The small value of standard error indicated that the model is statistically good and contains no numeric problem. Co-efficient like b₁, b₂, b₃ as employed to measures independent variable. All independent variables, increase in income, increase in saving and decision-making ability of women indicating the significant relation with the dependent variable (women empowerment) at the 0.00 level of significance. The analyses illustrated that the Exp (b) for all variables is greater than 1 which resulted that women empowerment would increase with the increasing income, saving and decision making power of rural women.

6. Conclusion

Women empowerment as explained by the different researches- is the ability to utilize the given chance for betterment of personal and family life in the various terms such as economic, social, political and psychological. The relevant literature review elaborated that women always became neglected part of the society; they always deprived of the basic facilities of health and education as compared to men. Women always face many hurdles in terms of income earning and employment; they also face inequality of gender in rural areas. Thus, microfinance is only the key to empower women in rural areas. Microfinance institutions help poor women economically to sustain their livelihood. From the results of the study; it is also concluded that microfinance has an encouraging impact on the empowerment of women. The women's ability of decision-making increased after joining microfinance. Economically

empowered women can take decision for their personal issue, their children's issues and on their household issues. Further, it is found that after microfinance, women can be able to pay more attention towards the health of their children and they can motivate their husband or family heads to send their child's school specially girl child. The decision regarding the marriages of children, mostly taken by male members of the society while the women being agreed with that their contribution in decisions regarding the marriages of their children also increased. Results for indicators of women empowerment showed that women were agreed that after joining microfinance institutions, and they feel more respected at home society; other women also get inspired by them and get easily permission from their elders to run their business. The results of the bivariate analysis explained that older women have greater decision power as compared to young women. The result of logistic regression model declared as the positive relation between dependent and independent variables, the result indicated that with the increasing income, saving and decision power of women leads to increase women empowerment within the household and society.

Thus, based on the results; it is concluded from the study that microfinance is proved to be a powerful financial tool to uplift women empowerment by providing them income generating activities and cross all barriers of gender inequality among society. It also helps rural women to keep better livelihood, socially interactive with other people, improved health and education status of their children.

7. Recommendation and suggestions:

Women empowerment is a vast in its concept. The present study focused on some of its characteristics, the recommendations as based on the findings of this study. The recommendations of this study based on the results given as below:-

1. There should be strong policies and procedures by microfinance institutions that the amount of loan which is provided to women is availed by her not.
2. The method to provide credit should be made easy as every woman can get easy access in simple way and less time consumed.
3. Business environment should be created by the government microfinance institutions for rural women.
4. Training programs for awareness and skills development to run small enterprises should be provided by the government microfinance institutions as rural women get use of the credit amount in useful business purpose.
5. The outreach of microfinance program should be increased for wider access of every woman.

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