

Strategies for Empowering Women and Gender Equality through Micro Finance in Pakistan

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Abstract *This paper is a critical assessment of role of Micro Financing in providing empowerment and equality to women in Pakistan. Secondary data was used for getting information from documented materials for the paper. It was founded that the loans accessible by MFIs have major effect on the empowerment of women. All over the world women labour force are contributing in economic development and sustainable source of revenue of their household and social community. This study found that after receiving loans, women experienced increased in their household income level so their economic, political, social and household wellbeing has also improved. There is great need of those programs which specifically intended for financial sustainability of women. So Microfinance organizations should increase their support to provide resource to poor women.*

Key words Micro Finance, Empowerment, Gender Equality, Women

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1. Introduction

Empowerment of women means to allow women subsist and assent to them live a life with self-esteem, civilization, admiration and self-reliance. Kabeer (1999) notified that women's empowerment is the progression to obtain the ability of women to construct the strategic life preferences. Construct choices, gaining the capability, work out to bargain power, increasing a sense of self significance to protected preferred changes, belief in one's ability and the right to control one's life are vital fundamentals of women empowerment. Women will be making powerful when they will have full control over their own life (UNFPA & RAFAD, 2010).

Women will be powerful due to following reasons:

- *They have right of power to control their own lives, both within and outside the home.* This constituent provides women with the independence to chase employ and preserve an income (UNFPA & RAFAD, 2010).

- *The right to have access to opportunities and resources.* This element allows women to increase monetary and non-monetary resources including investments, land, business acquirement, food, medical care and family needs (UNFPA & RAFAD, 2010).

Women empowerment is define as the method by which women obtain control and possession of their life through extension of their option. She is frequently engages in rising confidence on her personality. she designates the expression of self-strength, self-managed, self-power, self-sufficiency, independence of alternative and life of self-esteem, proficient of combating for one's rights, freedom, own decision making, being free, initiation, and competence (Kabeer, 1999).

There have been very significant improvements in discussions on both commercialization and poverty decline, through microfinance which probable raise both women's entrance to a variety of microfinance services and the probable input to empowerment (Gupta, Ibid and Kabeer, 2006).

Women empowerment is very important concern in developing countries. Women empowerment means that developing them as individual who has more political, economically and social power. They are more independent make intellectual decision about them and their nation. All over the world women labour force are contributing in economic development and sustainable source of revenue of their household and social community (Samuel *et al.*, 2012).

Women are most susceptible element of our society, who is living within house with no resources. That's why micro-financing is targeting women and giving them prospect for self employment, its programs have appreciably enhanced women safety, independence, self-reliance and position within the household which has helped in women empowerment (Samuel *et al.*, 2012).

2. Literature Review

2.1. Women Empowerment

Women's empowerment was based on economic and financial empowerment but now its concept has been wider which involves Psychological, intra home relational, Socio cultural, legal and political aspects (Majoor, Manders and Femconsult, 2009). Few studies have shown that it is a process which helps the women to gain gender equality (Majoor, Manders and Femconsult, 2009).

Women's empowerment is such process that enhances the capacity of women for making choices about desired activities and results as well (Krishna, 2003).

The process of creating access and developing individual's ability to participate for structuring his/her own life and his/her community in aspects of economy, society and politics (Affairs and Austrian Development Agency, 2006).

2.2. Gender Equality

The concept leads to freedom of all the human beings for enhancing their personal abilities and making choices without considering the gender restrictions. So that ensuring an equal consideration on all the desires and requirements of both males and females (Affairs and Austrian Development Agency, 2006).

Gender Equity also refers to as gender equality indicates the equality in life for women and men, through considering their requirements and desires, and involving the relocation of power and wealth (Reeves and Baden, 2000).

Women empowerment depends on certain factors related to household management and social uplift. As it helps to reduce poverty, millennium development goals can be realized. Most probably, women utilize their income on physical health of family, dietetic needs of household and education of children. It is obvious that women empowerment positively effects on children and household better-off in provision of food, expenditures and welfare (Mayoux and Hartl, 2009).

Economic growth can be obtained by giving importance to gender equality; because by promoting gender equality we are empowering women to contribution more in economic growth (Klasen, 2002). Following factors have direct impact on women empowerment and gender equality:

1. Education

Main factor in empowering women is education level of husband. It is effecting positively. In our society, education of husband is very much important because women are dependent on male member in economic and social aspect. If they are educated, they will give self-belief to them in household level as they know women rights. They will give importance to their views in important decisions within house than a person who is not educated and not know the rights of women. But females are mostly differentiated in our region (Noreen, 2011).

2. Age

Age has positive effect in empowering women. Due to more experience in life of how to get what they want, older women have more power of freedom than younger women. Older women have much

power in decision making both in internal and external household matters. They have more access to resources and to get them, they can also easily move outside the house (Noreen, 2011).

3. *Father inherited assets*

When a woman has father inherited assets then she has more power and respect in her house. Female are mostly not given the share of father's property but if she got the share then she have not completely control on it (Noreen, 2011).

4. *Marital status*

Married women have less power in decision because their husband makes decision on their behalf even in fundamental decisions of household. They have less freedom to share their ideas with their husbands as compared to divorced and widowed. They take active part in decision for themselves and for their family. Although still divorced women do not have good reputation in our society, but according to the study, they make all necessary decision by their own (Noreen, 2011).

5. *Purchase of Basic goods*

Major part of woman's income is use up on basic needs of family especially schooling, food, health care needs and clothes of children (Noreen, 2011). More the women have financial strength, more they have grip on house and community dealings. Financial Strength also grants access to goods of basic needs, human and social wealth (Noreen, 2011). Microfinance helps to stabilize their own business, financial empowerment and purchase of household assets and basic needs. In short they have direct access to various opportunities and assets through microfinance (UNFPA and RAFAD, 2010).

6. *Health condition*

Study has shown that if women have more authority to household more the children will be better off (Pitt, Khandker and Cartwright, 2006). Women can have huge impact on better health or fitness of both male and female children, through microfinance (Pitt *et al.*, 2003).

It is obvious that as women gets the resource power than there is an increase in betterment of household, particularly for children (Swain, 2007). Mostly, Poor women have no or confined ability to reach the opportunities of Health care, insurance and other vital health knowledge, microfinance has made possible to access such women (UNFPA and RAFAD, 2010).

Primarily receivers are the women, who are poor. As women spend more for the well being of family as compared to men, it usually leads towards security of household. The spending involves the schooling of children, physical healthiness, and basic needs like cloths, shelter and household goods. Women are the saviours, who protect themselves and their household during any crisis. Study shows that women are suitable target group poverty reduction and uplifting the social affect of development policies (UNFPA and RAFAD, 2010).

Microfinance has a multiplier impact on women empowering, women enhance betterment of their children by using money for household welfare, education and diet of family (Mayoux, 2005).

7. *Provision of employment*

Women have turned in entrepreneurs, which increased their position in household (Mayoux, 2005). Women use the funds for assets build, even such opportunity is worthy which plays an important part in household welfare ultimately gives them confidence and sense of self esteem (Mayoux, 2005).

A research study conducted in fourteen countries, which has shown that major part of women who took microfinance loans were employed on their own and have their own personal income instead of their husband's involvement. More than 70% had their own business before getting microfinance loans. Study also tells that such women have crucial part in decision making about their income and purchase of household goods either small or large (UNFPA and RAFAD, 2010).

Women can also be empower through microfinance in a way that it helps them to uplift their social status due to increased interactions, sense of self worth and finally enhances the status in family and social community (MPDD, 2007).

8. *Well-being and intra-household relations*

There have definitely been women whose position in the family circle has enhanced, mostly where they have become flourishing entrepreneurs. Still where revenue affect is less, or men have used the loan,

the reality is that micro-finance programmes have consideration that women convey an asset into the family circle so more consulting power is provided to them. Women gain earnings from savings by constructing an asset basis (Kabeer, 1998).

Women themselves also regularly value the chance to allow creation of greater input and wellbeing of family circle. It gives them greater confidence and sense of self-esteem. Without substitute caretaker for small children and old or disable family members, many programmers' reported unpleasant effect of women's outer work. Daughters in particular may quit from school to help out their mothers (Kabeer, 1998).

Men are often feeling satisfied about women's credit plan, and other income generating programs', because by these programs their wives don't demand money from them (Mayoux, 1999). Even though in many cases women's improved contribution in household well-being has enhanced family relationships, in other cases it exaggerates stress due to increased workload.(.....)

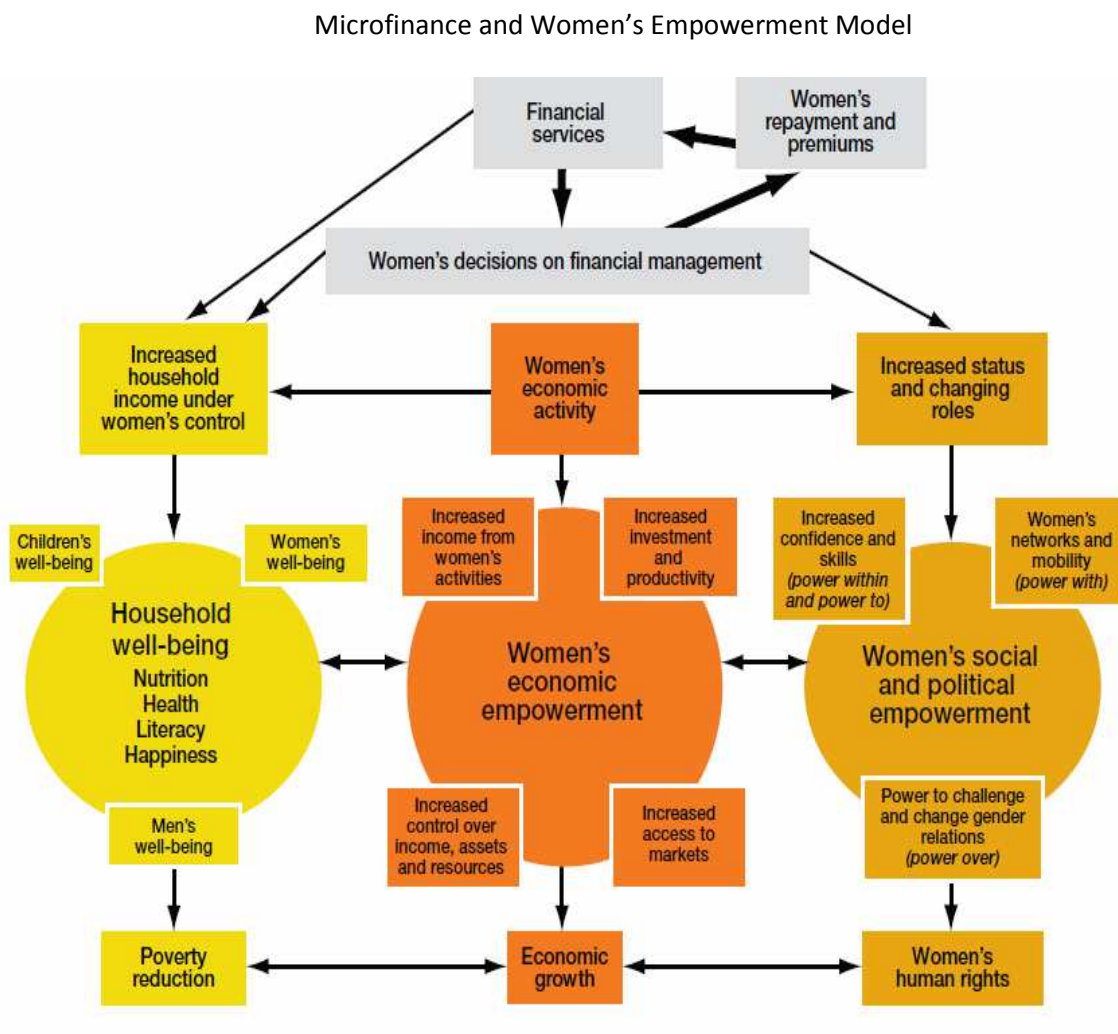


Figure 1. Microfinance and women's empowerment: virtuous spiral (Mayoux & Hartl, 2009)

The development in microfinance has significant positive effect on the women's access to loans for their needs. Microfinance is not only having significant role in poverty lessening and financial sustainability, but it is also showing tremendous improvement in economic empowerment, increased well-being and social and political empowerment for women. In that way, microfinance is concentrating on gender equality and women empowerment (Mayoux and Hartl, 2009).

First of all, more access of women to microfinance loans is increasing their economic power (the association in the centre of the diagram). By getting momentous quantity of money, they can improve their role in financial management and decisions of their house. Women can be able to start new economic

activity, may improve existing business, can buy resources or can uplift their position in domestic economic activities by their observable money contribution. More contribution to economic activities may increase women's hold on the income of household or on their own income (Mayoux and Hartl, 2009).

Second, more access of women to microfinance loans is increasing their *household wellbeing* (the association in the left of the diagram). Household wellbeing is partially resulting through economic empowerment, but it will only occur when women use the microfinance activities' benefits for their family members. But even when women are not involved in income generating activities, they can play a significant role in household decision by their saving and credit channelizing. So they can reduce their own and house susceptibility and increase family wellbeing by increasing expenditure on children's education (especially for girls) and on their diet. When wellbeing of household is contributing by women, this will reduce gender inequalities in the family unit (Mayoux and Hartl, 2009).

Third as the result of enhanced economic activities and enhanced domestic wellbeing, it will lead to more (the association in the right of the diagram). Women always tries to avail the opportunity of household wellbeing and that will give them superior self-confidence and self-worth. Status of women in a community will increase by high confidence, self-esteem, skill, knowledge and the creation of supportive association through group activity. A woman who is being respected in her house will become role model for others and it will lead to change in perceptions and thoughts of community. Then other men will also be ready to admit revolution (Mayoux and Hartl, 2009).

In the last economic empowerment of women at the individual level (the association at the bottom of the diagram) Identification of women as source of economic growth and giving importance to them in policy making, are describing that they have important involvement at the macro level. When they are able to full fill their household needs, they are proving themselves as agent of poverty reduction (Mayoux and Hartl, 2009).

Additionally, these three dimensions of economic empowerment, well-being and social and political empowerment are empowering women at the domestic, societal and macro level (Mayoux and Hartl, 2009).

3. Strategies for Advancing Gender Equality through Microfinance

Strategies to assist constructive impact on women form a source for couteure microfinance strategies, activities and products to better deal with gender fairness and encourage women's empowerment.

1. Create an Enabling Environment for Supporting Financing for Gender Equality

Microfinance services and changes in outcomes can't be considered as gender equitable, unless women don't have equal access to microfinance and dynamic empowerment for confronting gender inequality (Mayoux, 2005). In prospective of broad strategy for women's empowerment, microfinance is an entrance point. It emphasizes on rights of gender equality and feminist association (Mayoux, 2005).

Firstly based on sector strategy, Strategies can be used to link up the women with services and infrastructure, but there is a need of enhancing the advanced technology as machinery for food dispensation, developing networks of information, transfer to innovative markets, and in last there is a need to change policies in order to defeat legality obstacles and unionization. Secondly, on the basis of principal of participatory, women should be enabled to make strategies by constructing incremental knowledge (Mayoux, 2005).

Regularities should legally allow Non Financial institutions as well as Non Governmental organizations for financial services, in this way there may be a significant development in microfinance ultimately useful for poverty reduction (Li, 2010).

2. Ensuring a minimum number of women directors in MFIs and intermediaries

There is a clear link between women empowerment and level of women personnel. Some microfinance services are for women only and at the same time most of the staff members are females. On the other hand some microfinance institutes have equal employment policies which are essential for equality rights but it doesn't possibly empower women. As it create obstacles in hiring females for executive positions because of gender restrictions. So, strategy should be developed by making changing in following; criteria and process of recruitment, culture of institute and working conditions (Mayoux, n.d).

3. Sensitizing central bankers and regulators on the special needs of low-income women and related technology

For supporting poverty lessening plan, microfinance interference have to reach beyond those small number of women who have already got benefit from granted access to resources and expertise (Mayoux, n.d). First they have to access disadvantaged crowd of women and poverty. Secondly, to find out the substitutes of high cost poverty-targeted plans. There should be an evidence of gender mainstreaming in regularities and conditions for loans, savings etc (Mayoux, n.d).

4. External marketing for community awareness

Marketing promotion intended for women can positively manipulate both men and women's position on women's grade and employ in the community by serving male community members to accept economic options for women, by building women's self-assurance and by helping community authorization of women's projects.

5. Groups to strengthen women's networks

MFI women's groups should be use to encourage and support women's group who are clients of MFIs. Women's group is useful medium for non-monetary service support, such as literacy programs, wellbeing programs etc and it will also help to lower program expenses. Such groups also support association between women and other active community associations as well as the advanced civil culture network as a whole.

6. Create an enabling environment for supporting gender equality through finance

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7. Increasing number of women directors in MFIs and ensuring their participation

There is a clear link between women empowerment and level of women personnel. Some microfinance services are for women only and at the same time most of the staff members are females. On the other hand some microfinance institutes have equal employment policies which are essential for equality rights but it doesn't possibly empower women. As it create obstacles in hiring females for executive positions because of gender restrictions. So, strategy should be developed by making changing in following; criteria and process of recruitment, culture of institute and working conditions

8. Sensitizing central bankers and regulators on the special needs of poor women

For supporting poverty decrease plan, microfinance interference has to reach beyond that small number of women who have already got benefit, through access to resources and expertise.

First they have to access disadvantaged crowd of women and poverty sector. Secondly, to find out the substitutes of high cost poverty-targeted plans. There should be an evidence of gender mainstreaming in regularities and conditions for loans, savings etc

4. Conclusions

Women have less awareness and less literacy to deal with loan approving and stabilizing the business. There is requirement of capability enhancing and training about related practical areas as financial management, literacy expertise, marketing, operations and managerial expertise. Objective of

MFIS should be to develop the constructive environment for maximizing women's self employment and economic development of country.

The socio-economic factors of women empowerment are also revealed. On the whole winding up it is concluded that the level of women empowerment is not as much pleasing at the domestic level. It also concludes that age, education of husband, marital status, number of sons alive, father assets and loan amount are important elements rather than many other elements. All these factors effect positively, negatively and more noteworthy.

It has been analyzed that most MFI issue plans to cut scarcity and empower women through their programme. But usually there is no clear executing mechanism to accomplish these plans; instead they carry on the programs with the same requirement and exclusivity. In addition, one of the main restrictions in the conversation of gender and micro finance is the issuing Micro finance may be effective by just concerning on economic skills of women but secondary effect of loan provision on their personal life should also consider. It is only possible if there is a practical evaluation of completion of microfinance plans and their performance over time.

This research has exposed that micro finance involvement have made major impact in the following areas of daily life:

- Access to improved healthcare;
- Development of regular livelihood of family;
- Better education for children;
- Upgraded housing infrastructure;
- Better social life;
- Income generation and employment.

Microfinance is being admired day by day among the poor people. Microfinance conveys women jointly; provide them with a support and an extension of household tasks taking away from conventional home responsibility. Women's empowerment is further enhanced by improved financial freedom, ability of decision making and liability.

5. Recommendations

This Review paper recommends that issue of women empowerment must be given more importance in policy making. It can't be assured that all microfinance programs will empower women, as its outcome. But there is great need of those programs which specifically intended for financial sustainability of women.

In the light of above theoretical review accomplish, these are the strategy suggestions. Microfinance organization should be toughen and should increase their support to source poor women. Microfinance foundations should accomplish appropriate meeting with loan receivers in which they must tell them about the utilization of loan in appropriate business. A government rule on the position of women plays a significant role to authorize women in social as well as economic feature of empowerment. If government and other developmental associates work together in deal with these issues, they could better tackle the need of rural women. Strategies to fight with the shortage of empowerment must tackle not only the direct need of rural women but also should focus on the basic reason of women's inability.

- Ascertain gender-focus authority method, as well as greater and actual image for women as executives and senior managers in MFIs/mediators;
- Introduce gender-sensitive management systems and procedure at MFIs/mediators, with actual move of authority along with accountability;
- Assist more women to become a part of the microfinance human resource team and provide particular encouragement to organization that support it
- Assign financial assets necessary for gender sensitization of diverse stakeholders with MFIs, supervisor, rating agencies and others;
- Scheming, testing and systematic special microfinance products and relief system suitable for the exceptional needs of women, mostly in terms of decreasing women's risk and defencelessness;
- Appraise microfinance programs not just on the basis of financial restriction but also using societal presentation points that focus on women's empowerment and their entrée to and control over

resources and making these as important as practical financial management in assess, rating and sustaining MFIs/microfinance programmers/intermediaries;

- Guarantee security of women, who are the major customer sector for microfinance, and instituting suitable 'client protection' and 'customer literacy' measures ,through inclusion of these phases in diverse laws that oversees microfinance

Finally it is recommended to MFIs and Government that, this review paper can be further used for research study to determine the effect of microfinance on women empowerment and gender equality in Pakistan.

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