Effectiveness of Microfinance Integrated Approaches in Supporting Women's Empowerment and Well-being of Family

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ABSTRACT

This study deals with the effect of microfinance on women's empowerment in Pakistan. This paper draws upon Longwe's framework of empowerment to examine the impact of microfinance's innovative and integrated approaches on women's empowerment and the well-being of the family, based on survey data collected from 300 women clients of three microfinance institutions (MFIs) from four districts of the Punjab, Pakistan. The findings showed the effectiveness of microfinance loans as positively impacting on women empowerment when credit is accompanied with financial services, enterprise development and social and welfare services. Analysis carried out using the Ordinal Logistic Regression suggests receiving microcredit tends to increase the empowerment and well-being of women. The result of this study are useful for microfinance providers and policy makers to better understand the complexities and interlinkages of gender, social and domestic norms in developing policy and microfinance products and services to support women empowerment in order to benefit the well-being of the family.

Keywords

Microfinance, Women Entrepreneurs, Women's Empowerment, Well-Being of the family

Word Count 7819

INTRODUCTION

This study deals with issues of disempowerment amongst women entrepreneurs and proposes strategies to mitigate their effects through access to finance, entrepreneurial training and other services. Access to finance has remained a challenge for entrepreneurs in the West and its persistence in the developing world at large is a challenge and more so for women, especially those at the fringes of society. To address the market failure, microfinance institutions (MFIs) have been promoted over the last three decades, since the1980s (Wilson, 2015). MFIs support the poor, specifically women, to engage in enterprise to generate income in order to improve the livelihoods of their families. MFIs' strategies attempt to enable women through the provision of microfinance to engage in self-employment and to generate income that will confer empowerment leading to 'change in the structures of patriarchy' (Kabeer, 2005a: 16).

Microfinance is considered an ideal setting to explore the role of institutional logics: a commercial logic to achieve a sustainability goal, and a social welfare logic (outreach goal) to outreach the poor or underprivileged groups such as women (Im and Sun, 2015; Cobb and Zaho, 2016). Microfinance is a development programme; therefore ideally it should follow social welfare logic. However, over time the commercial logic has gained dominance over the traditional MFI's giving rise to the dilemma of institutional pluralism, causing confusion amongst MFIs; causing MFIs to drift away from their original goal - development logic. Practitioners claim that MFIs with a sustainability goal are more effective at alleviating poverty efficiently than MFIs dedicated to achieving a social welfare goal. However, many MFIs in developing countries pursue both goals/logics at the same time, creating different set of challenges at the practice level. There is ensuing debate on how MFIs should manage these competing institutional logics [achieve one goal (sustainability/profitability) at the expense of the other goal (outreach to less poor clients or less outreach to poor)] and explored how MFIs responses to competing logics influences borrowers and the decision making of MFIs for social performance (Battilana and Dorado, 2010). Battilana and Dorado (2010) propose MFIs to develop a common organisational identity to balance these competing logics. Besides the institutional perspective, resource based theory provides another explanation of how MFI approaches are based on the strategic intent and resources available to them. According to Casselman and Sama (2013) MFIs strategic orientation is driven based on their resources. They considered that an MFI with a social welfare goal and an MFI with a sustainability goal have different resources that result in a different strategic intent, varied approaches and hence different performance outcomes.

The literature employing an institutional perspective mainly examines the role of institutional logics based on their strategic orientations – for profit or non-profit organisations (Kent and Dacin, 2013). Mostly MFIs are either at one extreme end of the continuum or on the other end, raising the question of its subsequent effect on the borrowers, specifically women and their households. Empirical evidence from emerging economies suggests that women's participation in microfinance is higher than that of men. The focus of MFIs on women is due to social, cultural, customs and legal barriers that prevent women from participating in economic activity (Lucy et al., 2008). However, empirical studies for different regions, due to limited availability of data, remain sporadic. Therefore, the dearth of empirical studies and the contradictory findings of impact studies (Weiss et al., 2003) at large and for women in specific make this an ideal area for rigorous research.

While the debate of the outcomes of microfinance is yet to settle we argue that the positive outcomes of microfinance are not just based on their logics but on how MFIs implement their approach which leads to better results. Therefore we put forward the argument that MFIs should adopt a holistic and a complete set of approach to affect women's empowerment and the wellbeing of the family. To explore this paradox we used Longwe women's empowerment framework (Longwe, 1991) to evaluate microfinance's integrated approaches and their impact on women's empowerment and well-being. MFIs' missions are linked with their institutional logics - welfare logics or a mix of welfare and commercial logics and their adopted integrated approach. This paper makes a theoretical contribution to the literature on microfinance in the field of development management and to the existing literature on gender and empowerment. By taking five levels of equality (Longwe and Clarke, 1994) and Grameen Bank's innovative approach of credit fungibility (Kabeer, 1994) there are opportunities to examine different microfinance approaches and the diffusion of innovative practices that lead to positive outcomes for the women borrowers. Furthermore, the paper contributes to the microfinance literature in a less researched developing economy like Pakistan. Specifically, our study provides policy recommendations to microfinance practitioners and policy makers.

The next section presents literature on microfinance in the context of women's empowerment and the welfare of the family. The third section develops the theoretical understanding of women empowerment by reviewing different integrated approaches used by the MFIs to provide an insight into MFIs innovative practices and women empowerment. The fourth section discusses methodology and the fifth section presents analysis, followed by discussion and conclusion.

MICROFINANCE AND ITS OUTCOME

Microfinance is considered an effective instrument for poverty alleviation, women's empowerment and the well-being of the family (Greeley, 2003). Women gain economic, personal and social independence to manage their families effectively through entrepreneurship. Through enterprise women are empowered to make business decisions and gain financial control. This not only applies in their everyday household decisions but it also enables them to play a more inclusive role in the wider community (Sanyal, 2009). The term empowerment is a relative and broad term that conjures up a range of scenarios and it is often defined in different ways. Kabeer (2005a: 1) defined empowerment as a process, 'by which those who have been denied the ability to make choices acquire such ability', suggesting three dimensions of empowerment: agency, resources and achievement. According to Kabeer, empowerment is the process of making choices - agency that is exercised through a medium (resources) to achieve the outcome of agency (achievement). Longwe (1991) defines women empowerment in relation to equality as a development process suggesting that any development programme needs to achieve five levels of equality – control, participation, conscientisation, access and welfare for increased women empowerment. This definition is more aligned with the MFIs' development objective and provides a more comprehensive analytical tool to assess the extent MFIs' strategies enable women's equal participation in the decision making process particularly relating to finance, a key variable that is one of the proxies for women economic empowerment.

Based on studies carried out in developing countries, it has been established that women are more credit worthy than men (Hulme, 1991; Khandker et al., 1995) and their repayment rate is higher compared to men (Fofana et al., 2015). This premise is further supported by the argument that women spend money for the welfare of the family (Rahman, 1999), therefore they do not want to be excluded from future loans by default (Armendariz de Aghion and Morduch, 2005). Women are more influenced by peer pressure in-group lending and invest in less risky business ventures (Khavul, 2010) leading to a high repayment rate. Given the complex power relations between men and women in developing economies and male dominance, it is difficult to segregate the actual impact of microfinance on women alone, leading to often contradictory findings reported in microfinance studies (Holvoet, 2005). For instance, Goetz and Gupta (1996) cautioned regarding the use of high loan application and repayment rates by women borrowers as an indicator of women's control over a loan. Ali and Niehof (2007) reported that the male relatives of women borrowers, husbands and sons, pressured them to take credit and the role of women was minimal. Goetz and Gupta (1996) also argued that microfinance's impact to change the status of women within the household is ambiguous as men still have control over the household income and have the potential to misuse the credit, leaving women with the burden of repayment and having a negative impact on women's empowerment. Banerjee et al. (2015) did not find any positive outcomes of microfinance such as improvement in health, education and women's empowerment. However, some studies reported the positive impact of microfinance for women's empowerment through studying proxy indicators such as physical mobility, economic security, participation in financial decision making and political and legal awareness (Pitt et al., 2006; Schuler and Hashemi, 1994). The contradictory or mixed results reported by various studies (Mahmud, 2003) may be because of the methodological approaches used with varying indicators of empowerment making comparison difficult (Kabeer, 2001) and hence their results cannot be generalised beyond their research context. Therefore, the intra-household context of gender relations is important when examining the effectiveness of microfinance for women empowerment (Fofana et al., 2015).

However, enterprise supported through microfinance credit enables women to make consumption and saving decisions, hence they become empowered (Mayoux, 2005). Increased gender equality, access to resources and the market enables women to have a greater control over decision making within the household, consequently contributing towards a positive impact on women's education and the health of the household (Morrison et al., 2007). Women are more likely to spend on the well-being of children compared to men (Chliova et al., 2015; Khandker et al., 2008) that has a positive impact on the well-being of the family (Mayoux, 2005). Pitt and Khandker (1998) reported that where microfinance loans were made to women, it led to an increase of assets acquisition, female labour supply and children's schooling. Khandker et al. (2008) in their research on young women's labour market opportunities concludes that women's borrowing has a more positive impact on household per capita expenditures and the value of household assets than men's borrowings. Notwithstanding, the study suggested a higher demand for credit by young women than by older women and a reduction of fertility after accessing microcredit. Other studies (Copestake et al., 2001; Ghalib et al., 2012; Montgomery, 2006) reported similar results for the increase in household income, improvement in health care, clothing, the education of children and savings. However, studies have also raised concerns regarding women's control of the use of credit (Goetz and Gupta, 1996) and subsequently the extent that it actually empowers women. Hence, the positive results of microfinance on the well-being of the family depend on the proper use of the loan in the household which supports income generating projects (Garikipati, 2012)

The empirical studies are imbued with evidence suggesting that credit only to women has the potential for the exploitation of women within the household leading to the breakdown of family cohesion as in some societies where the working of women (Ali and Niehof, 2007; Goetz and Gupta, 1996; Kabeer, 2001) and the earning of money by women is not considered acceptable, moreover women face immobility issues that restrict the expansion of their social networks (Roomi, 2005). This makes the relationship between female empowerment, credit and the choice of entrepreneurship ambiguous (Sena et al., 2012). Merely providing credit to women and involving them in group lending methodology does not necessarily provide them agency to exercise their choices. Therefore, MFI's are experimenting with a combination of strategies to enable women to be empowered, to exercise agency, create awareness and augment welfare for their family. This study will examine 'to what extent MFIs' integrated approaches are effective to empower women entrepreneurs and the well-being of their family'.

MFIs at large provide a comprehensive range of financial services - saving facilities, small loans, insurance, and money transfer to poor and low income households, with credit (Cull et al., 2011). Micro saving facilities are attractive for the underprivileged due to lack of access to formal institutions that in turn limit their ability to save money for their business venture (Khavul, 2010; Siwale and Ritchie, 2012). Providing access to financial services enables the poor to smooth their consumption, reduces their external risk exposure, to accumulate assets, and improve their liquidity that in turn leads to economic engagement (Fofana et al., 2015). Furthermore, MFIs in addition to providing credit to people at the bottom of the pyramid, have built their capacity through enterprise training and awareness building (Basargekar, 2010). Giné and Mansuri (2014) in their study on MFIs in Pakistan found a positive impact of training on business knowledge for male and female clients.

Newman et al. (2014) argued that microfinance with a 'credit only' approach cannot lead to successful entrepreneurship. MFIs in developing countries are mostly illiterate and lack the entrepreneurial skills to operate businesses (Datar et al., 2008), hence, MFIs with 'credit plus' approaches help to support the clients that are often necessity entrepreneurs. Newman at al. (2014) suggested business support and opportunities for social interaction positively impact by building client's psychological and social capital. Datar et al. (2008) proposed a logic model of client centred MFIs that provide business and financial education to enable clients to manage business and personal finance and make investment decisions. A package consisting of finance, training and value chain support connects entrepreneurs to customers and empowers MFIs' clients to reduce poverty. In the client lead approach MFIs also deliver health care, education and other social services to develop a client's human capital that results in the improvement of the welfare of the client and the family (Zhuang et al., 2009), though an integrated approach may be challenging and costly for MFIs to pursue (Newman et al., 2014). MFIs' innovative and integrated approaches with credit generate income from their enterprise and reduce poverty (Kabeer, 2005b) leading to a positive impact such as women's empowerment and the well-being of the family (Krenz et al., 2014). Despite this, the effects of microfinance services for poor borrowers' remains contested. Limiting access to MFI services has the potential for friction and backlash, giving rise to 'the women disempowering effect' (Armendariz and Roome 2008; Fofane et al., 2015; Venkatesh, et al., 2017).

This further suggests that MFIs' innovative practices with credit not only support the borrowers to generate income from their enterprise and reduce poverty but can also impact positively on women's empowerment and the well-being of the family. But the question remains 'to what extent these services are beneficial to the borrowers?', 'Are these services limited to women alone or is it for the household'.

This study will look at the integrated approaches adopted by various MFIs that provide a unique combination of services and by adopting these approaches how they achieve their social welfare goals of women empowerment and the well-being of the family within the context of a developing country, Pakistan. Since we are not aware of any other studies that focus on the integrated approach to study women empowerment within Pakistan, the results of this study should be considered as exploratory.

RESEARCH MODEL FOR EVALUATION OF MICROFINANCE INTEGRATED APPROACHES:

We have adopted Longwe's framework to evaluate the extent to which a development programme, like microfinance, supports women's empowerment. This framework proposes that women progress through five levels of equality: welfare, access, conscientisation, participation and control, and we need to assess women's empowerment across these levels to fully capture their level of empowerment (Longwe, 1991). The 'welfare level', the lowest level of equality, examines resource differential between women and men. At the 'access level of equality' women entrepreneurs have unequal distribution of resources and access available to microcredit and training. At the 'Conscientisation level' women develop the ability to rationalise the gender inequality, culturally constructed roles and that gender roles can be changed. As women progress towards the fourth level 'participation' they become more involved in the decision making process and start their journey of women empowerment. The highest level of equality is the 'control', embedded within is the balance of control between men and women over resources and the decision making processes (Al-Dajani and Marlow, 2013). Taking into account the five levels, Longwe (1991) suggests that in order to evaluate a development programme, it is important to see if it is addressing 'women's issues' within the context of social and economic position of women on the basis of equality and not just concentrating on women's stereotyped gender role. Hence, the key argument of this paper revolves around the core issue that microfinance alone cannot address all 'women issues'; hence MFI's integrated approaches to microfinance can be more effective in addressing women empowerment and consequently the well-being of their families. As our key research question seeks to explore the relationship between MFIs integrated approaches and their effectiveness on women entrepreneurs this framework provides us a holistic analytical tool to measure women's empowerment.

This study was conducted with three MFIs in the three districts of the Punjab, the largest state, in Pakistan. Two MFIs are specialised microfinance institutions (SMFIs) and one MFI is a microfinance bank (MFB). MFIs' strategic orientation determines their institutional logics, therefore to evaluate the effectiveness of microfinance schemes (MFS) we first examined the objectives of the three MFIs included in our research and their subsequent approaches through document analysis[1].

This enabled us to differentiate three MFI's microfinance schemes (MFS) based on their institutional logics. The goal of SMFI (I) is to reduce poverty through the promotion of enterprise by providing financial support (via individual and group lending) to households by lending to women in the household. Aligned with the institutional goal of women's development with a view of gender equality, SMFI (1)'s microfinance scheme, referred to MSF-I, promotes women entrepreneurship development and capacity building approaches through education and training to the women borrowers in order to improve income, education, health and the self-esteem of their household. The MSF-I's women entrepreneurship training and financial management training programme along with their awareness building programmes to men will help to improve gender equality within the household. The goal of SMFI (2) is to provide financial services through individual lending to unbanked and underprivileged women to improve their economic status by developing their entrepreneurship and their financial management skills. This approach solely focuses on women development and neglects women's social and economic position on the basis of equality. Therefore, their microfinance scheme (MFS-II) provides financial and literacy training programmes for women alone. According to Longwe, (1991) isolated development schemes aimed at women stereotyped gender roles have no contribution to women's development. Unlike MSF- 1, the focus of MSF-II is on income generation, hence it is more likely that it will not contribute to women development, but rather stereotyped activities will persist (Longwe, 1991). The goal of our third microfinance provider (MFB) was to provide group lending to unbanked men and women to build their social capital and increase household income. However, the focus of their microfinance schemes (MSF-III) is limited to financial services alone through saving accounts, disability and life insurance for clients and there is a lack of focus on entrepreneurship development and capacity building approaches. According to Kabeer (1994) Grameen bank, during its early years, realised that loans for only entrepreneurial activity are not adequate for household survival and security. In the Grameen bank model they included loans for health that saved women's time in looking after sick members of the family so that women could continue with their entrepreneurial activities. Similarly, to minimise credit fungibility due to ill health, MFS-I strategies included an emphasis on health and disability insurance for women and their families at affordable rates. Compared to this, MFS II and III only provide life insurance to the borrowers.

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[1] The data regarding selected MFI's integrated approaches (MFS) was collected internally through archival records, internally generated reports, annual reports and externally available data from MFI's websites.

In sum, both SMFIs and MFB included in our sample adopted integrated approaches with some variations. MFS-I of SMF (1) proactively provides social and welfare schemes to the household such as awareness programmes for husbands to develop family cohesion and joint decision making to mitigate adverse outcomes and to support women entrepreneurial capability. This is accompanied with social and welfare related services such as schools fees and educational scholarships as a reward for successful entrepreneurs. The other social and welfare services include legal assistance and allowance for mentally disabled family members of the client. MFS-II's integrated services were instead limited to enterprise development - financial management and literacy training for the women borrowers. MSF-III in contrast only offered financial services to the clients in addition to the credit

On the basis of the literature review, it seems reasonable to suggest that with a full package of credit and services MFSs with more integrated approaches and a focus on women's development are more likely to improve the participation of women in the decision making process regarding money matters. Hence, we develop a hypothesis: *H_1 – The microfinance institutions with an integrated approach have a positive impact on women's empowerment.*

Since women have a tendency to devote their income to the household (Kabeer, 1994), MFSs with a focus on women's development help to improve the well-being of the family. This leads us to our second hypothesis: *H_2 - Women's participation in microfinance programmes with an integrated package of resources has a positive impact on the well-being of their family.*

CONTEXT AND METHODOLOGY

Gender inequalities lead to the social and economic exclusion of women resulting in long-term poverty (Fatima, 2009) and dissuading women from acting independently (Roomi, 2011). The Gender Development Index 2014 (ratio of female to male Human Development Index-HDI) for Pakistan is 0.726 as the percentage of HDI and Gender Inequality Index is 0.536, which takes into account inequality in achievements between women and men with regards to reproductive health, empowerment, and labour market participation (Human Development Report, 2015). This inequality partly explains the challenges women encounter when engaging with economic activity. Women entrepreneurs in Pakistan experience social and economic barriers in accessing finance. In addition, legal rights and social and cultural constraints force women to rely on men to access finance, the market and for mobility (Roomi and Parrott, 2008), this may explain the dearth of women entrepreneurs, according to GEM (2012) there were only 5 per cent women entrepreneurs. However, Roomi (2011) argued that women's status in Pakistan is now changing with active participation of women in the job market and income generating activities. The microfinance sector of Pakistan has made a significant contribution in social advancement and in changing the stereotypical image of women in society. There are over 1.6 million active women borrowers representing 58 per cent of the total borrowers (Pakistan Microfinance Network, 2014).

Sample and data

The MFIs, selected in this study, are the largest microfinance providers in Pakistan, based in the Punjab province, with the highest percentage (74 per cent) of microfinance outreach. Their selection was based on their poverty reduction goal, their outreach in rural and urban areas and a high percentage of women participating in their loan programmes. As one of the inclusion criteria of MFIs was their outreach to both urban and rural areas, the data was gathered from two urban districts - Lahore, Gujranwala, and two rural districts - Kasur and Vehari for a better representation of the population. The total number of clients served by these microfinance providers was 575,747 in the province of the Punjab, and 94,010[2] clients in the selected districts. Further, to improve sample representation, we used Saunders et al., (2003) approach which advocates having a sample size of 384 for a population of 100,001-1,000,000 at 95 per cent of confidence interval. Therefore, we needed a sample size of 384 to carry out the statistical analysis. A list of clients was obtained from the selected providers in order to access women borrowers. Prior to the distribution, a questionnaire was pilot tested on a group of 37 active women borrowers to test the wording and terminology used. The questionnaires were completed in a face to face interview. The rationale behind this strategy was twofold: 1) our pilot testing of the survey indicated that most of the clients of MFIs may not be able to read and understand survey questionnaires with clarity, 2) based on the literacy level of our sample there was a possibility that the questionnaire would not be completed by the clients themselves independently. This approach is aligned with Newman et al. (2014) who have advocated to adopt a face to face interview format instead of a self-administered questionnaire for more reliable data in case clients of microfinance are unable to read and write. Of the total questionnaire collected (400 questionnaires), only 300 were usable[3]. Of the total questionnaires, 194 were from urban districts and 106 from rural areas. Detail of the distribution of the sample is provided in the Result section.

Measures

We used Ordinal Logistic Regression (OLR) to examine the relationship of the microfinance integrated approach with women's empowerment and the well-being of the family of female entrepreneurs. In

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[2] The data of active borrower is collected from http://www.microwatchonline.info/Explore.aspx on 30 June 2016.

[3] The data is collected with help of a research assistant. The primary author herself performed the quality assurance check to ensure consistency and rigour of the research process and questionnaire which were incomplete, not eligible to understand were not included in the final sample. Hence, reducing the total questionnaire to 300 for SPSS analysis.

logistic regression the problem of nonlinearity is solved by transforming nonlinear data into linear through logarithm. All three assumptions of OLR are checked: parallel line regression, independence of error and multicollinearity.

Dependent variables

We used Longwe's approach to measure *Women's Empowerment,* defined as women's participation in decision making processes within the household represented by eight proxies: participation of decision making related to money matters: daily household expenses, spending from savings, use of earnings, sale or purchase of assets/livestock, spend money on women's education and health and family/children's education and health. These indicators are well established in the literature and are used as a proxy for economic empowerment (Malhotra, et al., 2002; Mason and Smith, 2003; Pitt et al., 2006; Sather and Kazi, 2000).

The *well-being* of the family is a concept related to poverty, inequality and vulnerability (Coudouel et al., 2002). The seven proxies used for the well-being of the family are qualitative factors of poverty reduction: women's formal education, formal education of children / family, women's nutrition and health, nutrition and health of children / family, formal support from male members of the family, a decrease in household/family conflicts and encouragement from the husband/family head to participate in any activity outside the home that was only for the women's benefit (Gobbi et al., 2005; Malhotra et al., 2002). We used a three point Likert scale (agree, neutral and disagree) to measure eight indicators of empowerment and seven indicators of well-being of family.

In order to run OLR there is a need for one variable of empowerment and well-being of the family. The composite of indicators of empowerment and well-being are appropriate for it. The composite indicator 'measures multidimensional concepts that cannot be captured by a single indicator' (OECD, 2008; 13). The poorly organized and misunderstood composite variable may result in poor policy decisions (OECD, 2008). Hence, which indicator should be composite and what should be the basis of compositing is an important consideration. There are many ways of compositing the indicators, however, for this study the mean or average is selected as it has an advantage of correctly retaining the information on the categories of the indicator. The dependent variable of empowerment is developed by compositing (mean) all eight indicators correlated with one another at 1 per cent significant level. The well-being of the family variable is the composite of seven indicators that are correlated with one another at 1 per cent. The reliability of all the indicators of empowerment and the well-being of the family is measured using Cronbach's alpha which was 0.866 and 0.776 respectively.

Independent variables

The Microfinance integrated approach, termed as *Microfinance schemes* (MFS), is a predictor variable that is used as a categorical variable in the regression model. According to the literature, integrated services are more likely to empower women than a credit minimal approach (Holvoet, 2005). Women empowerment may increase if microfinance institutions while increasing women access to credit also combine it with other services: financial services (insurance, savings) (Guerin, 2006), enterprise development (management skill training), and social and welfare services (literacy and awareness programs) (Holvoet, 2005). Three MFI's included in our samples varied in the way they used integrated approaches depending on their institutional logics. The MFS-I and II are offered by SMFIs respectively and MSF-III is offered by MFB. MFS-I is using an integrated approach by combining access to credit with other financial services (saving, life and health insurance), enterprise development (training programmes and enterprise development opportunities) and social and welfare services (awareness programmes and other social benefits for the household). MFS-II is combining credit with some financial services (saving and insurance), offers financial management and literacy training for enterprise development. MFS-III, a MFB, instead focuses on financial services alone. Table 1 provides an overview of microfinance services (MFS) of three MFIs other than credit.

<Insert Table 1 here>

Control Variables

The analysis was also controlled for the following variables. As in previous studies (Khandker, 2005; Pitt and Khandker, 1998) the two *control variables* relating to microfinance are: 1) *loan amount (LAm)*-continuous variable and 2) *use of loan (LUse)*. An increase in the amount of microcredit is considered to motivate women borrowers to invest more money for the expansion and growth of their ventures and the health and education of their family, especially children (Khandker et al., 1998; Pitt and Khandker, 1998) however women lose control on the use of a loan with the increase in loan size (Goetz and Gupta, 1996). The second variable - *LUse,* is added to measure the consumption and the control of the loan by women; for their new enterprise (*LUse-NE*), existing enterprise *(LUse-EE)* or for other purposes *(LUse-O)* such as family enterprise or consumption (Goetz and Gupta, 1996; Kabeer, 1994). Two demographic variables of *age (AGE)* and *education (Edu)* are found to be associated with women's enterprise development (Khandker et al., 2008; Matlay, 2008). According to Khandker et al., (2008) women within a middle-age group can reap the benefits from microfinance programmes more when compared to young women. Likewise, Matlay (2008) reported greater chances of entrepreneurship development with education. *AGE* is a continuous variable while *Edu* of women is a categorical variable with three categories: no education *(Edu-No)*, school education *(Edu-Sch)*, and college/university education *(Edu-CU)*.

Two additional variables included in the context of a developing country like Pakistan are: *household head (HH)* and *family system (FS)*. *HH* is the person responsible for intra-household decision making, and can be either 'Women borrowers' *(HH-Wb),* or 'Husband (of the women borrowers)' *(HH-HWb)* or 'Others' *(HH-Others)* family members jointly making household decisions. Lucy et al. (2008) exploring the relationship between microfinance and women empowerment, in the context of Bangladesh, found 61 per cent of the women in their sample were the household heads and it had a positive impact on their participation in household decisions particularly decisions related to spending on their children's education and family health. However, Gobbi et al. (2005) found the opposite findings in the context of Pakistan as only 37 per cent of the women had any involvement in financial decisions. The *FS* in Pakistan were either a 'Nuclear Family with husband, wife and children' *(FSn)* or the 'Joint Family System' *(FSj)* with family living with the extended families. The type of family system has considerable influence on women's involvement in household decisions. Goheer (2003) found that under a nuclear family system, women are more likely to run their enterprise independently compared to a joint family system. In the nuclear family system, women are less likely to face social and cultural influences and have higher chances of moving out of poverty as the extra source of income from women's enterprise will be spent on the family's well-being.

RESULTS

Descriptive statistics: characteristics of the respondents

Out of 300 questionnaires 152 women respondents were running their own businesses from microcredit, these comprised of 82 from the Lahore district, 112 from Kasur, 24 from Gujranwala and 82 from the Vehari district. 34 per cent women in the sample are recipient of MFS-I, 27 per cent are recipient of MFS-II and 39 per cent of MFS-III. 51 per cent of the women put the loan money into their own enterprise - 41 per cent of these women were running an existing enterprise and 10 per cent a new enterprise. Out of the remaining respondents (49 per cent), 36 per cent put money into family enterprise managed by either the husband or other family member and 13 per cent used it for consumption purposes. Women entrepreneurs took a loan with an average size of Rs.[4] 18,507 (~ £100)[5] while median is Rs. 17,500 (~ £ 94).

The descriptive statistics showed that women borrowers had an average age of 37 years while the median age was 34. Most of them had no formal education (55 per cent), only 40 per cent of women borrowers had some school education (primary and high school) and 5 per cent had a college or university degree.

[4] Rs. is Pakistani currency rupees
[5] Exchange rate on 28 February 1GBP=185.769
https://www.xe.com/currencyconverter/convert/?Amount=1&From=GBP&To=PKR

22 per cent of the women borrowers were the household head as compared to 54 per cent of their male counterparts. Remaining 24 per cent respondents' household's decisions were jointly made by family members (with or without women) such as for 17 per cent of women their parents or parents-in- law were the household heads and in 7 per cent of women's households other members of the family jointly made decisions such as brother, brother/sister in law, husband and son. 55 per cent of women respondents were living as a nuclear family and 45 per cent living in a joint family system.

Empirical Results

The logistic regression models assessing the effectiveness of MFS with the integrated approach on i) women's empowerment *(WEmp)* and ii) well-being of family *(WBF)* - is presented in Table 2. The logistic regression models of *WEmp* and *WBF* in this study are well fitted as each model is highly significant at 1 per cent which means that the null hypothesis can be rejected and the model without predictors is as good as the model with the predictors.

Three assumptions of OLR are checked for both models: *WEmp* and *WBF,* the *parallel line* is insignificant in both models, hence meeting the first assumption that the relationship of each category of outcome variable is the same. Secondly, *independence of error* that creates the problem of over-dispersion, in which observed variance is larger than expected from the model, is checked by goodness-of-fit measures. In both models goodness-of-fit measure - Deviance is insignificant but the Pearson is significant. Because of the difference in the significance results of the Deviance and Pearson test, dividing the value of the Chi-square of Pearson by its degree of freedom checks the assumption of over-dispersion. As the resultant figure is not near to 2, therefore there is no problem of over-dispersion, showing that the models fit the data well. Thirdly, the assumption of *multicollinearity* is checked for independent and control variables in both models. There is no problem of collinearity between independent variables because the value of tolerance is not less than 0.1 and Variance inflation factor (VIF) is not greater than 10.

<Insert Table 2 here>

Table 2 demonstrates that 'MFS-I with an integrated approach offering a combination of financial, enterprise development and social and welfare services is significant with a negative coefficient in both models (Columns 1 and 4) that shows the likelihood of a lower dependant score (for dependent variable *WEpm* and *WBF* 1= agree, 2= neutral and 3= disagree). In other words MFS-I with an integrated approach is associated with greater women empowerment ($p< 0.01$) and the well-being of family ($p<0.10$) compared to MFS-II and MFS-III providing limited financial and enterprise development services, supporting our hypotheses (H1). Moreover, in *WEpm* model MFS-II is significant with a positive coefficient that shows that MFS-II with limited integrated approaches (financial and enterprise development) is associated with less women empowerment as compared to MFS-III. MFS-III provides broad coverage of financial services to their clients as compared to MFS-II (see Table -1). Therefore result of *WEpm* and *WBF* depend on the combination of microfinance integrated approaches that MFIs are offering to their clients.

The results indicate that the integrated approach adopted by MFS-I resulted in a positive outcome of women's empowerment and the well-being of their family. Looking at the three MFSs, the MFS I and II are providing services on the basis of social and welfare logic, however, MFS-III is more like a hybrid organisation with a mix of logics. As there is a very thin line differentiating the three MFSs, the differences are clearer by looking at women's development goal through the lens of equality. Credit is available to men and women both or to the household through women by MFS-I and III, where they provide health care and saving facilities, though MFS-I provides health care and life insurance to clients and their spouse as well. MFS-I and II clients have access to training but MFS-II training is limited to financial management. Whereas clients and their spouse of MFS-I have more access to broad range of training programmes and women are more aware of their gender equality role as they have entrepreneurship development opportunities. The microfinance integrated approach adopted by MFS-I leads to equal participation of men and women and more balance of control over factors of production such as credit, saving, insurance and training.

Table 2 demonstrates that two control variables are significant in both models: microfinance loan amount (*LAm*) and education (*Edu*). *LAm* is a significant positive variable; the positive coefficient for loan amount means that, as the loan amount goes up there is increased likelihood of less women's empowerment and well-being (disagree), the ordinal dependent variable. This result corroborates findings of Goetz and Gupta (1996) who found that women's degree of control on loans reduces with the increase in loan amount, it is most likely that large loan size increases loan usage by other household members. One of the demographic variables *Edu* is also significant showing that women with *Edu-No* (in both models) or *Edu-Sch* (in *WEpm* model) as compared to women with high education *Edu-CU* is not likely to empower women or increase the well-being of family. However, we did not find *AGE* as significant variable in both models.

Other significant control variables in the *WEmp* model are: *LUse* and *HH.* In *LUse* category of *LUse-NE* is significant with negative coefficient but there is no probability of increase in empowerment through *LUse-EE*. Therefore, women who run new enterprise from microcredit are more empowered as compared to women using the loan for exiting enterprise or for family enterprise. In *HH* category of *HH-HWb* is significant and has negative coefficient but there is no likelihood of increase in women empowerment with *HH-Wb*, this result is not consistent with literature (Lucy et al., 2008). However it is interesting to note that the results suggest if spouse of women borrowers are the household head and solely make decisions, there are more chances of increase in women empowerment as compared to the cases when other family members jointly make decisions. Husband as a household head is more favourable for women empowerment as compared to family members other than husband. In *WBF* model one of the contextual variable – *FS* is significant, showing that women living in a nuclear family, husband and children only, have less chances of affecting the well-being of family as compared to women living in a joint family system, this result is also not consistent with the literature (Goheer, 2003) suggesting a joint family system could be an advantage.

The findings of this study support the view that women encounter multiple barriers to self-employment. The results suggest that women may not use loans for their enterprise. In the sample only half of the women used the loan for their enterprise, this finding corroborates Giné and Mansuri (2014) results for Pakistan, and Goetz and Gupta (1996) for Bangladesh. Furthermore, loan pilferage and low literacy levels are barriers to women's enterprise.

The results of ordinal logistic regression show that H_1 is supported, indicating that women gain greater empowerment through MFS-I providing integrated approaches with a comprehensive package; it is an important contribution in the presence of diverse findings such as positive (Lucy et al., 2008; Pitt et al., 2006; Bhuiyan and Ivlevs, 2019) and negative (Goetz and Gupta, 1996) to the microfinance literature on women's empowerment. The results also suggest that H_2 is also supported; MFS-I with an integrated approach helps to increase the well-being of the family of the women borrowers. Our results are in line with studies reporting the positive impact of microcredit on family expenditure and children's education (Chemin, 2008; Pitt and Khandker et al., 1998). However, some studies found no impact of microfinance on the schooling of young clients' children (Khandker et al., 2008) and the health and education of the client (Coleman, 1999). These contradictory results might be because of the ways MFIs provide services to their clients.

DISCUSSION

The aim of this study was to determine the role of an integrated approach in providing microfinance schemes for women's empowerment and well-being, the most neglected area so far. To do so, we used Longwe's framework to assess the extent integrated MFS impact upon women's empowerment and tested a logic model with a mix of three MFS. By doing so, our study has contributed to the literature on women's empowerment and microfinance. The results indicated that MFI credit in conjunction with integrated services: capacity building; enterprise education and training; awareness programmes for spouse; social benefits and health care empowers women and positively impacts on the well-being of the family and strengthening women's bargaining position within the family, these results are consistent with Kabeer, (2005a) giving rise to a 'transformative agency'. Our results suggest a narrowing of the finance gap between husband and wife neutralises the dominance of man and empowers women who according to Fofana et al. (2015) are more likely to use income to enhance living standards and asset accumulation for the family. Our findings corroborate the proposition proposed by Datar et al. (2008) that an integrated package of services and finance positively impact on a client's well-being and alleviate poverty. The focus of this study differed much from that of the literature on microfinance which has tended to have a singular focus and assess MFIs' training programme (Dumas, 2001; Edgcomb, 2002), health and care service (Smith, 2002), and microenterprise programme to help minorities and women entrepreneurs in enterprise growth and new business start-up (Cook et al., 2001). However, our study by focusing on MFIs' integrated approaches towards MFS adds another dimension to the literature offering a more holistic view of microfinance providers' approaches to women's empowerment and well-being, less research area so far.

Secondly, this study contributes theoretically to Longwe's framework for empowerment. Longwe (1991) suggested that women and men should be equally empowered and have balanced control over factors of production. The development programmes focusing on five levels of equality and a balance of control between men and women over credit and training programmes could help to empower women. Our results show that MFS-I addressed the economic position of women on equality by offering customer tailored services that also fit in with the cultural and social norms of the country. Offering of insurance for clients' spouses, entrepreneurship training for women, value change programmes such as enterprise development opportunities and other social benefits are useful to empower women as compared to other schemes that will play a role in changing the stereotypical image of women in the society in the long run.

Thirdly, this study is an addition to empirical literature of microfinance and development management. Mostly the focus of recent studies grounded in management perspective is on MFIs' performance, poverty reduction, commercialisation and mission drift applying an institutional logic perspective (Adekunle, 2011; Aikten, 2013; Battilana and Dorado, 2010; Im and Sun, 2015; Kent and Dacin, 2013; Khavul et al., 2013; Shahriar et al., 2016). Our research, by exploring the role of integrated MFS approaches on women's empowerment and the wellbeing of the family complements and extends the work of Newman et al. (2014), Longwe (1991), and Datar et al. (2008) and fills the gap as there is a scarcity of empirical literature on microfinance and women's empowerment.

Fourthly, our study carries significant implications for the policy makers, donors and practitioners of microfinance. In a developing country like Pakistan where women are almost half of the total population, their economic participation could lift economic progress. With few women entrepreneurs, mostly facing obstacles to access finance coupled with cultural and social constraints, mobility issues and lack of knowledge and experience this discourages other potential women entrepreneurs to start new ventures. Access to finance is not the only solution and microcredit, indeed, is not a magic bullet to give favourable outcomes of poverty reduction, the well-being of family, women's empowerment and enterprise development. There is a need for a comprehensive package of microfinance services that provides cultural and customer tailored services in the absence of unemployment benefits by developing economies' governments, specifically for women, to support them in their journey of enterprise growth and personal development. The role of policy makers and practitioners of MFI is crucial to implement it. This study provides an indication of the effectiveness of microfinance integrated approaches in empowering women through enterprise development and social and welfare services. However, there is a need to look at the MFIs' perspective and how much these integrated approaches cost MFIs; how they ensure that it will be implemented smoothly; and whether they have the resources (funds, human resource) to implement it. Therefore, there is a need for future research on cost-benefit analysis and the challenges of implementing microfinance integrated approaches by MFIs.

CONCLUSION

Microfinance institutions are important agents for development and poverty alleviation. Amongst the array of policy prescriptions to empower women and transform the trajectory of family well-being, MFIs have served their purpose well. This study contributes to literature in two complementary ways. One, findings support some of the earlier research relating to the wider role of microfinance to alleviate poverty and its impact on women's empowerment and the well-being of the family. The second contribution offers specifics on the integrated package support provided by MFIs to specifically empower women through engagement with enterprise to effect an exit from poverty for the family as a whole.

We hope that our study encourages microfinance institutions, donors and policy makers to revisit their approaches to microfinance for the better inclusion of women participation. We also hope that our findings encourage further investigation of the microfinance schemes and their impact on women empowerment and well-being. Our study adopted a quantitative approach to research, future research could benefit from a mix of in depth interviews followed by a quantitative research for more rigorous results and theory building.

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Table 1. Microfinance Schemes

MFI's Integrated Approaches		MFS-I	MFS-II	MFS-III
Financial Services	Savings	Individual and Group saving account	Saving account	Saving account, term deposit
	Insurance	• Disability and Life insurance of client and spouse • Health insurance of client • Insurance without premium for destitute clients	Life insurance of client	Disability and Life insurance of client
Enterprise Development	Training Programme	• Entrepreneurial Training • Financial management training	Basic and advanced Financial literacy training	-
	Enterprise development opportunities	• Proposing new business ideas • Development of market links • Sending clients to international exhibitions	-	-
Social and welfare services	Awareness Building	Awareness programme for male members of the family (husbands)	-	-
	Other social benefits	• Education loan and scholarship for client's children • Free of cost solicitor services • Free helpline to seek medical advice by family members • Allowance for mentally disabled family member	-	-

Table 2. Results of Ordinal logistic regression model

	Model-1 (WEmp)			***Model-2 (WBF)***		
	Coefficient B (1)	ExpB (2)	Std error (3)	Coefficient B (4)	ExpB (5)	Std error (6)
Threshold *WEmp/WBF-Agree*	-1.178	-	.721	-1.317	-	.697
WEmp/WBF-Neutral	1.862	-	. 727	1.466	-	.700
Location						
MFS integrated approaches						
MFS-I	-1.084***	0.338	.350	-.661*	0.516	.339
MFS-II	.787**	2.197	.319	.304	1.355	.312
Loan Amount (LAm)	.000***	1.000	.000	.000**	1.000	.000
Use of Loan (LUse)						
LUse-NE	-.962**	0.382	.448	-.441	0.643	.433
LUse-EE	.109	1.115	.269	.094	1.099	.265
Age (AGE)	-.011	0.989	.015	-.021	0.979	.015
Education (Edu)						
Edu-No	2.249***	9.478	.633	1.423**	4.150	.594
Edu-Sch	1.824***	6.197	.614	.995	2.705	.579
Family System (FS)						
FSn	.029	1.029	.274	.649**	1.914	.274
Household Head (HH)						
HH-Wb	-.302	0.739	.396	.352	1.422	.392
HH-HWb	-.683**	0.505	.328	-.408	0.665	.322

*Model 1(WEmp): number of obs. = 276; R^2 = .241 (Cox & Snell), .278 (Nagelkerke); Parallel line assumption is met, Model $\chi^2(7)$= 75.977, p < .000; ** p<.05, ***p < .01*

*Model 2 (WBF): number of obs. = 277; R^2 =.161 (Cox & Snell), .188 (Nagelkerke); Parallel line assumption is met, Model $\chi^2(7)$= 48.706, p < .000; * p<.10, ** p<.05, ***p < .01*

WEmp-Disagree, WBF-Disgree, MFS-III, LUse-O, Edu-CU, FSj and HH-Others are the reference category