



IMPACT OF MICROCREDIT FINANCE ON THE SOCIOECONOMIC STATUS OF THE UNDERPRIVILEGED POPULACE OF PUNJAB: THROUGH THE MEDIATING EFFECT OF KNOWLEDGE SHARING ABILITY AND FINANCIAL AND LEGAL AWARENESS

WARDA NAJEEB JAMAL¹, RANA M. ZAHID HAFEEZ², OWAIS SHAFIQUE³,
RAZI RAZZAQ⁴, GULFAM ASIF⁵, MUHAMMAD WAQAS ASHRAF⁶

ABSTRACT

This study was carried out in southern Punjab and aimed at finding the impact of Micro-Finance participation on Socioeconomic Status and other mediating variables Impact on Socioeconomic status. All the variables impact the dependent variable, i.e., Socioeconomic Status. Our Population is Microcredit Finance Participants and non-participants of Microcredit banks clients. The sample size is 325 respondents, both male and female participants and non-participants of Microcredit Banks. An online and physical questionnaire will be developed in consultation with experts to cover the study's objectives. Microcredit finance has played a significant role in transforming and improving the respondents' Socioeconomic conditions. Various statistical tests, such as SEM, KMO, and ANOVA tests, were used to evaluate the study's predicted suggestion and establish the relationship between variables.

Keywords: Microfinance participation, Knowledge Sharing Ability, Financial and legal Awareness, Socioeconomic Status, Microcredit Banks.

JEL Codes: E50, M14

I. INTRODUCTION

Poverty is the lack of sufficient materialistic things or income for the basic needs of individuals. Economic, political and social elements may include poverty (Duncan and Brooks-Gunn, 2000) shows absolute poverty is the distinct lack of the resources needed, such as food, clothes, and housing, to meet basic personal needs. Poor people are always more helpless of severe evils because of the lack of living and health in specific semi environments. Due to gender poverty, women seem to suffer even more among the oppressed. Poverty also has insufficient access to health services and lack insurance of health, members of the family must take care of the family members. The family members also give up the income or avoid having further education to respond to the sick person. Research has found that for children with low-income living standards, there is a high risk of educational achievements (Atamanov *et al.*, 2020). Researchers have developed an urban war situation is an unsafe, corruption area are unstable, violent, even like circumstances and underfunded, the schools ineffective facilitate inferior academic performance, (Atamanov *et al.*, 2020) in the poor attendance, aggressive or classroom non-compliant behaviour. On the floor, which absolute poverty is measured is often about exclusive in the permanent condition of the person.

In the 1950s and 1960s, the relationship among microcredit or subsidised rural credit programs was that microcredit insisted on compensation or charging interest charges that covered the cost in the delivery of credit, targeting consumers who are relied on the informal credit market. For the first time, it was at this instant apparent that

¹ Assistant Professor, Department of Leadership and Management, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan

² Scholar, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan

³ Assistant Professor, Department of Islamic and Commercial Banking, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan

⁴ Scholar, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan

⁵ Scholar, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan

⁶ Scholar, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan

microcredit could profitably give large-scale out-reach. In the 1990s, these are numbers of 09 microfinance institutions created or an increased focus on reaching scales saw accelerated growth. Many other microfinance institutions have subsequently been founded in different countries (Turvey and Kong, 2010). The contribution of the agribusiness ratio to gross domestic output in the history of our country in the year 1949-50 was 30 per cent to 60 per cent in the year 1978-79. Moreover, in 2006-07, it dropped to 20%. This, however, is still considered to be the only significant portion of the aggregate gross domestic production (Yadav and Sharma, 2015). About 43 per cent of jobholders seem to be assimilated in this market. As of 2002-03, growth in agribusiness increased to a general share of 4 per cent per year. The ongoing experience indicates a 6.5 to 6.85% fluctuation from 2002-03 to 2018-19.

II. POVERTY SITUATIONS IN PAKISTAN

There are people in Pakistan who do not have higher levels of income. This led them to poverty and surrounded them with harmful cultural practices caused by a higher degree of illiteracy. The view of literacy often includes cultural and social elements reflects stipulation that capacity to identify, comprehend, interpret, create, communicate or compute, with printed or written materials connected with different context (Berzin & de Marco, 2010). Modern thought in literacy, a "context-dependent collection of the social practices", reflecting understanding the individuals understand the literacy as a "context-dependent congregation in the social practices. Worldwide data indicate essential differences in the literacy rates among regions of the world. For both men and women, regions have to achieve complete adult literacy (individuals may be over at 15). High youth literacy rates in much of the world that illiteracy decide to become less prevalent for younger generations replace older ones with higher levels of achievement in educational sectors (Jolliffe and Prydz, 2015; Ali, 2015; Ali and Rehman, 2015; Ali, 2018; Ali and Bibi, 2017; Ali and Ahmad, 2014; Ali and Audi, 2016; Ali and Audi, 2018; Ali et al., 2021; Ali et al., 2021; Alim et al., 2021; Alim et al., 2021; Arshad and Ali, 2016; Ashraf and Ali, 2018; Audi et al., 2021; Audi et al., 2021; Kassem et al., 2019; Roussel et al., 2021; Sajid and Ali, 2018; Senturk and Ali, 2021).

III. MICROFINANCE AND ITS HISTORY

Microfinance programs are offered to the unemployed and low-income people; therefore, they don't have enough income for business with the financial institutions. It is very challenging to find poor groups with ineffective resources and help them. Recognising the disadvantaged individuals and benefits from Microfinance requires a thorough assessment. Microfinance often has a negative function and a positive role, (Togba, 2012) as microfinance merely points out the sign, not the actual reasons and natural causes. Most firms are in a condition of poverty, therefore, low capital. Microfinance enables individuals to comfortably or in method companionable with the ethical standards for peoples takes loans for small business. The mainstream of microfinance operations arises in developed countries, such as Indonesia, Uganda, and Serbia, while they exist worldwide (Crépon *et al.*, 2015). Microfinance was implemented in Pakistan on a traditional basis, such as agribusiness lending for supplementary products was provided for ease of payment in the 1960s. In the 1970s, large loans were issued the small agriculturist through financial institutes such as an ADBP (Shafique & Khan, 2020). AKRSP was launched during the 19-80s era. The oppressed individuals accepted this initiative. In addition, in 1992, another program on behalf of the NRSP was initiated in Pakistan. Micro-credit financing plays a vital role in global growth, and the same developments in the economic system can be cultivated with more effort. The success and coverage of this sector have increased worldwide in recent years, bringing differing sources and skills to specific people around the world (Shafique & Khan, 2020). Successful results and practitioners in different fields have to be revealed to all people, especially those specialising in those fields, to make the correct option.

Pakistan's micro-credit finance industry relates to the 1960s. Via Karachi Orangi Pilot Project and AKRSP agricultural lending, the project like Camilla began examining with society-based borrowing continued. It gained traction in the 1990s after MFIs with SBP. The government of Pakistan were declared a vital part of the financial sector (Shafique & Khan, 2020) briefly explained About Micro-credit institution's Kashf, BRSP, PRSP, NRSP, the Urban Poverty Alleviation Program, and the Microfinance Bank (MFB) and the MF and Pakistan Microfinance Network National Association. The emerging MFIs began their nine work in Pakistan in 1998, in the form of PMN, with the collaboration of PPAF, with the assistance of the International Bank as well as donators in 2000 (Saqib *et al.*, 2016). The State Bank of Pakistan, NGOs, policymakers, commercial banks, and agriculturists are fruitful for regulators worldwide. This study illuminated the road to successful policy-making decisions critical to the future of micro-credit finance in Pakistan. However, in many nations and Pakistan, MFIs have no regulatory framework. This research is the road to the primary network for potential regulators to be extended to objected-oriented MFIs in the future (Shafique & Khan, 2020). There is a deficiency of research on the flaws in Pakistan's micro-credit finance sector and an approach to the

success of micro-credit financing, especially the sustainability of loans given to a person to assist them in being self-employed or growing a small business., needs research in this sector for tenants in remote and backward rural areas. According to the State Bank of Pakistan, this includes social impact research. It also stresses the emotional need for free surveys across the concerned regions of Pakistan. However, in most countries, the model of micro-credit finance proposed by Grameen Bank in Bangladesh has success stories. According to previous studies, (Owais Shafique and Maria Habib, 2020), (Owais Shafique and Rana M. Naeem Khan, 2020), (Choudhury, 2020) and (Demirguc-Kunt, Klapper and Singer, 2017) were remanded to future studies in the Microfinance sector and these all studies helps to enhance the knowledge. Pakistani situations, since in Pakistan's micro-credit finance bank never tries to pursue the fundamental principles of such financing. Thus, the close neighbours include Bangladesh and India, differences in Pakistan and the other countries of the world produce difficulties for the micro-credit financing markets. There is a need for small businesses to be strengthened in tackling their Socioeconomic problems by funding them on restrictive terms through various MFIs. The poverty reduction by small enterprises in backward areas seems to face many socioeconomic issues with the arrival of micro-credit financing, even in the presence of various MFIs and Government subsidies. A recent study conducted in Bahawalpur, Pakistan, by (Shafique & Khan, 2020) identified the impact of microcredit finance on the socio status of the small agriculturist to improve the Socioeconomic status by best opportunities for future successes. The purpose of this study focused on the effects of microfinance, especially on the socio status of the small businessman, through a review of the literature concerned. The study explores microfinance's role in reducing poverty in rural Punjab (Pakistan). This research would be a good source of knowledge of economic constrictions. In this report, the importance of micro-credit financing in remote rural and neglected areas has been aimed at being insured — instead of the educational, cultural, religious and socioeconomic effect on micro-credit finances inequality. Furthermore, this study ensures a good deal of quantitative evaluation or assessment methods of the impact of microcredit finance on socio status in the Pakistan (Waqas & Malik, 2011).

IV. LITERATURE REVIEW

According to (Sikander & Parveen , 2020), Microfinance is regarded as a powerful financial instrument for generating money because of its function. The research goal was to determine whether microfinance has any impact on eradicating poverty. For this, a random sample approach was used, and primary data from 368 respondents in Sindh's two major districts was acquired. The data was analysed with the help of two different statistical methods. In analysing variance in variables (i.e. livelihood, business development, income, and employment), simple independent t-tests have been used before and after respondents' involvement in microfinance in the business activity. Linear regression tests have been used to determine whether there is a relationship between the dependent and independent variables (i.e. microfinance) (i.e. livelihood, business development, income, and employment). A substantial correlation was found between the dependent and independent variables, and the microfinance facility had a favourable impact on poverty alleviation, as determined by the $p=0.005$ and $r=0.78$ values (Sikander & Parveen , 2020). After Grameen's microcredit programme in Bangladesh received the Nobel Peace Prize in 1986, microfinance was recognised as an effective method for decreasing poverty in developing countries. The researcher also focused on microfinance-related studies because of how quickly microfinance is being spared worldwide. Microfinance has both beneficial and harmful effects on the world's poverty reduction. According to a review of empirical studies published in this article, microfinance has been shown to help reduce poverty in Sri Lanka and around the world. Microfinance was found to have a positive link with poverty in most extant studies. These studies summarised results that showed microfinance's capacity to reduce poverty. Few people knew that microfinance had contradictory effects on poverty alleviation. There is also much empirical evidence to study the relationship between microcredit and micro-savings and poverty alleviation; however, some research has identified the impact of all microfinance aspects on the poverty reduction (Owais Shafique and Maria Habib, 2020).

The purpose of this (Korankye, Alex, 2012) paper is to measure the effectiveness of the central for zakat management (CZM) efforts in utilising zakat funds to promote microfinance among poor rural people in Bangladesh. This research examines the impact of zakat on the poor client's income, household expenses, and fixed asset accumulation using a before and after approach in which impoverished individuals and families are given equity capital and encouraged to start small businesses of their choice to achieve sustainable development goals. A period of supervision from 2010 to 2018 ensures that all group members can carry on with their activities and eventually be freed from the shackles of poverty and graduate into a sustainable livelihood and social impact—the group. As a result, average monthly income, fixed assets, and average monthly household expenditure all increased significantly before and after receiving zakat money, according to the findings. This study's findings illuminate the efficacy of a zakat-based approach to alleviating poverty and providing poor rural people with long-term economic empowerment. This research examines the impact

of zakat on the poor client's income, household expenses, and fixed asset accumulation using a before and after approach in which impoverished individuals and families are given equity capital and encouraged to start small businesses of their choice to achieve sustainable development goals. A period of supervision from 2010 to 2018 ensures that all group members can carry on with their activities and eventually be freed from the shackles of poverty and graduate into a sustainable livelihood and social impact—the group. As a result, average monthly income, fixed assets, and average monthly household expenditure all increased significantly before and after receiving zakat money, according to the findings. This study's findings illuminate the efficacy of a zakat-based approach to alleviating poverty and providing poor rural people with long-term economic empowerment (Chowdhury, Sunna and Sanjoy, 2020).

IV.I. MICRO-CREDIT FINANCE AND POVERTY ALLEVIATION

Micro-credit helps the poor in fewer developed countries start small businesses and create the obtain future to eliminate the deficiency. Economics Professor Muhammad Yunus was named in 2006 as the recipient of the Nobel Prize in Economics. According to him, who launched the Microfinance Bank Program in Bangladesh, the word Microcredit means minor loans given to poor individuals to help them so that they can function independently of themselves. Microcredit is also known as the "microlending" (Mago and Hofisi, 2016). There is always suffering in humanity and developing countries around the world. Around twenty per cent of people worldwide live in severe poverty, earning just less than \$ 1 a day. (More than 60% of people in third world nations are agrarian and rely primarily on agriculture. The agricultural industry always has been the backbone of the world nations. Rural poverty reduction rural reduction poverty is, of course, linked with the achievement of agribusiness, especially for agricultural evolution rates. Although agricultural sectors have to make an enormous contribution to the economy, rural ranges are still emerging in the world countries, and rural people, in general, are substandard (Isaga, 2018). Microfinance, along with the living conditions of small farmers, impacts poverty reduction, agricultural plight, and Socioeconomic factors. Microfinance can be described as the practice of providing financial support to small farmers who are downtrodden. Some financial institutions, such as cooperative commercial banks and agricultural banks, provide citizens with loans. It was stressful to make credit available for farming purposes, especially for small farmers in the 1950s. It offers loans to the needy and gives insurance plans and pensions to society's inferior people (Shafique & Khan, 2020).

IV.II. PAKISTAN IN THE FIELD OF MICRO-CREDIT FINANCE

When many Pakistani non-governmental organisations saw that granting loans was necessary for improving the income and productivity of the poor, they also launched micro-credit financing schemes for the poor. The Aga-Khan Rural Support Program has initiated Microcredit finance projects in Karachi as part of these plans (Sindh). Loans to the needy were not the execution of the programs at first. The Aga Khan rural assistance program focuses on the generation of capital and the growth of human resources. Those were the essential components of that strategy. The organisation then realised the micro-credit funding had played a vital role in the success of small businesses (Shafique & Khan, 2020). The rural sector continued to expand, but the growth rate of poverty was too high compared to the urban region. There are several explanations for the spread of poverty in rural areas. According to the PRSP - 2003 report, the fundamental causes of poverty are the low rate of crop productivity growth in agriculture. Moreover, the marketing, exchange and transmission linkages systems have been very fragile. The growers of crops mainly relied on traditional methods of growing and a lack of skills and understanding of modern farming methods. Various studies have established that agriculture is the critical source of income for most developing states. Microcredit is a rare source of poverty reduction. It helps improve the rural economy and the Socioeconomic status of the small farmers in Pakistan. This is a game-changing feature of Pakistan's rural economy and other developing countries' economies such as Bangladesh, India, Sri Lanka, Nigeria, Ethiopia, etc. This is an instrument for self-sufficiency, manufacturing operations and poverty reduction. The microfinance sector in Pakistan can be split into formal and non-formal sectors. Public and private banks and MFIs, such as ZTBL, various RSPs and NGOs, make up the official market. The non-formal sector involves commission representatives, local suppliers or lenders, rural merchants and relatives who provide rural residents with financial services. The agriculture sector needs to supply the major agricultural markets with goods. An effective poverty reduction strategy is the provision of micro-credit and fiscal assistance. By aggressively launching new small businesses in under-developed nations, it builds the trust of needy low-income farmers. Therefore, the features of this policy give great potential to reduce poverty in developing countries. The global issue is agricultural poverty and microfinance poverty. Many steps to eradicate poverty have been taken by both developed and developing countries. Poverty mitigation covers a broad range of topics, including public policies, education, training, health services, medical management, the rural framework, educational opportunities, micro-credit allocation and distribution, and fiscal assistance.

IV.III. POVERTY ALLEVIATION

In the policy, viable and constructive poverty reduction and development of the countryside require some guidelines. Without understanding the farmers' needs and demands, one cannot reduce poverty. Farming has now become an integral part of the improvement of the countryside. Pakistan is an underdeveloped country, especially in the agricultural sector, and is trying to overcome the problems and complications of lower agricultural production. The key reasons for the decrease in agricultural production are the lack of benefits resulting from the development of the new agricultural technology and the low rate of high yield varieties being used. The two Pakistani economies are declining. The growth rate of the agricultural economy needs to be increased in Pakistan since this is the only productive sector that has nourished the entire population of Pakistan.

Hypothesis Development

H1. Participation in the microcredit finance program improves the socioeconomic status of microcredit finance participants of Pakistan.

H2. Knowledge Sharing Ability (KSA) improves the Socioeconomic status of microcredit finance participants of Pakistan.

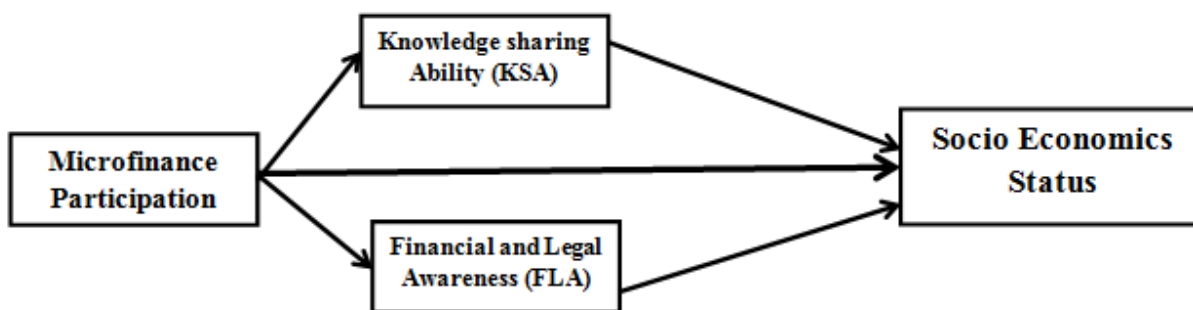
H3. Financial and Legal Awareness (FLA) improve the Socioeconomic status of microcredit finance participants in Pakistan.

H4. Participation in microcredit finance programs leads to increased household income and expenditure among the poor in Pakistan.

H5. Financial and Legal Awareness (FLA) increased household income and expenditure among the Participation in microcredit finance program improves poor in Pakistan.

H6. Knowledge Sharing Ability (KSA) improves the Socioeconomic status of microcredit finance participants through Financial & Legal Awareness (FLA) in Pakistan.

Figure 1: Research Framework



V. METHODOLOGY

This section of the research finds the specific methods and techniques used in the current study. The entire subject identifies how various strategies and tools are used and how efficiently these goals are understood. Here is more information on the population sampling methodology and frame used in this study. More details of research theory, tool, data collection, questionnaire, sampling formation, and investigation style is provided. This was the quantitative type of research. The inquiry was conducted using quantitative methods and procedures. This study aims to measure research questions and validate the hypothesis. Since quantitative research relies on a set of general methods, this study aims to assess particular goals before summarising the overall findings by adding points to the survey. As a result, a study was conducted to see how the microcredit finance program affected the Socioeconomic status of microfinance programmes participants in Punjab (Pakistan). A quantitative analysis was conducted to obtain the desired information. This information was gathered from small business owners in Punjab who responded to a survey. Due to the need for primary data, each microfinance participant was personally visited their home in their villages and towns.

VI. THEORETICAL FRAMEWORK

The framework illuminates generating and enhancing the production of small businesses in rural areas. The cycle of improvement causes more and more success, leading to change to different stages modification into strife to attempt

betterment and economic worth. Recent studies (Masnoon and Saeed, 2014) illustrate microfinance's positive effect. Through detailed analysis and findings of the previous studies which lead to the conclusion given below:

1. experimental research on the microfinance impact shows its small and short livingness
2. unable to establish remarkable good impact denoting critical loopholes in techniques used data collection, respondents, selection.

VII. INSTRUMENT AND SCALE

The questionnaire survey form was used in the research, performed exclusively for the uneducated. The research questionnaire was written in English and then translated into Urdu for ease of comprehension by the participants. Questionnaires were developed by adapting the questionnaires.

The questionnaire was taken by assessing many studies to control the questionnaire bias. The questionnaire consists of a 7-points Likert scale to measure the **impact of microcredit finance on the Socioeconomic status of small agriculturalists in Punjab, Pakistan** (Owais Shafique and Rana M. Naeem Khan, 2020). The questionnaire scale describes under:

Strongly Disagree, Moderately Disagree, Slightly Disagree, Neutral, Slightly Agree, Moderately Agree, Strongly Agree.

This study adopted a questionnaire survey technique to execute the analysis. It was best to apply the survey method to collect data from the clusters. The Survey method is managed by face to face interaction to complete the questionnaire. This method improves the accuracy of the information provided and increases the guarantee of response rate.

Structured questionnaires were developed to collect data from interviewees—the questionnaire was structured as close-ended. In most cases, the survey method was used to collect data. This includes the participation of researchers by the participants and non-participants of microcredit finance. The researcher used two separate questionnaires for micro-credit finance participants and non -participants for the study. The final questionnaires were a series of questions that invited participants to get helpful information from the statistical data of a specific question.

VII. DATA ANALYSIS

The data collected from interviews & questionnaires were assessed with the help of statistical tools SPSS 21 and Smart PLS software version 3.0. This research is inclined to use regression, analysis of variance & structural equation modelling, very rarely used by past researchers. The data were tested to judge the effectiveness of Microcredit finance to eliminate poverty.

IX. RESULTS & ANALYSIS

The analysis part at this stage is divided into two distinct models used to test the two main hypotheses, namely H1& H2. Information for this study came from several 325 responders. The data from all over the remote rural areas of Punjab (Pakistan) was collected for this research to test all the above hypotheses. The total number of micro-credit survey participants was 325, of which 209 were active micro-credit finance participants and 116 were non-participants in micro-credit finance programmes. Therefore, the model for Socioeconomic status was used in the data of 325 respondents, including 142 women.

Table 1: Demographics

Categories	Frequency	Percentage
Gender		
Male	183	56.3
Female	142	43.7
Total	325	
Age of Respondents		
Less than 30 years	79	24.30
31-40 years	168	51.69
41-50 years	41	12.61
Greater than 50 years	37	11.38
Total Respondents	325	

IX.I. DEMOGRAPHICS ANALYSIS

Gender of Respondents: The given table describes the demographic analysis of the gender of respondents. Out of 325 respondents who respond to the questionnaire, 183 respondents are male. They are 56% of the total respondents. The female respondents were 142 out of 325 and they are 44% of the total respondents. The main reason for lower female participation is the lower job rate of females after their study in this region. The age groups of all respondents are presented in this table. Most of the respondents (51.69%) were between the age of 31 to 40 years old, while 24.30 %, 12.61% and 11.38% of respondents were between the age of less than 30 years old, 41 to 50 years old and greater than 50 years old, respectively.

IX.II. MEASUREMENT MODEL

The evaluation measurement models examine outer loadings, average variance extracted (AVE), CR, discriminate validity, and convergent validity. Measurement Model is evaluated based on the factor loadings, AVE and CR (Anderson, & Tatham, 2006; Kim, Mirusmonov & Lee, 2010). The table reveals that the minimum recommended value 0.6 is achieved for all item loadings (Reddy and Stresses 1998). CR values also exceed recommended value 0.7 (Iskandar, 2019) and AVE is also above the recommended value 0.5 (Razak *et al.*, 2017). Based on the results, discriminant validity is also established.

Figure 2: PLS Model

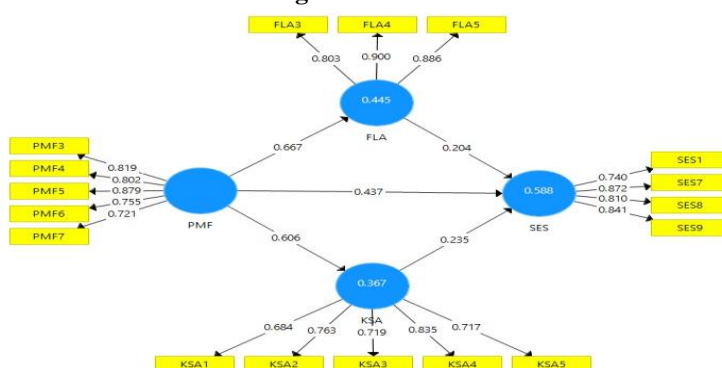


Table 2: Validity & Reliability

	Loadings	AVE	CR	Cronbach's Alpha
Financial Legal Awareness		0.746	0.898	0.829
FLA3	0.803			
FLA4	0.900			
FLA5	0.886			
Knowledge Sharing Ability		0.556	0.862	0.799
KSA1	0.684			
KSA2	0.763			
KSA3	0.719			
KSA4	0.835			
KSA5	0.717			
Participation in Microfinance Programmes		0.635	0.897	0.855
PMF3	0.819			
PMF4	0.802			
PMF5	0.879			
PMF6	0.755			
PMF7	0.721			
Socioeconomic Status		0.668	0.889	0.832
SES1	0.740			
SES7	0.872			
SES8	0.810			

SES9

0.841

	FLA	KSA	PMF	SES
FLA	0.864			
KSA	0.602	0.745		
PMF	0.667	0.606	0.797	
SES	0.636	0.622	0.715	0.817

	FLA	KSA	PMF	SES
FLA3	0.803	0.480	0.548	0.469
FLA4	0.900	0.554	0.620	0.569
FLA5	0.886	0.524	0.559	0.604
KSA1	0.350	0.684	0.400	0.404
KSA2	0.362	0.763	0.449	0.446
KSA3	0.419	0.719	0.439	0.351
KSA4	0.543	0.835	0.515	0.482
KSA5	0.535	0.717	0.446	0.596
PMF3	0.562	0.390	0.819	0.544
PMF4	0.587	0.427	0.802	0.613
PMF5	0.620	0.579	0.879	0.679
PMF6	0.407	0.477	0.755	0.501
PMF7	0.452	0.536	0.721	0.487
SES1	0.552	0.506	0.632	0.740
SES7	0.483	0.500	0.578	0.872
SES8	0.473	0.479	0.574	0.810
SES9	0.561	0.540	0.541	0.841

	FLA	KSA	PMF	SES
FLA				
KSA		0.728		
PMF		0.785	0.730	
SES		0.761	0.748	0.838

Notes: AVE: Average variance extracted: FLA: Financial Legal Awareness, KSA: Knowledge Sharing Ability, PMF: Participation of Microfinance and SES: Socioeconomic Status.

A bootstrapping method with the 2000 iterations performed the statistical test significance of weights in sub-constructs & path coefficients (Bligh and Hess, 2007). The goodness of fit value for the model under consideration is 0.588, indicating a good model fit based on Hoffmann and Brinbrich's (2012) reported cut-off values of 0.36.

Following evaluations of measurement model & goodness of fit,

Financial Legal Awareness' experience explains 44.5% of the memories ($R^2 = 0.445$). Knowledge Sharing Ability experience & memories predict 36.7% of Participation ($R^2 = 0.367$). Participation in Microfinance together predicted 63.5% of their Socioeconomic status ($R^2 = 0.635$). (Turvey and Kong, 2010) classified the latent variables is substantial ($R^2 = 0.67$), mediator ($R^2 = 0.445$), or ($R^2 = 0.367$). Our results show that Financial, legal Awareness ($R^2 = 0.445$) and knowledge-sharing ability ($R^2 = 0.367$) can all be described as mediators.

In addition to the size of the R^2 , the predictive samples use the technique (Q2) again to serve effectively for criterion and predictive relevance.

	AVE	R Square
FLA	0.746	0.445
KSA	0.556	0.367
PMF	0.635	
SES	0.668	0.588

Notes: AVE: Average variance extracted: FLA: Financial Legal Awareness, KSA: Knowledge Sharing Ability, PMF: Participation of Microfinance and SES: Socioeconomic Status.

Figure 3: Bootstrapping

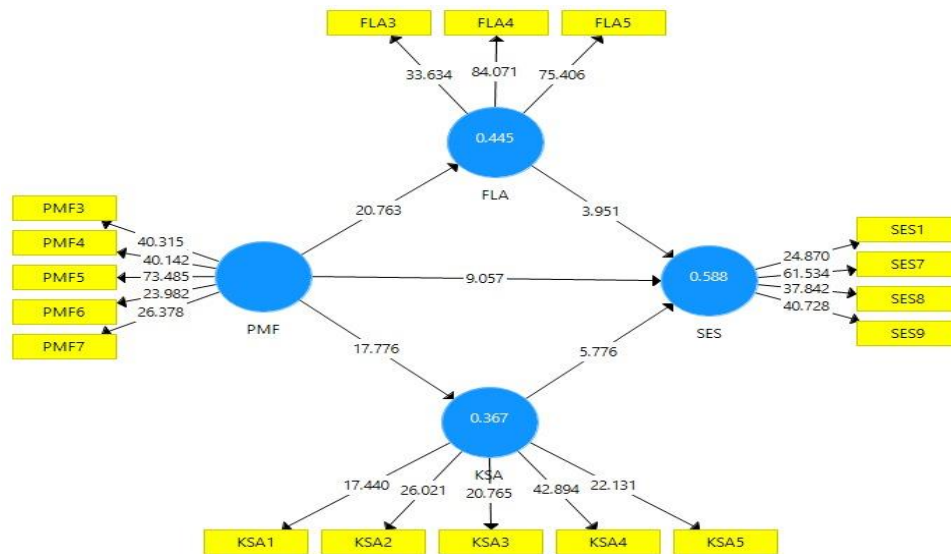


Table 7: Structural Estimates (Hypothesis Testing)

	Standard Beta	P Values	T Statistics	Decision
FLA -> SES	0.204	0.000	3.951	Supported
KSA -> SES	0.235	0.000	5.776	Supported
PMF -> FLA	0.667	0.000	20.763	Supported
PMF -> KSA	0.606	0.000	17.776	Supported
PMF -> SES (Direct Effect)	0.437	0.000	9.057	Supported
PMF -> SES (Total Indirect Effect)	0.278	0.000	6.930	Supported
PMF -> FLA -> SES	0.136	0.000	3.990	Supported
PMF -> KSA -> SES	0.142	0.000	5.113	Supported

As shown in Table for participants' memories, Microcredit finance on Socioeconomic status indicates acceptable predictive relevance presents complete results of structural model & hypotheses testing. The six beliefs are strongly supported, meaning that Microfinance participants are good predictors in memories, Financial Legal Awareness, Knowledge Sharing Ability, Participation in Microcredit finance and Socioeconomic Status. Moreover, the findings indicate that Participation in Microcredit finance impacts Socioeconomic Status by mediating financial, legal awareness and knowledge-sharing ability.

IX.III. MEDIATION ANALYSIS

A mediation check was also performed to establish and validate the proposed models. In the proposed model of this study, Financial, legal awareness and knowledge-sharing ability were presented as a mediator among participation of microcredit finance and socioeconomic status. (Baron and Kenny, 1986) simple test of mediation was applied to test these mediating effects by comparing three different model runs in PLS as required by (Baron and Kenny, 1986) classical mediation test and comparing results of the path coefficients and R^2 values. First, we assessed the mediation among microfinance participation between financial, legal awareness, and knowledge-sharing ability to be 0.588 and produced an R^2 of 0.445 for financial and legal awareness. When mediation relationships between variables are added, the paths be significant. We used the same procedure to test financial and legal awareness's mediating effect on knowledge sharing ability. The mediated path between financial, legal awareness and knowledge-sharing ability has a significant value of 0.668 and formed R^2 of 0.588 for Socioeconomic status. When the mediation relationship with microfinance participation is added, the paths are also substantial.

X. CONCLUSION

According to the findings of this research, microfinance is a catalyst for economic growth in developing countries. Risk, lack of corporate assistance, and social pressure hamper small farmers' efforts to cultivate their crops. Financial micro-loans have proven to be a helpful tool in solving various issues. Micro-credit financial institutions are currently well-served by the provision of Microloans for future success. However, there is always the potential for improvement in the system, especially the institutions of financial institutions. The value and favourable position of microfinance institutions are directly linked to the benefit of small businesses. The results indicate that the independent variable has a clear and substantial effect on dependent variables such as living standards and business productivity. As a result of increased production and per-acre profits, they reduced their poverty, became more motivated, and reinforced female members of their families. The availability of microfinance as a dummy variable significantly affects the profitability of small businesses in rural and remote areas of Punjab. This study was conducted by a group of researchers from different countries to fill in the gaps in the literature regarding the need for micro-credit research in Pakistan. The study is based on three other models. The first model was used to look at micro-credit finance (PMF) & Socioeconomic status (SES) participants. For this, 325 respondents from 325 participatory and non-participatory micro-credit respondents were used (one was excluded due to an outlier). The second model looked at socioeconomic status (SES) and knowledge-sharing ability (KSA), and it used 325 respondents from 325 participatory and non-participatory micro-credit respondents (one was left out due to an outlier). Both male and female participants provided information. The third model looked at socioeconomic status (SES) and financial and legal awareness (FLA), and 325 respondents from 325 participatory and non-participatory micro-credit participants were used (one was excluded due to an outlier). Both male and female participants provided information. According to the study, participation in microcredit finance schemes has a successful primary connection among participation in microcredit finance and Socioeconomic status. The findings show that these programs improve the situation of small businesses in Punjab (Pakistan). It helps them become financially empowered, and participation in microcredit finance schemes helps women strengthen their Socioeconomic status and support their families financially. In addition, the research also revealed the positive association between knowledge sharing ability (KSA) and Socioeconomic status (SES) of male and female small businesses' respondents through participation in micro-credit finance schemes. The research intimates that the knowledge sharing ability (KSA) also boosts the knowledge of modern varieties of seeds, fertilisers, agribusiness markets, environmental changes, and the ability to use the latest farm technologies of the small businesses, both male and female in Pakistan the difficulties of the small businesses. The knowledge-sharing ability also helps the small businesses (both male and female) in Punjab (Pakistan) to upgrade their Socioeconomic status increases their income and resources. Furthermore, the study also finds out the positive relationship between Financial and legal ability (FLA) and Socioeconomic status (SES) through participation in micro-credit finance (PMF). The research also expresses that financial and legal awareness (FLA) is more generative for small businesses (both male and female) in Punjab (Pakistan). It assists them to know their legal rights about tenants act; property heritage rights especially for women in rural areas and also it aware them about financial markets, rate of interest, awareness about legal documents, local and national tax laws and banking rules and regulations. Financial and legal awareness (FLA) also save them from fraud, misuse of cheques, abuse of tenants' agreements, misuse of legal documents, etc. This also identifies how to take advantage of financial markets.

Male participants in micro-credit finance schemes are more significant than female participants. The main reason is that females were not allowed to participate in any outdoor activity. But few females who participated in these schemes participated. Their number is deficient. Although, the use of loans of female participants is used in non-economic activities like the return of loans and interest getting by the other male family members, marriages, building

construction etc. This study identifies that only 45 per cent of females participated in this study while 55 per cent of males participated in the micro-credit schemes. The ratio of women borrowers in Pakistan is meagre compared to Bangladesh, India, and Sri Lanka. The study also noted that the proportion of poverty alleviation of the male is more significant than female participants in Punjab (Pakistan). Participation of Microcredit schemes has significant involvement in raising agriculture assets, crops production, revenue, income, increase in livestock, improvement in housing, Socioeconomic status, betterment in the family members' health care services and schooling. The micro-credit programs reduced poverty from small businesses to remote controls areas in Punjab (Pakistan). It also helps to improve the economic condition of Pakistan. "Man is fallible", so this study cannot be free of limitations like other studies. Some of the limitations are as under:

1. The factor of prejudice and biases from respondents is not out of the questions.
2. This study was limited because of a shortage of duration because it requires a timeline study on microfinance and demands intervals of at least two years.

The future recommendations are listed below:

1. The factual information for our study was only gathered from the customers of Microfinance Banks (NRSP, FMFB), National Bank of Pakistan, ZaraiTaraqati Bank Limited, and ignored other organisations.
2. However, these NGOs and only two commercial banks are very effective and have far-reaching effects on the most deprived of the weak rather than traditional MFB.

According to the findings from this research following recommendations can be very fruitful:

1. There is a dire need to enhance education for small businesses and their families. The government should ensure easy access to formal education according to Pakistan's society's religious and cultural beliefs. The education in rural areas must be agriculture oriented to uplift their awareness about agriculture production and marketing tactics.
2. It should be ensured that standard seed, fertilisers, pesticides, agriculture tools are easily accessible for small businesses. For this, micro-credit finance institutions should come forward make things easy for small businesses in the form of easy loans on easy interest should be made available for them.
3. The government should come forward to support the country's backbone and provide free electricity for the small businesses in rural areas to run their tube wells and provide technical support to the small businesses.

REFERENCES

- Aladejebi, O., and, J. O.-J. of S. B., and 2019, undefined. (2019). The impact of record keeping on the performance of selected small and medium enterprises in Lagos Metropolis. *Researchgate.Net*.
- Ali, H., Zaini, M. Z., Hashmi, H. S., Abbas, M. H., Shahid, M. W., and Tariq, U. (2018). Awareness and Knowledge of Fintech among Islamic Banking and Finance Students in Pakistan. *Islamic Banking and Finance Review*, 5, 2–22.
- Ali, A. (2015). The Impact of Macroeconomic Instability on Social Progress: An Empirical Analysis of Pakistan. Ph.D Dissertation. NCBA&E, Lahore, Pakistan., 1-152.
- Ali, A., & Rehman, H. U. (2015). Macroeconomic instability and its impact on gross domestic product: an empirical analysis of Pakistan. *Pakistan Economic and Social Review*, 285-316.
- Ali, A. (2018). Issue of Income Inequality Under the Perceptive of Macroeconomic Instability: An Empirical Analysis of Pakistan. *Pakistan Economic and Social Review*, 56(1), 121-155.
- Ali, A. and Bibi, C. (2017). Determinants of Social Progress and its Scenarios under the role of Macroeconomic Instability: Empirics from Pakistan. *Pakistan Economic and Social Review* 55 (2), 505-540.
- Ali, A., & Ahmad, K. (2014). The Impact of Socio-Economic Factors on Life Expectancy in Sultanate of Oman: An Empirical Analysis. *Middle-East Journal of Scientific Research*, 22(2), 218-224.
- Ali, A., & Audi, M. (2016). The Impact of Income Inequality, Environmental Degradation and Globalization on Life Expectancy in Pakistan: An Empirical Analysis. *International Journal of Economics and Empirical Research*, 4 (4), 182-193.
- Ali, A., & Audi, M. (2018). Macroeconomic Environment and Taxes Revenues in Pakistan: An Application of ARDL Approach. *Bulletin of Business and Economics (BBE)*, 7(1), 30-39.
- Ali, A., Alim, W., Ahmed, J., & Nisar, S. (2021). Yoke of corporate governance and firm performance: A study of listed firms in Pakistan.
- Ali, A., Audi, M., & Roussel, Y. (2021). Natural Resources Depletion, Renewable Energy Consumption and Environmental Degradation: A Comparative Analysis of Developed and Developing World. *International Journal of Energy Economics and Policy*, 11(3), 251-260.
- Alim, W., & Ali, A. (2021). The Impact of Islamic Portfolio on Risk and Return. *Archives of Business Research*,

- 9(11), 108-122.
- Alim, W., Ali, A., & Metla, M. R. (2021). The Effect of Liquidity Risk Management on Financial Performance of Commercial Banks in Pakistan. *Journal of Applied Economics and Business*, 9(4), 109-128.
- Arshad, S., & Ali, A. (2016). Trade-off between Inflation, Interest and Unemployment Rate of Pakistan: Revisited. *Bulletin of Business and Economics (BBE)*, 5(4), 193-209.
- Ashraf, I., & Ali, A. (2018). Socio-Economic Well-Being and Women Status in Pakistan: An Empirical Analysis. *Bulletin of Business and Economics (BBE)*, 7(2), 46-58.
- Audi, M., Ali, A., & Al-Masri, R. (2021). Determinants of Advancement in Information Communication Technologies and its Prospect under the role of Aggregate and Disaggregate Globalization.
- Audi, M., Ali, A., & Roussel, Y. (2021). *The Advancement in Information and Communication Technologies (ICT) and Economic Development: A Panel Analysis*. *International Journal of Innovation, Creativity and Change*, 15(4), 1013-1039.
- Audi, M., Sadiq, A., & Ali, A. (2021). Performance Evaluation of Islamic and Non-Islamic Equity and Bonds Indices: Evidence from selected Emerging and Developed Countries. *Journal of Applied Economic Sciences*, 16(73), 251– 269.
- Angelucci, M., Karlan, D., and Zinman, J. (2015). Microcredit impacts: Evidence from a Randomized Microcredit Program Placement Experiment by Compartamos Banco. *American Economic Journal: Applied Economics*, 7(1), 151–182.
- Ankrah Twumasi, M., Jiang, Y., Osei Danquah, F., Chandio, A. A., and Agbenyo, W. (2019). The role of savings mobilization on access to credit: a case study of smallholder farmers in Ghana. *Agricultural Finance Review*, 80(2), 275–290.
- Antwi, S., and Ohene-Yankyira, K. (2017). Relationship Lending and Its Effects on Transaction Cost of Obtaining Credit. The Case of Maize Farmers in Ghana. *Journal of Finance and Economics*, 5(2), 38–49.
- Atamanov, A., Lakner, C., Mahler, D. G., Tetteh Baah, S. K., and Yang, J. (2020). The Effect of New PPP Estimates on Global Poverty. In *The Effect of New PPP Estimates on Global Poverty*. World Bank, Washington, DC.
- Banerjee, A., Duflo, E., Glennerster, R., and Kinnan, C. (2015). The miracle of microfinance? Evidence from a randomized evaluation. *American Economic Journal: Applied Economics*, 7(1), 22–53.
- Beck, T., Demirgüç-Kunt, A., and Peria, M. S. M. (2008). Banking services for everyone? Barriers to bank access and use around the world. *World Bank Economic Review*, 22(3), 397–430.
- Benjamin, T. A., Timo, S., Stefan, B., and Jukka, K. (2015). Factors influencing smallholder farmers access to agricultural microcredit in Northern Ghana. *African Journal of Agricultural Research*, 10(24), 2460–2469.
- Berzin, S. C., and de Marco, A. C. (2010). Understanding the impact of poverty on critical events in emerging adulthood.
- Choudhury, M. A. (2020). The Impact of Islamic Development Financing on Poverty Alleviation in Indonesia. *God-Conscious Organization and the Islamic Social Economy*, 17(8), 255–272.
- Chowdhury, S. R., Sunna, T. C., and Sanjoy, S. (2020). Response to COVID-19 in Bangladesh: Strategies to Resist the Growing Trend of COVID-19 in a Less Restricted Situation. *Asia-Pacific Journal of Public Health*, 32(8), 471–472.
- Crépon, B., Devoto, F., Duflo, E., and Parienté, W. (2015). Estimating the impact of microcredit on those who take it up: Evidence from a randomized experiment in Morocco. *American Economic Journal: Applied Economics*, 7(1), 123–150.
- Demirguc-Kunt, A., Klapper, L., and Singer, D. (2017). Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence. *Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence*, (April).
- Duncan, G. J., and Brooks-Gunn, J. (2000). Family poverty, welfare reform, and child development. *Child Development*, 71(1), 188–196.
- Isaga, N. (2018). Access to bank credit by smallholder farmers in Tanzania: a case study. *Afrika Focus*, 31(1).
- Jolliffe, D., and Prydz, E. B. (2015). *Global Poverty Goals and Prices: How Purchasing Power Parity Matters*. The World Bank.
- Korankye, Alex, A. (2012). Microfinance: A Tool for Poverty Reduction? *Journal of Business and Retail Management Research*, 7(1), 138–150.
- Lin, L., Wang, W., Gan, C., Cohen, D. A., and Nguyen, Q. T. . (2019). Rural Credit Constraint and Informal Rural Credit Accessibility in China. *Sustainability*, 11(7), 1935.

- Linh, T. N., Long, H. T., Chi, L. Van, Tam, L. T., and Lebailly, P. (2019, March 1). Access to rural credit markets in developing countries, the case of Vietnam: A literature review. *Sustainability (Switzerland)*, Vol. 11. MDPI AG.
- Madestam, A. (2014). Informal finance: A theory of moneylenders. *Journal of Development Economics*, 107, 157–174.
- Mago, S., and Hofisi, C. (2016). Microfinance as a pathway for smallholder farming in Zimbabwe. *Environmental Economics*, 7(3), 60–66.
- Masnoon, M., and Saeed, A. (2014, May 31). *Capital Structure Determinants of KSE Listed Automobile Companies*.
- N’dri, L. M., and Kakinaka, M. (2020). Financial inclusion, mobile money, and individual welfare: The case of Burkina Faso. *Telecommunications Policy*, 44(3), 101926.
- Noah Webster 1843. (n.d.). *Merriam-Webster*.
- Ouattara, N., Xueping, X., BI, T. B. A. Y., Traoré, L., Ahiakpa, J. K., and Olounlade, O. A. (2020). Determinants of smallholder farmers’ access to microfinance credits: A case study in Sassandra-Marahoué District, Côte d’Ivoire. *Agricultural Finance Review*, 80(3), 401–419.
- Owais Shafique, and Maria Habib. (2020). Over-Indebtedness of Rural Micro-credit Financing in Bahawalpur: An Impediment to their Social & Financial Mobility. *Journal of Accounting and Finance in Emerging Economies*, 6(2), 559–569.
- Owais Shafique, and Rana M. Naeem Khan. (2020). An Empirical Study on the Impact of Micro-Credit Financing on the Socio-Economic Status of Small Agriculturists in Pakistan. *Journal of Business and Social Review in Emerging Economies*, 6(3), 1051–1061.
- Römer, U., and Musshoff, O. (2018). Can agricultural credit scoring for microfinance institutions be implemented and improved by weather data? *Agricultural Finance Review*, 78(1), 83–97.
- Kassem, M. Ali, A. & Audi, M. (2019). Unemployment Rate, Population Density and Crime Rate in Punjab (Pakistan): An Empirical Analysis. *Bulletin of Business and Economics (BBE)*, 8(2), 92-104.
- Roussel, Y., Ali, A., & Audi, M. (2021). Measuring the money demand in Pakistan: a time series analysis. *Bulletin of Business and Economics (BBE)*, 10(1), 27-41.
- Sajid, A. & Ali, A. (2018). Inclusive Growth and Macroeconomic Situations in South Asia: An Empirical Analysis. *Bulletin of Business and Economics (BBE)*, 7(3), 97-109.
- Şentürk, İ., & Ali, A. (2021). Socioeconomic Determinants of Gender Specific Life Expectancy in Turkey: A Time Series Analysis. *Sosyoekonomi*, 29(49), 85-111.
- Saeed, S., Yousafzai, S. Y., and Engelen, A. (2014). On Cultural and Macroeconomic Contingencies of the Entrepreneurial Orientation-Performance Relationship. *Entrepreneurship: Theory and Practice*, 38(2), 255–290.
- Saqib, S. e, Ahmad, M. M., Panezai, S., Hidayatullah, H., and Khattak, K. K. (2016). Access to Credit and its Adequacy to Farmers in Khyber Pakhtun-khwa: The Case of Mardan District. *Sarhad Journal of Agriculture*, 32(3), 184–191.
- Shafique & Khan. (2020). An Empirical Study on the Impact of Micro-Credit Financing on the Socio-Economic Status of Small Agriculturists in Pakistan. *Journal of Business and Social Review in Emerging Economies*, 6(3), 1051–1061.
- Shah, T. et al. (2015). Impact of Microcredit on Agricultural Development in District Mastung Balochistan : A Case Study of Balochistan Rural Support Programme (BRSP). *Journal of Poverty, Investment and Development*, 9, 21–37.
- Togba, E. L. (2012). Microfinance and households access to credit: Evidence from Côte d’Ivoire. *Structural Change and Economic Dynamics*, 23(4), 473–486.
- Turvey, C. G. (2013). Policy rationing in rural credit markets. *Agricultural Finance Review*, 73(2), 209–232.
- Turvey, C. G., and Kong, R. (2010). Informal lending amongst friends and relatives: Can microcredit compete in rural China? *China Economic Review*, 21(4), 544–556.
- Turvey, C. G., and Xiong, X. (2017). Financial inclusion, financial education, and e-commerce in rural china. *Agribusiness*, 33(2), 279–285.
- Umanath, M., Paramasivam, R., Kavitha, V., and Thangadurai, T. (2018). Determinants of Demand for Formal Agricultural Credit in Rural India. *Asian Journal of Agricultural Extension, Economics & Sociology*, 28(1), 1–7.
- Waqas & Malik. (2011). *Impact of education on poverty reduction*.