

ROLE OF MICRO FINANCING ACTIVITIES IN WOMEN EMPOWERMENT

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ABSTRACT

The primary objective of the study is to determine the effect of micro financing activities on women empowerment. This research explains the change in women autonomy to make life choices through micro financing interventions. Women of the rural areas of Punjab are selected for the study. Convenient sampling is used to collect the data from 100 respondents. Correlation, regression analysis and ANOVA techniques are used for data analysis. The results of the study have affirmed the proposed relationship of the model. Findings of the study highlight the important role of micro financing in women emancipation.

Keywords: Autonomy, Micro financing, Women Empowerment.

Introduction:

Focusing the females is a useful method against poverty for the reason that women are expected to use their earnings in food, health care and education of their kids. Each of these is an investment in the future and contributes in long term economic progress for families, society and eventually for country.

In spite of this important role of women in the economic development of their families and communities many obstacles such as low household income and social discriminations have stopped their effective performance of that role (Mayoux, 2002). In male dominated culture, women suffer from discrimination in their family, social, political and economic life. In addition to these the typical duties of households generate barrier in their social and economic empowerment. Putting resources in women's hands while promoting gender equality in households and societies results in huge development payoffs. Therefore a variety of efforts have been organized through many government and non-government institutions to encourage empowerment of women, particularly in rural areas. Incorporating micro financing institutes is one of such attempts to empower women. Considering this deprived situation of females in developing countries the current research is conducted to analyze the effect of micro financing on women empowerment as micro financing interventions are very helpful to overcome exploitation among females and create confidence for economic self-reliance of the rural poor, particularly rural women who are mostly neglected in the social structure.

Literature Review:**Women Empowerment:**

The term empowerment refers to give somebody the power or authority to do something or to give somebody more control over their life or the situation they are in. Mosedale (2005) in says that women require empowerment because there are the norms, beliefs, customs and values differentiate between women and men. He further says that empowerment is the process by which those who have been deprived of the capability to make systematical life standards choices, attain such an ability to better their life in contrast to others, where deliberate options are complicated for people to live such as choice of livelihood, whether and whom to marry, whether to have children (Kabeer, 1999). Therefore micro financing institute are not giving power to women directly, but facilitating them through training and increasing awareness to challenge the present norms, cultures and values which place them on a hitch in relation to the male, and to promote them better manage over funds for good standards of living. Hashemi (1996) says that contact to micro financing institute give power to women so that they become more confident, self-assured, more possibly to work in societal affairs and able enough to tackle gender inequity.

Mosley & Hulme (1998) have also coined this point that every loan made woman contribute to the reinforcement of the economic and social position of women. Access to investments as well as credit facilities and decision making of women regarding what to do with all ready she have as well as credit make stronger women's in economic decision of the family. This facilitates women to increase expenses for wellbeing of themselves as well as for their kids. Contributing financial income to the family unit gives larger authority and worth to the views of women it also give them additional rights than they have before. Studies of the customers of microfinance from a variety of institutions demonstrate that the women themselves recognize that they get extra respect from their relatives and their society—mainly from the men—than they make prior to joining microfinance program (Mayoux, 1997).

Microfinance:

Otero & Rhyne (1994) says that Microfinance is the endowment of financial services to low-income poor self-employed people. Rena & Tesfy (2006) says that in general financial services include saving as well as credit however can additionally include financial services like insurance services and payment services. Khalily (2004) says “microcredit discusses to low level loans, while microfinance is applicable where micro financing institutes addition the loans with other financial services (savings, insurance)”. So microcredit is part of microfinance which includes credit money as borrowing by poor people, while microfinance contains other financial services that are non-credit like savings, retirement funds, insurance as well as services of payment (Bolnick, & Nelson, 1990). The

Microfinance obtains great significance in Pakistan. The Government as well as State bank of Pakistan generates a lot of significant rules and standard for the confirmation and enlargement of the sector. Access to microfinance for women is measured to the level of poverty alleviation and women’s empowerment (Mayoux, 1999). Kuzilwa (2005) explains it as weapon against poverty and it is more essential to authorize women by giving them approach to microfinance because gender discrimination holds back economic development and progress. Micro financing giving power to women via increasing their economic position, rising their earnings and capability to add to the family earnings (Khalily 2004).

Many researchers investigate the impact of micro- credit and micro finance programmer on the lives of women and revealed that microcredit is an important intervention for women empowerment (Hashmi, Schuler, and Riley , 1996). Micro finance provides “win-win” result, where both financial institutions as well as poor customers, particularly rural women in emergent countries, will be beneficial (Mayoux, 2002). Murdoch (1998) describes micro financing as multi-dimensional social procedure that assists people get power in their personal lives. Hashem(1994) says that microfinance reveals the powerful impact on empowerment of women. Kernan, & Mary Hanges & Paul (2002) discover autonomy of mobility among women after amalgamation with microfinance. In depth review of the literature provides insight about the following research objectives

Research Objectives:

- To analyze the correlation between Microfinance and Women Empowerment.
- To analyze the relationship between Microfinance and Women Empowerment.
- To analyze the relationship between autonomy for life choices and women empowerment through microfinance services.
- To examine the effect of micro financing services on Involvement of women in family affairs

Research Question:

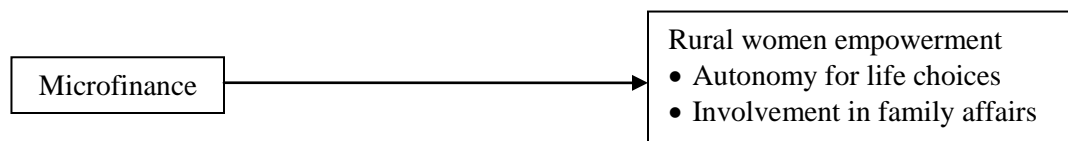
- Does micro financing and Women Empowerment are correlated?
- Does micro financing impact women empowerment?
- How microfinance services impact autonomy for life choices in rural women?
- How micro financing services impact involvement of women in family affairs?

To answer these research questions following methodology and research design is adopted.

Method:

The population selected for this study is women living in rural areas (beneficiaries of microfinance services). Convenience sampling technique is used to collect the data from respondents. The data is collected through questionnaire from 100 respondents. Regression analysis, correlation and ANOVA techniques are used for data analysis.

Research Model:



Hypothesis:

- H₁: There is a correlation between micro financing activity and rural women empowerment.
- H₂: Micro financing activities have positive direct impact on rural women empowerment.
- H₃: Use of micro financing services increase the autonomy for life choices in women.
- H₄: Use of micro financing services increase the Involvement of women in family affairs

Results and Discussions:

H₁: There is a correlation between rural women empowerment and microfinance services.

Table1: Correlations

		MF	WE
MF	Pearson Correlation	1	.540**
	Sig. (2-tailed)		.000
	N	100	100
WE	Pearson Correlation	.540**	1
	Sig. (2-tailed)	.000	
	N	100	100

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

Above table shows the results of correlation analysis. Pearson coefficient for correlation for women empowerment and micro financing is (0.54) at $\rho < 0.01$ level which indicates that both independent and dependent variables are significantly correlated with each other.

H₂: There is a positive direct relationship between rural women empowerment and micro finance services.

Table 2: Regression analysis

Model	R Square	B	Sig
1	.291	.441	0.00

Results of regression analysis shows that value of R square ($R^2 = 0.291$) signifies the acceptance of model of study. This value indicates that how much independent variable explains dependent variable and to what extent the model explains the dependent variable. The Value of Coefficients of beta ($\beta = 0.44$) shows the impact percentage of independent variable on the dependent variable. Thus use of micro financing cause substantial change in rural women empowerment at ($\rho < 0.01$) level.

H₃: Use of micro financing services increase the autonomy for life choices in women.

Table 3: Regression Analyses

Model	R Square	β	Sig
1	.157	.428	0.00

Results of regression analysis shows that value of R square ($R^2 = 0.157$) signifies the acceptance of model of the present study. This value indicates that how much independent variable explains dependent variable. The Value of beta coefficients ($\beta = 0.44$) signifies the impact percentage of independent variable on the dependent variable. Thus it is proved that Use of micro financing cause substantial increase the autonomy for life choices in women ($\rho < 0.01$) level.

H₄: Use of micro financing services increase the involvement of women in family affairs

Table 4: Regression Analyses

Model	R Square	β	Sig
1	.173	.455	0.00

The above table shows the result of regression analysis R square value ($R^2 = 0.173$) implies the acceptance of model of the present study. This value indicates that how much independent variable explains dependent variable. The Value of beta coefficients ($\beta = 0.45$) signifies the impact percentage of independent variable on the dependent variable. From the results it is proved that use of micro financing cause significant increase the involvement of women in family affairs ($\rho < 0.01$) level.

Conclusion:

The research draws attention to rising importance of gender equality as central to family wellbeing and socioeconomic development of a country. In this regard microfinance initiatives have proved to be an important tool in such developments. Furthermore, the study provides the basis for targeting women for micro financing as microfinance has proved to be an effective means for empowering women. This study reveals that micro financing boost the autonomy of life choices in females and increases the involvement of women in family affairs. Therefore it is very important to provide financial resources in the hands of women, to level the playing field and promote gender equality.

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