

Empowering Women through Microcredit: a Case study of Tameer Microfinance Bank, Bahawalpur

Nosheen Nawaz^{1*} Ayesha Jahanian² Syeda Wajiha Manzoor³

1. The Islamia University of Bahawalpur, Department of Management Sciences, Post code 63100, Bahawalpur, Pakistan
2. Department of management Sciences, The Islamia University of Bahawalpur, Punjab, Pakistan
3. Department of management Sciences, The Islamia University of Bahawalpur, Punjab, Pakistan

* E-mail of the corresponding author: nisha4741@hotmail.com

Abstract

In an effort to alleviate poverty and empower the national human resources, many institutions are providing microcredit to people. The essence of these microcredit provisions is empowerment for better standard of living. The study attempts to identify the role of microcredit in empowering women. Four arenas of empowerment viz economic, personal, family and public/political empowerment have been used to define women empowerment. Primary data was collected from the women micro-credit users of Tameer Microfinance Bank (one of the famous microfinance institutions with 34 branches in Pakistan) Bahawalpur. A sample of 94 women microcredit clients of the bank was taken for data collection. The collected data was quantitatively analyzed using the econometric tools of means and correlation.

The results of the study reveal that microcredit is related to women empowerment in positive direction and women are getting empowered on economic, personal, family and political levels after using micro-credit taken from the institute and the level of economic empowerment is seen to be influenced the most.

Keywords: Microcredit, women empowerment, impact

1. Introduction

Women empowerment is one of the key issues hotly debated in the context of development of developing countries round the globe. In our society men are privileged over women and hence enjoy the benefits of more resource utilization and empowerment than that of women. This leads to the violation of women rights. One of the important variables in the process of development of women that has occupied the core position in related strategy making is women empowerment. Females of our region are deprived of power in distinct arenas of life like financial and social spheres. This less empowered state of women is expressed through different things such as less educational opportunities available to women, minimal control of women over income that they generate, minimal negotiating power held by them in case of sale and purchase of varying products, lack of access of women to opportunities of employment etc.

Therefore those who are concerned to the process of development see women empowerment as a tool to overcome this weak situation of women in the society and their families. The world is doing continuous efforts to achieve the objective of empowering women through various channels like provision of microfinance to women, inclusion of women in politics and national governance etc. In the modern world micro-credit, micro-finance and enterprise development are now seen as effective poverty alleviation mechanisms, especially for poor women. However, the micro-credit schemes are seen as an effective and powerful tool to reduce poverty and cause empowerment among deprived women

Micro-credit is aimed at poor to help the poor engage themselves in income creation through self-employment and thus more empowerment. Governments are also interested in empowering the women as a natural consequence of their concerns for national human resource development. Governments tend to develop their human resources (men and women) to increase the GDP of the country which results in improved standard of living of the people. Women empowerment is important for national human resource development and hence improved standards of living through inclusion in income generation activities. However, the role of micro-credit in empowerment especially women empowerment has not yet been analyzed in many regions of Pakistan. The present study is therefore designed to analyze this link, in the context of this region. The study analyzes and assesses the role of micro-credit in empowering women. The research is done:

- To critically analyze the significance of micro-credit in bringing positive change in the lives of women.
- To develop a rational base for suggesting the availability of micro-credit to reduce the poor socio-economic status of women.
- To determine the factors related to empowerment of women.
- To assess the role of micro-credit granting institutions specifically banks in empowering women.

1.1 Defining Women Empowerment

Women empowerment as described by Batliwala (1994) is a progression and result of the progression that allows women to exercise enhanced control over tangible and intangible resources and defy the male dominance and sex related discrimination against themselves in all the levels of society. Empowerment is basically an increase in the ability of a person to make important decisions regarding different alternatives of life. This increased ability replaces the previously restricted ability to make such decisions (Kabeer, 2002). The debate on empowerment suggests that it is a procedure that allows individuals to be in charge of the factors (such as lack of information and resources) that limit their choices and stop them from practicing those alternatives (such as income generation activities) that can lead them to a better state of life (Ravallion, 2001).

Bennet (2002) while describing empowerment took it as an increase in resources and capacities of different individuals and group of individuals to effectively tackle and deal with entities which influence them. The major constituents of empowerment as identified by Chen (1992) are thoughts, relations and power illustrated by empowerment as control over assets and visions. Women empowerment as elaborated by ESCAP (2003) occurs as a ladder with different levels like individual, group and societal levels and is a precursor of supporting factors (like revelation of novel activities that can build competencies) and remover of restraining factors (like deficiency of resources and proficiencies).

1.2 Identifying Women Empowerment

Empowerment among women is indicated through various signs. In this context (Hashemi,1996) discovered eight indicators that are related to women empowerment which include mobility, financial sanctuary, ability to make minor purchases, ability to give input in major decisions, ability to make big purchases, enhanced legal and political awareness, comparative freedom from dominance from the members of other sex and ability to take part in political campaigns etc.(Hamida, 2000), a study conducted in Tunisia allowed the researcher to observe and identify the factors that constitute women empowerment. The major signs of empowerment identified during the study of empowering women through a micro-credit program in Tunisia are given below:-

Making and controlling money lies at the heart of women empowerment. It enables women to manage cash and their small enterprise and during this process makes women capable of controlling and monitoring family budget and handling issues related to debt. And this all in turn allows women to get engaged in decision making related to financial aspects and to enforce their perspective as well.

Another sign or indication of women empowerment observed by the researcher consisted of empowerment at personal level. For women especially the poor women literacy is one of the vital things that leads to personal empowerment and that allows them to be less dependent on others mainly their husbands to handle and understand documentation.

Yet another indication of women empowerment was increased level of information and the acknowledgement of the rights held by them. The micro-credit institute that grants loans to them gives them information about many things including their rights and this information is then communicated through word of mouth. The information thus gained is then expressed in one form or the other.

Input and inclusion in decision making was identified as another symbol of empowerment in women. The suppressed wives who never left their homes and never took part in family decisions became more expressive and gave more input in family decisions after they had utilized the micro-credit taken from a micro-credit institute named Enda(inter-arabe).

Dignity and self-respect is inherited to Economic independence. Increased level of information and inclusion in decision making makes women more confident. This confidence is evident through many things like refusal to marry a far less aged person and ability to stand against unjustified customs and traditions. Travel is another factor identified as constituting to empowerment. The less privileged women who were previously restricted to their homes were found to be moving out for many reasons after they took micro-credit and started their small business with it.

Family empowerment: Home making is an important constituents and goal of most of the women's life. In most of the cases these are women who do all the savings and then utilize it in home making. Empowerment results from the women's ability to make and improve her home.

Public and political empowerment: During the process of availing micro-credit women form different committees or groups and this makes them realize their potential of influencing others who are not a part of their family. Women become more empowered in this context of public dealing. Other expression of political and public empowerment is visible when women take part in public gathering or meetings containing members not specifically from their own families. Empowerment of women has also been discussed by Friedmann (1992) who acknowledged four varied types of power. These included financial or economic, political, social and psychological powers.

1.3 Widely Accepted Indicators of women empowerment

Some of the most widely accepted indicators of empowerment are given below:-

Decision Making: According to many researchers decision making by women regarding matters important for their present and future lives is one of the parts that constitute complete definition of empowerment. The research done by women empowerment scheme in Nepal found out that more than 65% of the females who are the members of this program have experienced enhanced role in making decisions regarding different matters such as child marriage, female child education, family planning, the purchasing and selling of assets etc. The males were the sole decision makers regarding all these issues prior to women became member of the institute (Jeffrey, 2001).

Confidence in one's own self: A research conducted in Nepal revealed that confidence in one's own self was among the top most changes that women experienced and this revelation was based on the results drawn from two hundred sampled women groups who were studied in this regard (Jeffrey, 2001).

Family Relationships and Domestic Violence: Some of the researchers (e.g. Goetz, 1996) have found that the women who take benefit from any microfinance or more specifically any micro-credit scheme are prone to experiencing increased household violence.

1.4 Micro-credit and Women Empowerment

Micro-credit can be defined as a loan provided to the poor through some institutional mechanism. The loan is not backed by any collateral. In general micro-credit refers to a loan of minor amount given directly to small entrepreneurs who are either interested in starting or expanding a new or existing micro-enterprise respectively (Commonwealth, 2001). The prudential regulations for microfinance institutions issued by the state bank of Pakistan dictate that the maximum amount of micro-credit that can be given to a single borrower is Rs.150000.00 (SBP, 2011).

Various researches done in the context of women empowerment and micro-credit revealed that micro-credit issued by different institutions such as NGOs, banks, etc. resulted in poverty reduction, enhanced mobilization and fortified women networking among females who were previously restricted to their homes (Schuler and Hashemi, 1997; Carr, 1996; Pitt, 1996).

Micro-credit leads to financial and socially empowered state of women which result in general empowerment of women and also leads to better off standard of living for their children (AMR, 2001). The power relation of men and women are redefined by micro-credit as it leads women to exhibit more charge in the areas of basic need fulfillment such as education, food, health etc. It was observed that more than sixty percent of the women were able to take important decisions at their homes like decisions associated with marriage of children, purchase and selling decisions of assets etc. that were deemed to be men's responsibility before using micro-credit (Cheston & Kuhn, 2002)

Furthermore, the argument about the relationship between micro-credit and its ability to induce empowerment has not yet been settled. Some authors suggest that women become more empowered socially, financially and politically as a result of micro-credit use others suggest even the worse situation of women empowerment and their life resulting from use of micro-credit (Holvoet, 2005). A more careful statement in this regard can be that the micro-credit may have a vital role to play in empowering women but to do that such practice should be compatible with the communal and financial background and entourage of the women. It must be set and made practical according to the varied wants of the women (Holvoet, 2005; Guérin, 2006).

1.5 Framework For Analysis

Figure 1

2. Research Methodology

In order to investigate the relationship between micro-credit and women empowerment a case study approach is utilized. It is a tool that is given much importance in social sciences specifically when investigation is deemed to address community based issues like poverty etc. (Johnson, 2006). Tameer Microfinance bank (Bahawalpur) is taken as a case to study the relationship between micro-credit and women empowerment.

The population of the study consists of all the women clients who took micro-credit from Tameer Microfinance bank (Bahawalpur) during the year 2011. A formula proposed by Yamane (1967) to calculate the sample size has been used to determine the sample size i.e. $n = N / (1 + N * e^2)$, where [n=Sample size, N = Population size, e = sampling error]

For this study N=1817, e=.1 so the Sample size=n=94

The total population is divided into two strata on the basis of the status of the client as a micro-credit user. Stratified random sampling is used. One of the strata consists of the women clients who are first time users of the micro-credit and this stratum holds a fraction of 1090/1817. The second stratum consists of repeat women loan takers or in other words women clients who have already taken loan from the bank for at least one time. This stratum holds a fraction of 727/1817. 56 first time loan taking women and 38 repeat women loan takers make up the sample. The sampling units are decided using lottery system.

In order to extract the required information from the sample units face to face interviews are conducted. A set of predefined questions are asked from the respondents during the interview. A structured interview approach is used here. The questionnaire contained a set of 18 closed ended questions developed by the researcher herself.

Descriptive analysis is done based on means and standard deviation. The target population is divided into two groups, first time micro-credit taking women and repeat women customers of micro-credit. The difference in the means of the two groups on each women empowerment variable is calculated using t-test for independent samples. This is done to see whether the empowerment level of repeat customers is higher than that of first time women users of micro-credit. Furthermore correlation is applied to find the status of correlation between micro-credit amount and status of micro-credit.

3. Analysis and Discussion

The values of economic, personal, family and political/public empowerment and women empowerment are calculated by using the following formulas:-

Eco.Emp = (calculated by taking the average of responses of each respondent on four indicators of economic empowerment viz. right to use income, contribution in household expenditure, control over resources and participation in decision making regarding financial matters).

Per.Emp = (calculated by taking the average of responses of each respondent on four indicators of personal empowerment viz. increased level of information, ability to resolve interpersonal conflicts, increased dignity and self-respect and degree of mobility)

Fam.Emp = (calculated by taking the average of responses of each respondent on four indicators of family empowerment namely lack of discrimination against daughter/sister, participation in domestic decision making, freedom from violence, and Inclusion in sexual or childbearing decisions)

Pol.Emp = (calculated by taking the average of responses of each respondent on four indicators of public/political empowerment namely inclusion in public gatherings, expression of viewpoint, exercising the right to vote and ability to take part in political campaign)

Wom.Emp = (Eco.Emp+Per.Emp+Fam.Emp +Pol.Emp)/4

3.1 Independent sample T-test

Table 1: Independent sample T-test

3.2 Pearson correlation

Table 2: Pearson Correlation

4. Conclusion

The results of the data analysis form a base to accept the conceptual model built at the end and on the basis of literature review. The conceptual model depicted that use of micro-credit leads to women empowerment which is spread on four arenas or variables including economic, personal, family and public/political empowerment. As explained in the previous parts, the results are consistent with the conceptual model. Economic empowerment seemed to be largely influenced by the use of microcredit followed by family empowerment, political/public empowerment and empowerment of women at personal level respectively.

5. Limitations of the study and implications for further research

The basic idea behind this investigation was to identify the role of micro-credit in empowering women in the most natural conditions, when all the other things are ignored. An extensive yet comprehensive analysis is done in this regard so that a justification for the existence of direct relation between micro-credit and women empowerment (regardless of age, marital status of women, family structure etc. which were not considered in the study) can be extracted from the results of the study. The limitation of the study i.e. non consideration of intermediary variables extends the scope of this study to be replicated by taking into account the effect of intervening variables and hence finds its implication for further research. The conceptual model built and justified in the study can also appeal the researchers in the quest of identifying the same relationship in some other parts of the world characterized by different environment and circumstances.

References

- AMR, C. (2001) Do poverty alleviation programmes reduce inequities in health? The Bangladesh experience. Poverty, inequality, and health, Oxford University Press.
- Batliwala, S. (1994) The Meaning of Women's Empowerment: New Concepts from Action, Population Policies Reconsidered: Health, Empowerment and Rights. edition, Cambridge: Harvard University Press.
- Bennet, L. (2002) Using Empowerment and Social Inclusion For Pro-poor Growth, Washington DC.
- Carr, M. (1996) 'Speaking Out: Women's economic empowerment in South Asia', IT Publications.
- Chen, M. (1992) 'Conceptual Model for Women's Empowerment', International Center for Research on Women.
- Cheston, S.K.L. (2002) 'Empowering Women through Microfinance', UnifeM, New York.
- Commonwealth (2001) The commonwealth youth credit initiative toolkit.
- ESCAP (2003) 'IMPACT OF MICRO-CREDIT ON WOMEN EMPOWERMENT: A REVIEW PAPER.', Bulletin on Asia Pacific. United Nations.
- Friedmann, J. (1992) Empowerment: The Politics of Alternative Development, Oxford: Blackwell Publishers.
- Goetz, A.M. (1996) 'Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programs in Bangladesh', World Development, vol. 24 , pp. 45-64.
- Guérin, I. (2006) ' Women and Money: Lessons from Senegal', Development and change, vol. 37, no. 3, pp. 549-570.
- Hammida, E.B. (2000) Empowering women through micro-credit: a case study from Tunisia., Cairo.
- Hashemi, S. (1996) ' Credit Programs, Patriarchy and Men's Violence against Women in Rural Bangladesh', Social Science and Medicine, vol. 43, no. 12.
- Holvoet, N. (2005) 'The Impact of Microfinance on Decision-Making Agency: Evidence from South India', Development and Change, vol. 36, no. 1, pp. 75-102.
- Jeffrey, A. (2001) Impact Evaluation of PACT's Women's Empowerment Program in Nepal: A Savings and Literacy Led Alternative to Financial Institution Building, Cambridge: MA.
- Jhonson, M.P. (2006) 'Decision models for the location of community corrections centers.', Environment And Planning B-Planning & Design, vol. 33, no. 1, pp. 393-412.
- Kabeer, N. (2002) Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment, Sweden.
- Pitt, M.M. (1996) 'Household and intra-household impact of the Grameen Bank and similar targeted credit programs in Bangladesh', World Bank Discussion Paper, USA.
- Ravallion (2001) 'Measuring propoor growth. (WPS 2666) Policy research working paper', World Bank, Washington.
- SBP (2011) State Bank of Pakistan, 6 January, [Online], Available: http://www.sbp.org.pk/publications/prudential/micro_prs.pdf [Jul 2011].
- Yamane, T. (1967) Elementary sampling theory, Prentice-Hall.

Figure 1: Framework for analysis

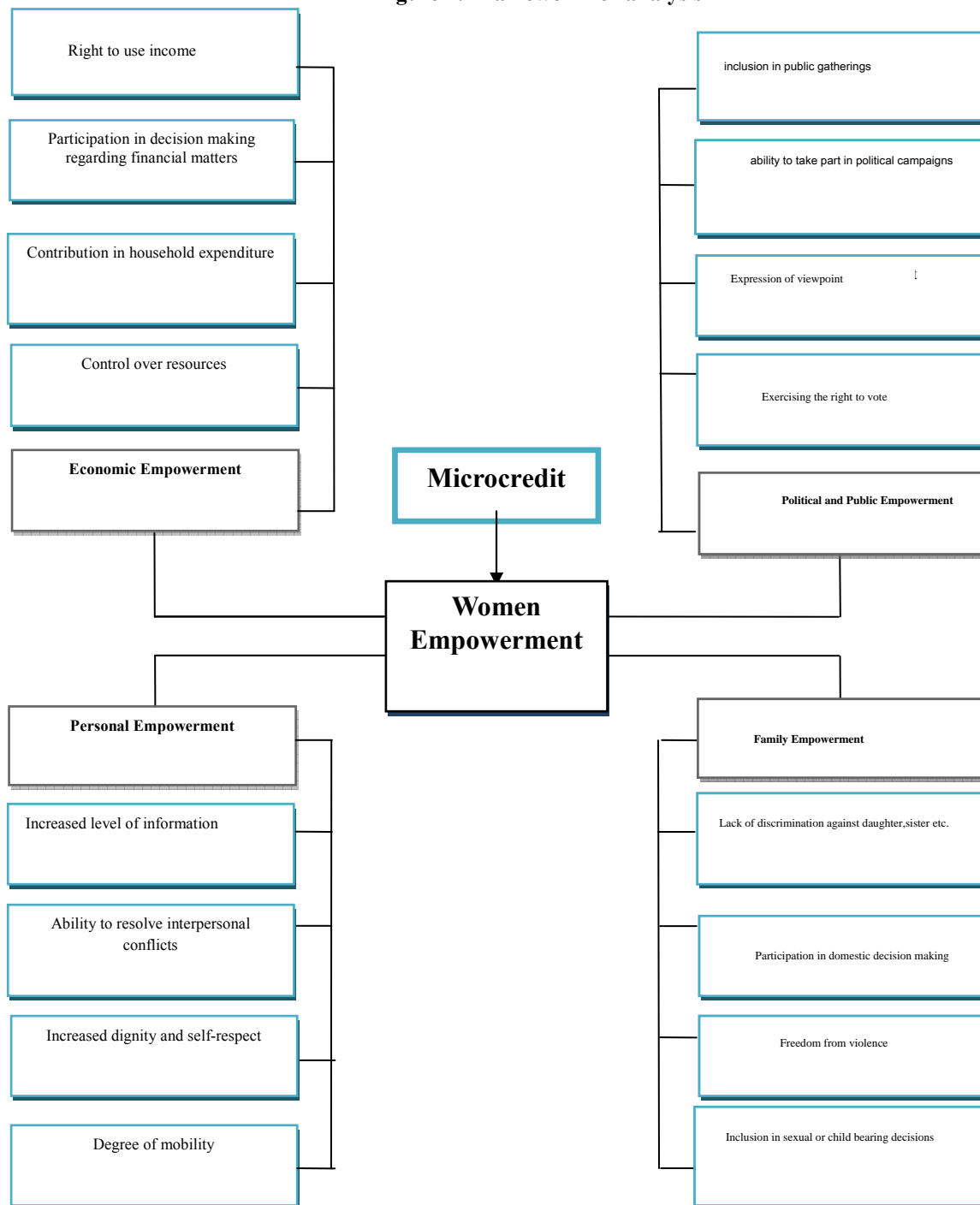


Fig 1: Conceptual model representing indicators of women empowerment

The model is based on the literature review which has been discussed. The model suggests that micro-credit leads to women empowerment which is spread over four arenas of power and each of them is indicated through subsequent set of variables linked to a woman's life.

Table 1: Independent Sample T- Test

Group Statistics			N	Mean	Std. Deviation	Std. Error Mean
Economic empowerment	status of micro-credit user					
	first time user	56	3.1964	.71623	.09571	
personal empowerment	repeat customer	38	4.0724	.41062	.06661	
	first time user	56	3.3170	.52763	.07051	
Family empowerment	repeat customer	38	3.7237	.74387	.12067	
	first time user	56	3.1786	.85361	.11407	
Political and Public empowerment	repeat customer	38	3.8860	.34026	.05520	
	first time user	56	3.0402	.78012	.10425	
	repeat customer	38	3.4474	.48685	.07898	

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Economic empowerment	Equal variances assumed	8.531	.004	-6.810	92	.000	-.87594	.12862	-1.13138	-.62050
	Equal variances not assumed			-7.512	89.849	.000	-.87594	.11661	-1.10761	-.64427
personal empowerment	Equal variances assumed	2.337	.130	-3.103	92	.003	-.40672	.13108	-.66706	-.14638
	Equal variances not assumed			-2.910	61.735	.005	-.40672	.13976	-.68612	-.12732
Family empowerment	Equal variances assumed	24.339	.000	-4.847	92	.000	-.70739	.14594	-.99724	-.41754
	Equal variances not assumed			-5.582	77.459	.000	-.70739	.12672	-.95970	-.45508
Political and Public empowerment	Equal variances assumed	14.726	.000	-2.859	92	.005	-.40719	.14241	-.69004	-.12434
	Equal variances not assumed			-3.113	91.464	.002	-.40719	.13079	-.66696	-.14742

Independent sample T-test is applied to see the significance of the difference of the mean values of first time micro-credit users and repeat customers on variables viz. Economic empowerment, personal empowerment, family empowerment and public/political empowerment. Levene's test for equality of variance shows that the equal variances will only be assumed for personal empowerment as the p value of levane's test conducted is .130.

Table shows that the mean value of repeat customers is larger than that of first time user on the variable Economic empowerment as $t(92) = -7.512$, $p = .00$, also showing that the difference is significant. $t(92) = -3.103$, $p = .003$ for personal empowerment suggest that the mean value of repeat micro-credit women customer responses is greater than the mean value of first time users' response values and the difference in the means is significant. The difference in the means of responses of first time user and repeat users of micro-credit on family empowerment is $-.707$ suggesting that the repeat customers' responses' mean value is larger than that of first time users of micro-credit. Also this difference is significant as $t(92) = -5.582$, $p = .00$. $t(92) = -3.113$, $p = .002$ for political or public empowerment indicates that the mean of responses taken from repeat women micro-credit customers is larger than the mean of responses of first time micro-credit users and the difference is also

significant with a p value of .002. The largest difference in the means of responses of first time user and repeat micro-credit users is related to economic empowerment i.e. -.87594 followed by family empowerment with a figure of -.707.

Table 2: Pearson Correlation

		Correlations				
		microcredit amount	Economic empowerment	personal empowerment	Family empowerment	Political and Public empowerment
micro credit amount	Pearson Correlation	1	.641(**)	.300(**)	.492(**)	.327(**)
	Sig. (2-tailed)		.000	.003	.000	.001
Economic empowerment	Pearson Correlation	.641(**)	1	.314(**)	.310(**)	.371(**)
	Sig. (2-tailed)	.000		.002	.002	.000
personal empowerment	Pearson Correlation	.300(**)	.314(**)	1	.184	.155
	Sig. (2-tailed)	.003	.002		.076	.136
Family empowerment	Pearson Correlation	.492(**)	.310(**)	.184	1	.145
	Sig. (2-tailed)	.000	.002	.076		.163
Political and Public empowerment	Pearson Correlation	.327(**)	.371(**)	.155	.145	1
	Sig. (2-tailed)	.001	.000	.136	.163	

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

The table shows the correlations between important variables of the study viz. microcredit amount, economic empowerment, personal empowerment, family empowerment and political and public empowerment. Significant correlation exists between micro-credit amount and economic empowerment with a correlation coefficient of .641. Economic empowerment is significantly correlated with personal, family and political and public empowerment with respective figures of .314, .310 and .371.