



ROLE OF MICROCREDIT AND LITERACY IN EMPOWERMENT OF WOMEN: EVIDENCE FROM SLUM HOUSEHOLDS OF BAHAWALPUR IN PAKISTAN

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ABSTRACT

Women domiciliary participants faced with many more complications than men due to their numerous simultaneous roles. Their performance has greatly contributed in the improvement of household life, especially in welfare of their families. The driving force of the purpose of this research is to assess the role of women in improving the household life of slum area Bahawalpur Pakistan. The on-going intellectual package of study based on 400 women household borrowers were selected from three randomly selected financial institutions NRSP, TMBL and KBL using stratified random sampling technique. The data was analyzed through suitable descriptive analysis and method of Multinomial Logit Model by applying STATA 15 statistical software. This study found that Microcredit to women is not simplest role in reduction of poverty and for bring the sustainability in financial system of a country or specific area. But it's also presentation of top notch development in financial enablement of the women, which can establish the improved well-being, social and economic empowerment for ladies. Therefore, it can say that the Micro financing to women can be a best step to remove the gender equality and establishment of women standard in the society.

Keyword: Women empowerment, Microcredit, women as borrowers, Slum areas of Pakistan

JEL Codes: J16

I. INTRODUCTION

The women are crucial part of any society. They play a supportive role in all the business of life. But it is very hard pill to swallow that structure of some societies most give them a second position (Niaz & Iqbal, 2019). The authorization in daily life is best element to set up the status and explain the power of women. In other word the empowerment of women is related to the authority of a women in that make her enable to get control on public decision making and on their own (Abbas & Muneer, 2019). The women contribution in the field of work not only participates for the mindset and the order of economical perspective but also attribute exceedingly for the economic welfare of her family (Zuhri et al., 2020). In current time, social developmental process has brought changes in social phenomenon of the family circle and biggest changes come in the appearance of single parent or single head leading families (Shadabi et al., 2020).

Pakistan is independent country and has full enforcement of democracy. Therefore, the constitution of Pakistan provides all fundamental rights to women same like men and also accepts equal opportunities in all the field of life. This is main cause, that the condition of women in Pakistan is more better than other south and Asian Muslim countries (Abbas & Muneer, 2019).

Regarding to financial empowerment in Pakistan, Microfinance organizations assist the women to be more intellectual, innovative, inventive and analytical thinkers. This is main source to identify them in the form of entrepreneur and women trust the microfinance sector and consider it as a source of economic empowerment of women (Miled, & Rejeb, 2015).

There are many studies on the empowerment of the women such as (Noreen, 2011) explained the demographic

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variables that enhance the women empowerment, (Rehman et al., 2009) elaborated that skillfulness of women is major factor of women empowerment. But this study is pioneer attempt to investigate the household life improvement of borrower women by the microcredit and aggregate personal empowerment from slum area of Pakistan. This current study is very significant and has immense importance. As Women enablement in the entire field of life and specially in business field has converted one of the crucial primacies for defensible expansion globally. The financial assistance to the women is important for her empowerment (Chakraborty et al., 2019; Kumari et al., 2019). Microcredits provide a practical technique to produce revenue and decrease poverty, upsurge food safety and females authorization by increasing economic improvement in different department (Roodman & Morduch, 2014). Microcredit give the chance to contributing in attainable revenue generation actions that are vital to safeguarding working wealth or a assets for the assistance to needy people when they requisite support (Akhter & Cheng, 2020).

Therefore, the objectives of this study are, to find out the role of microcredit to enhance borrower women's home lives, to explore the elements that contribute to women's overall personal empowerment, to inspect the household life improvement of borrower due to aggregate personal empowerment.

II. LITERATURE REVIEW

This part of the article is consisted on the review of the previous studies, developed on microcredit, aggregate personal empowerment and household life improvement. These literatures are consisted on deep research regarding to different variables with respect to women financial power and status. There are two parts a head one with represent relation between microcredit and household life improvement, while second part explains the link between total personal empowerment and improved home life.

II.I. MICROCREDIT AND HOUSEHOLD LIFE IMPROVEMENT

In its least complex structure, microcredit is an arrangement of credit and other monetary administrations for those who are denied of a proper financial framework (Cornwall, 2016). The provision of microcredit benefits to the poor of low income citizen to attain a pecuniary loan at low or no interest rate. These kinds of loans assist the low income people to encounter the poverty and maintain their living standards (Rahman et al., 2017). At a staggering rate around the world, this monetary interaction has expanded the quantities of its clients in emerging nations, and, as per ongoing information sheets, more than 200 million individuals are immediate or backhanded recipients of this microcredit scheme (Seng, 2018). Microcredit helps its clients' complex prosperity strikingly and further develops country expectations for everyday comforts (Al-shami et al., 2018).

Women's complete and comparative well-being is an noticeable element of women enablement in different field (Saravanan, 2016). Entire welfare is the procedure of enlightening the achievement of women and it's also specified by consequences that quantity the present status of knowledge, wellbeing and nourishment, labor force participation, agility, ownership of assets. The women relative wellbeing is related to the involvement of women in the decision making, income control and economically participation in within the family (Saravanan, 2016). In other word, this kind of wellbeing is closely related to the empowerment of women. Because, Women empowerment instigates when females recognize that how economic, social and political powers undesirably affect them This procedure starts with the attentiveness and consideration of women's optimistic self-image, confidence, rights and duties and competences (Cornwall, 2016).

II.II. AGGREGATE PERSONAL EMPOWERMENT AND HOUSEHOLD LIFE IMPROVEMENT

The character of women is domestic in nature. The role of the women is considered as a passive daughter, a unworried wife and a reliant mother. The contribution of women In the financial activities in agriculture has persisted squat (Roy et al., 2017).

(Acharya et al., 2010) examine women independence in domestic decision making. This study found that women empowerment in decision making is absolutely linked with their age, employment, numbers of living children and financially contribution. There are some studies; mainly in developing countries have also revealed that women have deficiency of women independence in household financial decisions (Abdullah Yusof & Duasa, 2010; Baliyan, 2014; Rammohan & Johar, 2009). On the other hand (Solanke & Dandago, 2018) explains that women who participate in financially in the house has significant influence in all decisions .

The women economically participation in daily routine specifies the good quality of life (Abbas & Muneer, 2019). By the help of aggregate personal empowerment the women themselves also enhance value and the fortuitous to let the formation of larger participation and welfare of family members. The empowerment also enhances the self-esteem of

women, which improve the life of overall family(Wattoo et al., 2015).

III. MATERIALS AND METHODS

The on-going intellectual package of study, based on cross sectional descriptive analysis was carried in Bahawalpur District located in Southern Punjab Pakistan that is regarded as 12th big city of our beloved homeland. The twin exclusive areas, comprising Urban and Rural were specially made a part of this activity as of their proximity, that relishes the underneath municipality boundaries.

Stratified random sampling method was employed on three microfinance banks such as Khushali Bank Limited, - Mezan Bank Limited and National Rural Support Program from district Bahawalpur, Southern Punjab-Pakistan. After the meaningful, coordination with these three aforesaid financial institutions, the sample of 400 women profiles were used to prepare a list of women who were the fountain head of domestic healthy activities.

The researcher filled in the questionnaire as per the interviews; probably in 10-15 minutes duration, included the household life, aggregate personal empowerment and demographics. Validity and reliability were approved, and brought in using Cronbach's alpha, household life improvement of $0.68 > 0.7$, while KMO sampling adequacy measures of household life improvement is 0.62 (Andale, 2017 and 2016).

This study has four areas of instrument, reflecting 28 questions respectively, the 3-point Likert scale (1 to3) for household life improvement (4 items) and Agg. Personal empowerment (14 items) whereas, 5-point Likert scale (1 to 5) for microcredit (5 items), and demographics have (5 items) was used to respond to the queries of this tool.

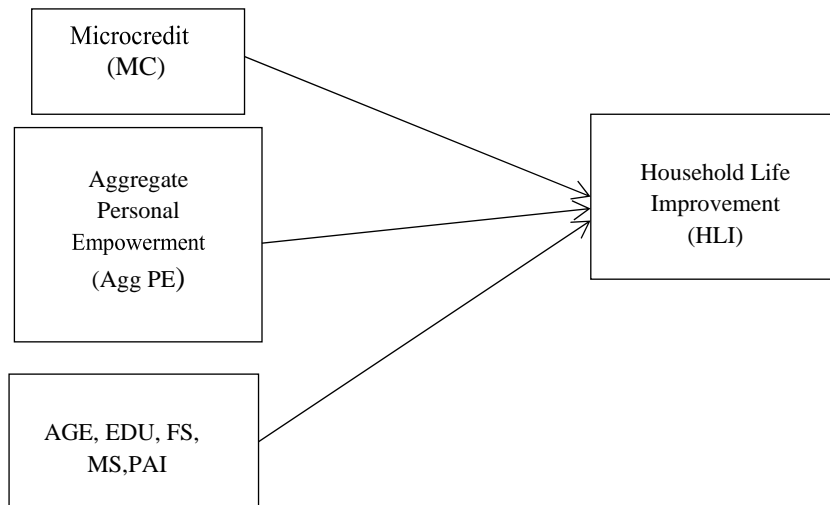
After getting the raw scores, each subscale transformed into a standard score. Each area receives the score of 1 to 3, whereby 1 indicates the worse and no ability and 3 mirrors improve and full ability states of the respective domain; i.e. the higher score triggers the improved household life.

The data was analyzed by using STATA 15 statistical software by using descriptive methods (mean, standard deviation, skewness and kurtoses) and analytical analysis (multinomial Logit model). The researcher in her wake has tried her utmost effort to explain the targeted research-oriented goals for the potential curious participants, emphasizing the confidentiality of their data, while obtaining the written consent.

IV. RESEARCH FRAMEWORK

With the support of above literature and in the light of the Theory of Quality of life III, presented by Ventegodt, Merrick, & Andersen, (2003) the current study able to address the following research framework.

Figure 1: conceptual framework



Source: Developed by author

This study is developed to elaborated the impact of microcredit such as (LD,T and LS) and PEagg (aggregate personal empowerment) on house hold improvement. This study used Multinomial logit model to find out the effect of education, family size, age of participant, loan size, personal annual income, loan duration and aggregate personal empowerment on the household life improvement of women borrower in slump area of Pakistan. After that the

findings discuss the estimation of results from multinomial model to define that whether the estimation are robust or not.

IV.I. TESTS FOR MODEL FIT

The results of model fit tests are reported in Table 4.1, which shows the “tests for goodness of fit” model

Table 4.1: Tests for Goodness of Fit

Tests	Results
Likelihood Ratio χ^2 (6)	p-value=0.0000
Wald chi-square test	p-value=0.0000
Pseudo R ²	0.1932
Percentage of Correct Prediction	PCP= 83.75%

Source: “Survey, 2016 computed using STATA Version 13”.

IV.II. TEST FOR MODEL SPECIFICATION

Before estimating the model, check to see if the model definition includes the Independent Irrelevant Alternative (IIA) assumption. The independent irrelevant alternative (IIA) test is frequently used to validate multinomial model formulation.

Table 4.2: Hausman Tests of Independence of Irrelevant Alternatives (IIA) Tests for MNL (Model9)

Full sample Model				
Omitted	Chi-square	Df	P>chi ²	Evidence
1 Worsen HHLI	24.271	10	0.007	Against Ho
2 Same HHLI	5.584	10	0.849	For Ho
3 Improved HHLI	-10.192	10	1.000	For Ho

Source: “Survey, 2016 computed using STATA Version 13”.

IV.III. THE IMPACT OF MICROCREDIT AND AGGREGATE OF PERSONAL EMPOWERMENT (PEAGG) ON HOUSEHOLD LIFE IMPROVEMENT

The present study analyzed the multinomial logit model to examine the effect of microcredit (MC) and aggregate personal empowerment (PEagg) on household life improvement (HHLI). Later, probit model is discussed to check the robustness of Logit model. The results are given in the Table 4.3.

Table 4.3: Results of Multinomial Logit, Marginal, Odds Ratio and Probit Model Effect Estimation on Household Life Improvement

Household Life Improvement										
Dependent Variable	Multinomial Logit				Odds Ratio				Probit Model	
	Worsen HHLI		Same HHLI		Worsen HHLI		Same HHLI		Worsen to improve	Same to improve
Independent Variable	Coeff	Marginal	Coeff	Marginal	Odds	Z	Odds	Z	Coeff	Coeff
Cons	-7.8***	-	4.274**	-	0.0003	- 3.36	71.85	1.99	6.279***	9.955***
LD	0.657*	0.170***	-0.0811	-0.122*	1.930*	1.77	0.922	-0.23	0.4843*	-0.6106**
T	0.394*	0.178***	-0.540***	-0.190***	1.482*	1.85	0.582***	-2.69	0.3245**	-0.7608***
LS	0.519*	0.242***	-0.757***	-0.261***	1.681	1.90	0.469***	-2.92	0.4237**	-1.0475***
PEagg	0.798**	0.338***	-0.942***	-0.349***	2.222	2.35	0.389***	-2.62	0.7541***	-1.3766***
AGE	-0.445*	-0.186***	0.5115*	0.191***	0.640*	- 1.79	1.667**	2.17	-0.3336*	0.7557***
EDU	-0.214	0.134***	0.531**	0.160***	0.807	-1.20	1.702**	2.45	-0.1638	0.5937***
FS	1.117***	0.122	0.929***	0.046	3.057***	4.04	2.533***	2.85	0.8275***	0.1517
MS	0.023	-0.004	0.067	0.012	1.023	0.09	1.069	0.25	0.0303	0.0377
PAI	0.0487	0.129***	-0.755***	-0.187***	1.049	0.32	0.469***	- 3.52	0.0489	-0.6602***

Source: “Survey, 2016 computed using STATA Version 13”.

LR χ^2 (18) 1690.99 Log likelihood -336.04463 Number of observations 400
 Note: Coefficient *** is significant at the 1 percent (p < 0.01), ** is significant at the 5 percent (p < 0.05) and * is significant at the 10 percent (p < 0.10) level, respectively. Improved HHLI is the base outcome.

IV.IV. MULTINOMIAL LOGIT ESTIMATES

Current research used loan duration, loan size, and training are selected as the measurement of microcredit, these measurements are used by (Meyerhoefer et al., 2018).

Likewise, Personal empowerment is assessed as the sum of all its dimensions in order to assess the influence of all the variables described above on the dimension of quality of life, which is a household life improvement (HHLI). Thus, it is understandable from the above stated Logit consequences found that all the dimension items of microcredit are substantial in explaining household life of the women debtors in developing area of Pakistan.

Whereas the consequences of aggregate personal empowerment have a substantial link with home life, age, education, family size, and personal yearly income have a significant relationship with household life. In contrast, married status has no bearing on family life. As a consequence of the study's findings, it is clear that not only has microcredit played an essential part in enhancing home living, but collective personal empowerment has also been identified as a key aspect in household life.

V. CONCLUSION

This study is related to the household life improvement of borrower women. This study elaborates that more get entry in the business that loans from different institutions enhance the living standard of the women. By attainment of sufficient amount of loan, the women can improve their life and have economic power as well as good decision making power in the family. This study elaborates that Women may be capable of begin innovative monetary hobby, may improve present business, can purchase assets or can elevate their role in domestic financial sports through their visible money influence. Household health is partially ensuing thru financial authorization, but it will be possible when women practice the microfinance benefits for her household and provide the assistances to their family members. But even when females are not involved in income generating activities, they can play a significant role in household decision by their saving and credit channelizing. Therefore, they can lessen their personal and house weakness and rise family comfort by aggregate spending on the education of their children. More, empowerment can also reduce gender inequalities in the family circle and in this perspective when a woman is treated very nicely, then she can be a role model for other women living in backward area of country. The women as business entity can bring the variation in financial system of community and uplift the standard of living.

VI. RECOMMENDATION

This study has some important recommendation which are elaborated below

It is very difficult procedure to get loan from banks. Some women cannot fulfill requirement established by banks.

Banks should make easy requirement for providing small or medium loans to women.

Government should develop strong strategies for supporting strong case for women value in business words.

Government should compel the banks to provide loans at low rate of interest to women.

It is need to provide scientific education and professional training in government as well as private institution

This study also suggested that women should be facilitate with interest free loans for establishing their own business which can help them financially such as boutiques, academies, beauty salons, home tuitions etc.

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