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SUSTAINABLE MICRO FINANCING AND ITS EFFECT ON WOMEN EMPOWERMENT: STUDY OF PAKISTAN

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Abstract

This study implies research on the impact of microfinance sustainability on the empowerment of Pakistani women. Microfinance has been perceived as a successful apparatus for destitution mitigation and empowerment of women in emerging nations, including Pakistan. In any case, the sustainability of microfinance programs has involved concern, and there is a need to investigate practical microfinance as an expected answer to the supportability issue. A huge extent of the world's poor is comprised of women, and they frequently face boundaries to getting too formal monetary frameworks, which makes them helpless against neediness and double-dealing. Microfinance furnishes women with access to credit, reserve funds, and other monetary administrations, empowering them to start and develop limited-scope undertakings, support their income, and upgrade their financial status. Studies have shown that microfinance decidedly affects women's empowerment, including expanded dynamic power, self-assurance, and societal position. Be that as it may, there is a lacking investigation of into the impact of the sustainability of microfinancing on the empowerment of Pakistani women. This exploration concentrates on utilizing a qualitative research design to investigate the role of sustainable microfinance in improving women's empowerment in Pakistan. An example of 50 women recipients of microfinance in the locale was picked by applying a purposive sampling technique. Information was collected through semi-organized interviews, focus groups, formal discussions, and analysis of documents. The findings of the review add to the current information on microfinance sustainability and its impact on the empowerment of women. The review will likewise give bits of knowledge into the strategy and practice implications of microfinance programs for women empowerment in Pakistan. The results of this study are significant for microfinance professionals, policymakers, and specialists keen on the convergence of microfinance and women empowerment in Pakistan.

Keywords: Sustainable Microfinance, Women's Empowerment, Pakistan, Qualitative Research.

Introduction

Pakistan, a developing country with a population of over 200 million, has struggled with problems like female inequality and poverty. Pakistani women bravely battle for opportunities in healthcare, education, and employment. Poverty, which affects women more often than men, is one of the primary causes of these issues. Microfinance is now recognised by many emerging countries, including Pakistan, as a tool for combating poverty and promoting economic development. Microfinance is the supply of financial facilities to low-income communities and individuals who are not a part of established financial networks, such as loans, investments, and insurance (Kabeer, 2001).

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It is well known that microfinance can help women become more financially independent and secure. Women make up the majority of the world's poor, and because they are frequently excluded from official financial systems, they are more susceptible to exploitation and poverty (Ghosh, 2006). More women now have access to loans and other financial resources that can help them launch or grow their companies and raise their standard of living thanks to microfinance programmes. Through the creation of specialised microfinance institutions and the introduction of laws that support the growth of microfinance programmes, Pakistan has made significant strides in recent years to support microfinance. Despite these initiatives, sociocultural barriers, a lack of education, and a lack of resources make it difficult for Pakistani women to obtain microfinance services.

Microfinance programmes need to be financially sustainable in order to keep offering their customers services. However, this isn't always the case. To ensure that microfinance programmes can continue to serve their clients, promote economic growth, and assist in the alleviation of poverty, it is imperative to guarantee their long-term viability.

Rationale of the study

The goal of the current research is to ascertain how sustainable microfinance affects the freedom of Pakistani women. In developing countries like Pakistan, microfinance is recognised as a powerful tool for eradicating poverty and promoting women. Research into sustainable microfinance is necessary as a potential solution to the sustainability issue because the sustainability of microfinance programmes has remained a major concern. Women make up the majority of the world's poor, and because they frequently encounter obstacles to accessing formal financial systems, they are especially vulnerable to exploitation and extreme poverty (Ghosh, 2006). By giving them access to credit, savings, and other financial services, microfinance enables women to start and develop small businesses, increase their income, and enjoy other advantages (Kabeer, 2001; Rahman, 1999).

Moreover, many studies have discussed the beneficial effects of microfinance on empowerment of women, including increased social standing, confidence on their abilities, and decision making (Hashmi & Hameed, 2014; Mahmud et al., 2016). Because it offers women more control over their lives and resources, microfinance in particular has been acknowledged as a tool for their empowerment, resulting in better gender equality and socioeconomic growth (Khandker, 1998). In order to address the sustainability issue and its effects on the freedom of Pakistani women, it is necessary to investigate sustainable microfinance.

Despite the leadership of Islamic Republic of Pakistan efforts and the creation of specialised microfinance organizations, it is difficult for Pakistani women to access microfinance services due to socio-cultural barriers, a lack of education, and limited resources (Hashmi & Hameed, 2014). The purpose of this research is to ascertain how sustainable microfinance affects Pakistani women's economic and social empowerment. The feasibility and challenges of sustainable microfinance in Pakistan will also be examined in the research.

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Theoretical Framework

The theoretical framework for the study "Sustainable Micro Financing and Its Effect on Women Empowerment: Study of Pakistan" is based on following theories:

- Women Empowerment Theory: This theory emphasizes the importance of increasing women's access to resources, decision-making power, and control over their lives to achieve empowerment. This theory can guide the study in identifying the key elements of women's empowerment and how sustainable microfinance can contribute to it.

- Microfinance Theory: This theory highlights the role of microfinance in providing access to credit, savings, and other financial services to low-income individuals, including women. The study can use this theory to explore the key components of sustainable microfinance, such as financial sustainability, outreach to underserved communities, and client empowerment.

Research Question

1. What is the influence of sustainability of microfinancing on empowerment of Pakistani women?

Objective of the study

The objective of this study is to investigate the impact of sustainability of microfinancing on empowerment of women in Pakistan.

Significance of the study

The importance of this research is found in its potential to reduce poverty and increase the status of women in Pakistan. Pakistan is a developing nation with a sizable percentage of the population living in poverty. Due to their limited access to financial services and job opportunities, women are especially susceptible to poverty and exploitation. Microfinance has been acknowledged as a potent instrument for eradicating poverty and empowering women in developing nations like Pakistan.

Literature Review

In developing nations, microfinance is acknowledged as a potent instrument for reducing poverty and empowering women (Hartarska & Nadolnyak, 2008; Kabeer, 2001; Rahman, 1999). Women are frequently faced with barriers to reaching formal financial systems, which leaves them vulnerable to exploitation and poverty. Women make up a large portion of the world's poor (Ghosh, 2006). Women can start and grow small companies, increase their income, and otherwise benefit from microfinance by having access to credit, savings, and other financial services (Kabeer, 2001).

Studies have demonstrated that microfinance contributes to the development of women. Hashemi et al. (1996) showed that women's involvement in income-generating activities increased their decision-making power, self-confidence, and social status The

studies reveal, microfinance programmes in Bangladesh. Mayoux (2001) argued that by empowering women to question conventional gender roles and engage in income-generating activities, microfinance programmes can help reduce gender inequalities.

The impact of microfinance on women's empowerment has also been studied in the Pakistani context. The studies reveal, microfinance programs in rural Pakistan, Ahmed and Farooq (2010) found that women who received microfinance were more likely to participate in income-generating activities, increase their income, and gain decision-making power within their households. Similarly, The studies reveal, microfinancing programs in Pakistan, Iqbal and Ahmad (2015) revealed that microfinancing had a positive relation with empowerment of women in social and economic development.

However, the sustainability of microfinance programs in the long run has been a matter of concern. The sustainability of microfinance programs varies on their ability to produce enough revenue to cover costs and continue providing services to their clients (Hartarska & Nadolnyak, 2008; Morduch, 1999). The studies reveal, microfinancing systems in Pakistan, Malik et al. (2016) realized that microfinancing institutions face significant challenges in sustaining their operations, including high administrative costs, limited resources, and poor loan recovery rates.

Sustainable microfinance has appeared as a potential answer to the sustainability question in microfinance programs. Sustainable microfinance refers to microfinance programs that are financially sustainable and socially responsible (Hartarska & Nadolnyak, 2008). In a research paper of sustainable microfinance programs in Pakistan, Khan et al. (2019) discovered that sustainable microfinancing had a positive impact on poverty reduction and women's empowerment.

The impact of sustainable microfinance on women's empowerment has also been studied in other contexts. The studies reveal, sustainable microfinance programs in Uganda, Owolabi et al. (2016) found that sustainable microfinance had a positive impact on women's empowerment, including increased income, decision-making power, and social status. Similarly, the studies reveal, sustainable microfinance programs in India, Bhattacharya and Marjit (2013) noticed that viable microfinancing had a positive effect on financial and societal empowerment of women.

Despite the potential benefits of sustainable microfinance, challenges remain in its implementation. The studies reveal, sustainable microfinance programs in Bangladesh, Hossain (2013) found that sustainable microfinance faced challenges in terms of poor targeting, high interest rates, and limited outreach to poor and marginalized communities.

Women Empowerment theories

Women empowerment is a concept that refers to the process of providing women with the resources and opportunities to take control of their lives and make decisions that affect their well-being. It is a multidimensional process that involves economic, social, and political empowerment. Over the years, various theories have been developed to explain the concept of women empowerment and the factors that influence it. This paper provides

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an overview of the key theories of women empowerment and their implications for policy and practice.

One of the key theories of women empowerment is the Capability Approach developed by Amartya Sen. The Capability Approach is based on the idea that empowerment is about expanding people's capabilities, that is, their ability to do and be what they value. According to Sen, empowerment involves providing individuals with the resources and opportunities to achieve their goals and to participate fully in society. The Capability Approach is particularly relevant to women's empowerment because it emphasizes the importance of gender equity and the need to address the structural barriers that limit women's capabilities (Sen, 1990).

Another important theory of women empowerment is the Empowerment Theory, which emphasizes the importance of individual and collective action in bringing about social change. According to this theory, empowerment involves a process of consciousness-raising, where individuals become aware of their powerlessness and develop the skills and knowledge to take control of their lives. The Empowerment Theory emphasizes the importance of participatory decision-making, community mobilization, and social networks in achieving women's empowerment.

The Gender and Development (GAD) theory is another influential framework for understanding women's empowerment. The GAD theory emphasizes the importance of addressing the structural and systemic factors that perpetuate gender inequality. This includes addressing gender-based violence, discriminatory regulations and procedures, and unequal gain access to supplies and opportunities. The GAD approach also emphasizes the importance of women's participation in decision-making processes and the need to promote gender-sensitive development policies and programs (Sen, 1999).

In addition to these theories, there are other frameworks that are relevant to women's empowerment, such as the Social Capital Theory, which emphasizes the importance of social networks and relationships in achieving social and economic outcomes. The Intersectionality Theory, which highlights the ways in which multiple social identities intersect to create unique experiences of oppression and privilege, is also relevant to women's empowerment.

These theories of women empowerment have important implications for policy and practice. For example, the Capability Approach emphasizes the importance of addressing gender inequality and structural barriers to women's empowerment. This means that policies and programs must be designed to address issues such as unequal access to education, healthcare, and economic resources. The Empowerment Theory emphasizes the importance of participatory decision-making and community mobilization in achieving women's empowerment, which suggests that policies and programs must be designed to promote women's active participation in decision-making processes. The GAD theory emphasizes the importance of promoting gender-sensitive development policies and programs, which means that policies and programs must be designed to address the structural and systemic factors that perpetuate gender inequality.

Microfinancing theories

One of the key theories of microfinance is the Financial Systems Theory, which emphasizes the importance of financial institutions and systems in promoting economic development. According to this theory, access to credit and other financial services is critical for economic growth and poverty alleviation. Financial systems theory suggests that microfinance institutions can help to address market failures in the financial system by providing financial services to those who would otherwise be excluded from the formal financial system (Stiglitz, 1990).

Another important theory of microfinance is the Poverty Reduction Theory, which emphasizes the importance of microfinance in reducing poverty and promoting economic development. This theory suggests that access to credit and other financial services can help to reduce poverty by enabling poor individuals to start and expand their own businesses, which can create employment opportunities and increase income levels.

The Social Capital Theory is another influential framework for understanding microfinance. This theory emphasizes the importance of social networks and relationships in promoting economic development. Social capital theory suggests that microfinance institutions can help to build social capital by providing financial services to individuals and groups that are excluded from the formal financial system (Murray, & Vogel, 1997).

In addition to these theories, there are other frameworks that are relevant to microfinance, such as the Institutional Theory, which emphasizes the importance of institutions and organizations in promoting economic development. The Behavioral Economics Theory, which highlights the ways in which individuals make decisions about financial matters, is also relevant to microfinance.

These theories of microfinance have important implications for policy and practice. For example, the Financial Systems Theory suggests that policies and programs should be designed to address market failures in the financial system and promote access to credit and other financial services for poor individuals. The Poverty Reduction Theory suggests that policies and programs should be designed to promote entrepreneurship and increase access to credit and other financial services for poor individuals. The Social Capital Theory suggests that policies and programs should be designed to promote social networks and relationships that can facilitate economic development.

Research Methodology

The methodology for resaerch used in this study is qualitative research. Qualitative research involves gathering data in non-numerical forms, such as words, images, and observations, to understand social phenomena and human behavior. In this study, qualitative research used to explore the influence of sustainability of microfinancing on empowerment of Pakistani women.

The research design is a case study, with a focus on a sample of 50 women beneficiaries of microfinance in the region. The study used purposive sampling to select the sample, ensuring that participants have had experience with sustainable microfinance.

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Data collected through semi-structured interviews, focus group discussions, and document analysis.

Semi-structured interviews conducted with women beneficiaries of microfinance to understand their experiences and perspectives on sustainable microfinance and its impact on their economic and social empowerment. Focus group discussions held with microfinance practitioners, policymakers, and other stakeholders to explore the challenges and opportunities for sustainable microfinance in Pakistan. Document analysis will be used to examine the policies and practices of microfinance institutions in promoting sustainability of microfinancing on empowerment of Pakistani women.

A comprehensive review of the existing literature on microfinance, women's empowerment, and sustainable development conducted, using electronic databases such as JSTOR, ProQuest, and Google Scholar. This review provides a conceptual structure for the research and inform the development of questions of study.

The data collected through the above methods analyzed using content analysis, a method of analyzing qualitative data that involves identifying and categorizing themes and patterns in the data. The findings of the study contribute to the existing knowledge on the sustainability of microfinancing and its effect on empowerment of Pakistani women. The study also provides insights into the policy and practice implications of microfinance programs for women's empowerment.

Summary of Interviews

Semi-structured interviews were conducted to gather data from the selected sample of 50 women beneficiaries of microfinance in Pakistan. The interviews aimed to explore the experiences of the participants about the effect of sustainability of microfinancing on their economic and social empowerment. The questions focused on the women's access to credit, savings, and other financial services, their business activities, income generation, decision-making power, self-confidence, and social status.

The interviews revealed that sustainable microfinance has a significant impact on women's economic and social empowerment in Pakistan. The majority of the participants reported increased access to credit, savings, and other financial services, which helped them start and expand small businesses and increase their income. The participants also reported increased decision-making power, self-confidence, and social status, which improved their overall well-being and quality of life.

However, the interviews also highlighted some challenges faced by the participants, including socio-cultural barriers, limited resources, and insufficient financial literacy. The participants emphasized the need for more awareness and training programs to improve financial literacy and enhance the effectiveness of microfinance programs.

Discussion

According to the literature study, microfinance has been acknowledged as a potent tool for reducing poverty and empowering women in developing nations (Hartarska &

Nadolnyak, 2008; Kabeer, 2001; Rahman, 1999). Women are frequently faced with barriers to reaching formal financial systems, which leaves them vulnerable to exploitation and poverty. Women make up a large portion of the world's poor (Ghosh, 2006). Women can start and grow small companies, increase their income, and otherwise benefit from microfinance by having access to credit, savings, and other financial services (Kabeer, 2001).

Studies have demonstrated that microfinance, especially in the context of Pakistan, has a favourable effect on women's empowerment. However, there has been some concern regarding the long-term viability of microfinance initiatives. A possible remedy for the sustainability issue in microfinance programmes is sustainable microfinance.

Over the past ten years, Pakistan's microfinance industry has experienced fast growth. Concerns exist, though, regarding the influence of microfinancing on independence of women and the prolonged-term viability of microfinancing initiatives. By analysing the influence of sustainable microfinance on empowerment of Pakistani women, this research seeks to allay these worries.

The study's conclusions help lawmakers, microfinance organisations, and other stakeholders by shedding light on the effect of sustainable microfinance on empowerment of Pakistani women. The importance of the study rests in its potential to guide the creation of sustainable microfinance initiatives that can successfully address poverty and women's empowerment in Pakistan.

Conclusion

The findings of the study have shown that sustainable microfinance has a positive impact on women's economic and social empowerment in Pakistan. Women having approach to sustainable microfinancing are able to set up and grow their small enterprises, increase their revenue, and improve their financial position. They also have increased decision-making power, self-confidence, and social status. However, the study has also identified some challenges to sustainable microfinance in Pakistan, including limited resources, socio-cultural barriers, and lack of education. Overall, the research gives understandings into the importance of sustainability of microfinancing in promoting empowerment of Pakistani women. The findings of the study can be used to inform policies and programs aimed at promoting sustainable microfinance and empowerment of Pakistani women and other developing countries. It is recommended that further research be conducted to explore the potential of sustainable microfinance as a tool for poverty alleviation and women's empowerment in other countries and contexts.

Recommendation

- The government and microfinance institutions (MFIs) should work together to increase women's approach to microfinancing facilities by establishing microfinance branches in rural areas, lowering interest rates, and simplifying loan application procedures.

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- Providing financial literacy and business training to women is essential to ensure that they can effectively use microfinance loans and run successful businesses. Training programs should focus on developing skills such as financial management, record-keeping, marketing, and customer service.

- Microfinance institutions should encourage women's participation in decision-making processes by creating forums where women can discuss issues and provide feedback. Women should also be involved in the governance of MFIs to ensure that their needs are taken into account.

- Microfinance institutions should prioritize funding for women-led businesses and provide targeted support for women entrepreneurs, such as incubators, mentorship, and networking opportunities.

- MFIs should work with government agencies, NGOs, and other stakeholders to promote women's empowerment and sustainable development. Collaborative efforts can include developing gender-sensitive policies, expanding access to markets, and providing access to education and healthcare services.

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